IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER OR THE COVERED BOND GUARANTOR. THE SECURITIES AND THE COVERED BOND GUARANTEE HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR THE BENEFIT OF, U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the issuing entity in such jurisdiction.

By accessing the prospectus, any related final terms and pricing supplement, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the prospectus, any related final terms and pricing supplement by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia, (d) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **FPO**) or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the FPO (all such persons together being referred to as **relevant persons**) and (e) if you are a person in Australia you are a (i) sophisticated investor, (ii) a professional investor or (iii) a person in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Australian Corporations Act. In the United Kingdom, this prospectus, any related final terms and pricing supplement must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this prospectus, any related final terms and pricing supplement relates is available only to relevant persons and will be engaged in only with relevant persons.

This prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Commonwealth Bank of Australia, the Arranger, or the Dealer(s) or any person who controls any such person or any director, officer, employee nor agent of any such person (or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Arranger or the Dealer(s).

Commonwealth Bank of Australia
(incorporated with limited liability in the Commonwealth of Australia and having Australian Business Number 48 123 123 124)
as Issuer

U.S.$30,000,000,000 CBA Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments of interest and principal by

Perpetual Corporate Trust Limited
(incorporated with limited liability in the Commonwealth of Australia and having Australian Business Number 99 000 341 533)
as trustee of the CBA Covered Bond Trust

Under the U.S.$30,000,000,000 CBA Covered Bond Programme (**Programme**) established by Commonwealth Bank of Australia ABN 48 123 123 124 (the **Bank** and the **Issuer**), the Issuer may from time to time issue bonds (**Covered Bonds**) denominated in any currency agreed between the Issuer and the Relevant Dealer(s) (as defined below). The price and amount of the Covered Bonds to be issued under the Programme will be determined by the Issuer and the Relevant Dealer(s) at the time of issue in accordance with the prevailing market conditions. Any Covered Bonds issued under the Programme on or after the date of this Prospectus are issued subject to the provisions described in this Prospectus and in any supplement hereto.

Perpetual Corporate Trust Limited ABN 99 000 341 533 in its capacity as trustee of the CBA Covered Bond Trust (the **Trust** and, in such capacity, the **Covered Bond Guarantor**) has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee which is secured over the Mortgage Loan Rights (as defined in this Prospectus) and the other Assets of the Trust. Recourse against the Covered Bond Guarantor under its guarantee is limited to the Assets of the Trust.

The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed U.S.$30,000,000,000 (or its equivalent in other currencies calculated by reference to the spot rate for the sale of U.S. dollars against the purchase of such currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant date of the agreement to issue between the Issuer and the Relevant Dealer(s) (as defined below)), subject to any increase as described in this Prospectus.

The Covered Bonds may be issued on a continuing basis to the Dealers specified under the section "*Programme Overview*" in this Prospectus and any additional Dealer appointed under the Programme from time to time by the Issuer (each, a **Dealer** and together, the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the **Relevant Dealer(s)** will, in the case of an issue of Covered Bonds being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Covered Bonds.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" of this Prospectus. This Prospectus does not describe all of the risks of an investment in the Covered Bonds.

Prospective investors in Covered Bonds should ensure that they understand the nature of the relevant Covered Bonds and the extent of their exposure to risks and that they consider the suitability of the relevant Covered Bonds as an investment in the light of their own circumstances and financial condition. CERTAIN ASPECTS OF COVERED BONDS INVOLVE A DEGREE OF RISK AND INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT. It is the responsibility of prospective investors to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Covered Bonds and are not relying on the advice of the Issuer, the Covered Bond Guarantor, the Trust Manager (as defined in this Prospectus), the Security Trustee (as defined in this Prospectus) or the Bond Trustee (as defined in this Prospectus), the Relevant Dealer or any other party to a Programme Document (as defined in this Prospectus).

This Prospectus constitutes a base prospectus for the purposes of the Prospectus Directive - Directive 2003/71/EC (the **Prospectus Directive**) (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State of the European Economic Area (the **EEA**). Application has been made by the Issuer to the Financial Conduct Authority (the **FCA**) which is the United Kingdom competent authority under the Financial Services and Markets Act 2000 (the **FSMA**) for the purposes of the Prospectus Directive and relevant implementing measures in the United Kingdom (the **UK Listing Authority**) for approval of this Prospectus as a base prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom for the purpose of giving information with regard to the issue of Covered Bonds issued under the Programme to be admitted to the official list of the UK Listing Authority (the **Official List**) and an application has been made to the London Stock Exchange plc (the **London Stock Exchange**) for such Covered Bonds to be admitted to trading on the regulated market of the London Stock Exchange which is a "regulated market" for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**) (the **regulated market of the London Stock Exchange**) during the period of 12 months from the date of this Prospectus.

References in this Prospectus to Covered Bonds being "listed" (and all related references) will, unless the context otherwise requires, mean that such Covered Bonds have been admitted to trading on the regulated market of the London Stock Exchange and have been admitted to the Official List. Perpetual Corporate Trust Limited and P.T. Limited have not made or authorised the application to admit Covered Bonds issued under the Programme to the Official List or to admit the Covered Bonds to trading on the regulated market of the London Stock Exchange.

The requirement to publish a prospectus under the Prospectus Directive only applies to Covered Bonds which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as implemented in the relevant Member State(s)). References in this Prospectus to **Exempt Covered Bonds** are to Covered Bonds for which no prospectus is required to be published under the Prospectus Directive. The UK Listing Authority has neither approved nor reviewed information contained within this Prospectus in connection with Exempt Covered Bonds and such information does not form part of this Prospectus for the purposes of the Prospectus Directive.

Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions not contained in this Prospectus which are applicable to each Tranche (as defined under the Terms and Conditions of the Covered Bonds) of Covered Bonds will (other than in the case of Exempt Covered Bonds) be set out in the Final Terms for that Tranche (each, the **Final Terms**) which, with respect to Covered Bonds to be listed on the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of such Tranche of Covered Bonds. In the case of Exempt Covered Bonds, notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and certain other information which is applicable to each Tranche of Covered Bonds will be set out in a pricing supplement document for that Tranche (the **Pricing Supplement**).

The Programme provides that Covered Bonds may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or regulated or unregulated markets as may be agreed between the Issuer and the Relevant Dealer(s) or the Lead Manager. The Issuer may also issue unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any regulated or unregulated market.

As set forth in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement), the Covered Bonds have not been and will not be registered under the Securities Act. Under this Prospectus, the Covered Bonds (including N Covered Bonds, as defined in the section "*Glossary*" in this Prospectus) are being offered and sold in accordance with Regulation S under the Securities Act (**Regulation S**) solely to non-U.S. persons outside the United States in offshore transactions. The Covered Bonds may also be offered and sold in reliance on Rule 144A to "qualified institutional buyers" (as defined in Rule 144A) under a separate offering memorandum. In addition, A$ Registered Covered Bonds may also be offered and sold under a separate information memorandum. Accordingly, references to Covered Bonds in this Prospectus are references to both Covered Bonds issued pursuant to this Prospectus and Covered Bonds issued pursuant to such separate offering memorandum and information memorandum. All such Covered Bonds will rank *pari passu* without any preference or priority among themselves.

The Issuer and the Covered Bond Guarantor may agree with any Dealer, the Bond Trustee and the Principal Paying Agent that Covered Bonds may be issued in a form not contemplated by the Conditions of the Covered Bonds in this Prospectus, in which event a supplementary prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

The Issuer has been rated AA- by Standard and Poor's Australia Pty Limited (**S&P**), Aa3 by Moody's Investor Service Pty Ltd (**Moody's**) and AA- by Fitch Australia Pty Ltd (**Fitch**, and together with Moody's only, the **Rating Agencies)**. The rating of certain Series or Tranches of Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement). Unless otherwise specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement), Moody's and Fitch will assign such ratings. Please also refer to "*Ratings of the Covered Bonds*" in the Risk Factors section of this Prospectus. 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 assigning rating organisation.

Neither of the Rating Agencies nor S&P is established in the European Union and neither of the Rating Agencies nor S&P is registered in accordance with Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, Commission Implementing Decision 2012/627/EU provides that the Australian legal and supervisory framework for credit rating agencies shall be considered as equivalent to the requirements of the CRA Regulation and each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Ltd. which are established in the European Union and registered under the CRA Regulation (and, as such are included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at https://www.esma.europa.eu/supervision/credit-rating-agencies/risk) in accordance with such CRA Regulation) currently endorse the credit ratings of S&P, Moody's and Fitch, respectively, for regulatory purposes in the European Union. There can be no assurance that such endorsement of the credit ratings of S&P, Moody's and Fitch will continue.

The Covered Bond Guarantor is not a "covered fund" for purposes of Section 619 of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (such statutory provision together with such implementing regulations are also referred to collectively as the **Volcker Rule**). The Covered Bond Guarantor will be relying on an exclusion or exemption from the definition of "investment company" under the Investment Company Act of 1940, as amended (the **Investment Company Act**), contained in Section 3(c)(5)(C) of the Investment Company Act, although there may be additional exclusions or exemptions available to the Covered Bond Guarantor.

This Prospectus is issued in replacement of a Prospectus dated 23 November 2016 and accordingly supersedes that earlier Prospectus. This does not affect any Covered Bonds issued under the Programme prior to the date of this Prospectus.

Arranger for the Programme

Commonwealth Bank of Australia

Dealers for the Programme

Barclays	**BNP PARIBAS**
Citigroup	**Commonwealth Bank of Australia**
Credit Suisse	**Deutsche Bank**
DZ BANK AG	**Goldman Sachs International**
HSBC	**J.P. Morgan**
Morgan Stanley	**Nomura**

UBS Investment Bank

The date of this Prospectus is 22 November 2017.

This Prospectus has been approved by the UK Listing Authority as a base prospectus for the purposes of Article 5.4 of the Prospectus Directive and has been published in accordance with the prospectus rules made under the FSMA. This Prospectus is not a prospectus for the purposes of section 12(a)(2) of the Securities Act or any other provision or order under the Securities Act.

The Issuer accepts responsibility for the information in this Prospectus and the Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) for each Tranche of Covered Bonds issued under the Programme. The Covered Bond Guarantor (in its capacity as Trustee of the Trust) accepts responsibility for the information contained in the sections entitled "*Documents Incorporated by Reference – paragraph (b)*", "*Structure Overview – The Programme – Covered Bond Guarantee*", "*Programme Overview – Covered Bond Guarantee*", "*Risk Factors - Risk factors relating to the Covered Bond Guarantor, including the ability of the Covered Bond Guarantor to fulfil its obligations in relation to the Covered Bond Guarantee*", Conditions 3.3 and 9.2 in the section entitled "*Terms and Conditions of the Covered Bonds*", "*The CBA Covered Bond Trust – Covered Bond Guarantor*", "*Overview of the Principal Documents – The Covered Bond Guarantee*", "*Credit Structure – Covered Bond Guarantee*", the Covered Bond Guarantee as referenced in (iii) of "*General Information – Documents Available*", the second paragraph in "*General Information – Significant or Material Change*" and the second paragraph in "*General Information – Litigation*" in this Prospectus and paragraphs 2 and 15(b) in the Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) for each Tranche of Covered Bonds issued under the Programme. To the best of the knowledge and belief of each of the Issuer and the Covered Bond Guarantor only in relation to the information for which it is responsible (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in this Prospectus by reference (see the section "*Documents Incorporated by Reference*" below). This Prospectus will, except as specified in this Prospectus, be read and construed on the basis that such documents are so incorporated and form part of this Prospectus.

The information contained in this Prospectus was obtained from the Issuer (and other sources identified in this Prospectus), but no assurance can be given by the Arranger, the Dealers, the Agents, the Bond Trustee, the Trust Manager, the Seller, the Servicer, the Intercompany Loan Provider, the Demand Loan Provider, the Lead Manager (if applicable), the Security Trustee, the Account Bank, the Cover Pool Monitor, any Swap Provider or the Covered Bond Guarantor (other than the information for which it accepts responsibility as set out above) as to the accuracy or completeness of this information. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger, the Dealers, the Agents, the Bond Trustee, the Trust Manager, the Seller, the Servicer, the Intercompany Loan Provider, the Demand Loan Provider, the Lead Manager (if applicable), the Security Trustee, the Account Bank, the Cover Pool Monitor, any Swap Provider or the Covered Bond Guarantor (other than the information for which it accepts responsibility as set out above) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Programme. Neither the Arranger, the Dealers, the Agents, the Bond Trustee, the Trust Manager, the Seller, the Servicer, the Intercompany Loan Provider, the Demand Loan Provider, the Lead Manager (if applicable), the Security Trustee, the Account Bank, the Cover Pool Monitor, any Swap Provider nor the Covered Bond Guarantor (other than the information for which it accepts responsibility as set out above) accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Programme.

No person has been authorised by the Issuer, the Covered Bond Guarantor, the Arranger, the Dealers, the Agents, the Bond Trustee, the Trust Manager, the Seller, the Servicer, the Intercompany Loan Provider, the Demand Loan Provider, the Lead Manager (if applicable), the Security Trustee, the Account Bank, the Cover Pool Monitor or any Swap Provider to give any information or to make any representation not contained in this Prospectus or any other information supplied in connection with the Programme or the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Covered Bond Guarantor, the Arranger, the Dealers, the Agents, the Bond Trustee, the Trust Manager, the Seller, the Servicer, the Intercompany Loan Provider, the Demand Loan Provider, the Lead Manager (if applicable), the Security Trustee, the Account Bank, the Cover Pool Monitor or any Swap Provider.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Covered Bonds (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Covered Bond Guarantor, the Seller, the Servicer, the Intercompany Loan Provider, the Demand Loan Provider, the Lead Manager (if applicable), the Arranger, the Dealers, the Agents, the Bond Trustee, the Trust Manager, the Security Trustee, the Account Bank, the Cover Pool Monitor or any Swap Provider that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Covered Bonds should purchase any Covered Bonds. Each investor contemplating purchasing any Covered Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Covered Bond Guarantor and/or any other relevant party to the Programme. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Covered Bonds constitutes an offer or invitation by or on behalf of the Issuer, the Covered Bond Guarantor, the Seller, the Servicer, the Intercompany Loan Provider, the Demand Loan Provider, the Lead Manager (if applicable), the Arranger, the Dealers, the Agents, the Bond Trustee, the Trust Manager, the Security Trustee, the Account Bank, the Cover Pool Monitor or any Swap Provider to any person to subscribe for or to purchase any Covered Bonds.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Covered Bonds will in any circumstances imply (i) that the information contained in this Prospectus concerning the Issuer and/or the Covered Bond Guarantor is correct at any time subsequent to the date of this Prospectus, (ii) that the information contained in any document incorporated by reference in this Prospectus is correct at any time subsequent to the date of such document or (iii) that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealers, the Lead Manager (if applicable), the Agents, the Bond Trustee, the Trust Manager, the Seller, Servicer, the Intercompany Loan Provider, the Demand Loan Provider, the Security Trustee, the Account Bank, the Cover Pool Monitor, any Swap Provider and the Covered Bond Guarantor (in respect of the Issuer) expressly do not undertake to review the financial condition or affairs of the Issuer or the Covered Bond Guarantor or any other relevant party to the Programme during the life of the Programme or to advise any investor in the Covered Bonds of any information coming to their attention. Investors should review, inter alia, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Covered Bonds.

Under this Prospectus, the Covered Bonds (other than N Covered Bonds) are being offered and sold in accordance with Regulation S solely to non-U.S. persons outside the United States in offshore transactions and such Covered Bonds have not been and will not be registered under the Securities Act. The Covered Bonds may also be offered and sold in reliance on Section 4(a)(2) of, and Rule 144A and Regulation D under, the Securities Act to "qualified institutional buyers" (as defined in Rule 144A) under a separate offering memorandum. In addition, A$ Registered Covered Bonds may also be offered and sold under a separate information memorandum. Accordingly, references to Covered Bonds in this Prospectus are references to both Covered Bonds issued pursuant to this Prospectus and Covered Bonds issued pursuant to that separate offering memorandum and information memorandum. All such Covered Bonds will rank *pari passu* without any preference or priority among themselves and all payments of principal and interest payable under all such Covered Bonds will be guaranteed by the Covered Bond Guarantor pursuant to the terms of the Covered Bond Guarantee.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Covered Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. The Issuer, the Covered Bond Guarantor, the Arranger, the Lead Manager (if applicable), the Dealers, the Bond Trustee, the Trust Manager, the Seller, the Servicer, the Intercompany Loan Provider, the Demand Loan Provider, the Security Trustee, the Account Bank, the Cover Pool Monitor and any Swap Provider do not represent that this Prospectus may be lawfully distributed, or that any Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Covered Bond Guarantor, the Arranger, the Lead Manager (if applicable), the Dealers, the Bond Trustee, the Trust Manager, the Seller, the Servicer, the Intercompany Loan Provider, the Demand Loan Provider, the Security Trustee, the Account Bank, the Cover Pool Monitor and any Swap Provider which would permit a public offering of any Covered Bonds outside the EEA or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor

any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Covered Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Covered Bonds in Australia, New Zealand, the United States, the EEA (including the United Kingdom and the Grand Duchy of Luxembourg), Hong Kong, Singapore, Taiwan and Japan (see the section "*Subscription and Sale and Selling Restrictions*" in this Prospectus). This Prospectus and any related Final Terms and Pricing Supplement have been prepared on the basis that any offer of Covered Bonds in any Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly any person making or intending to make an offer in a Relevant Member State of Covered Bonds which are the subject of an offering contemplated in this Prospectus as completed by the Final Terms or the Pricing Supplement, as applicable, in relation to the offer of those Covered Bonds may only do so in circumstances in which no obligation arises for the Issuer 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, in each case, in relation to such offer. Neither the Issuer, the Covered Bond Guarantor, the Trust Manager, the Dealers, the Lead Manager (if applicable) nor any other party to the Programme Documents have authorised, nor do they authorise, the making of any offer of Covered Bonds in circumstances in which an obligation arises for the Issuer, the Covered Bond Guarantor, the Trust Manager, the Dealers, the Lead Manager (if applicable) or any other such party to publish or supplement a prospectus for such offer.

All references to **U.S. dollars** and **U.S.$** are to the currency of the United States of America, to **A$**, **Australian $**, **AUD Dollars** and **Australian dollars** are to the lawful currency of Australia, to **NZ$** are to the lawful currency of New Zealand, to **Sterling** and **£** are to the lawful currency of the United Kingdom and to **euro** and **€** are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

In connection with the issue of any Covered Bonds, the Dealer(s) (if any) named as the Stabilising Manager(s) (or person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) may over-allot Covered Bonds (provided that, in the case of any Covered Bonds to be admitted to trading on the regulated market of the London Stock Exchange or any other regulated market (within the meaning of the Markets in Financial Instruments Directive) in the EEA, the aggregate principal amount of Covered Bonds allotted does not exceed 105% of the aggregate principal amount of the relevant Covered Bonds) or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Covered Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Covered Bonds and 60 days after the date of the allotment of the relevant Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules. Stabilisation activities may only be carried on outside Australia and on a financial market operated outside Australia.

None of the Issuer, the Arranger, the Lead Manager (if applicable), the Dealers, the Covered Bond Guarantor, the Agents, the Security Trustee, the Trust Manager, the Bond Trustee nor any other party to the Programme Documents makes any representation to any investor in the Covered Bonds regarding the legality of its investment under any applicable laws. Any investor in the Covered Bonds should be able to bear the economic risk of an investment in the Covered Bonds for an indefinite period of time.

Each potential investor in the Covered Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should: (a) have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement; (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio; (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more

currencies, or where the currency for principal or interest payments is different from the potential investor's currency; (d) understand thoroughly the terms of the Covered Bonds; and (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Covered Bonds are legal investments for it, (b) Covered Bonds can be used as collateral for various types of borrowing, (c) Covered Bonds can be used as repo-eligible securities and (d) other restrictions apply to its purchase or pledge of any Covered Bonds.

Covered Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Covered Bonds unless it has the expertise (either alone or with a financial adviser) to evaluate how the Covered Bonds will perform under changing conditions, the resulting effects on the value of the Covered Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Subject as provided in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement), the only persons authorised to use this Prospectus (and, therefore, acting in association with the Issuer) in connection with an offer of Covered Bonds are the persons named in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) as the Relevant Dealer(s).

Copies of the applicable Final Terms or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement for each Tranche of Covered Bonds issued subject to the provisions described in this Prospectus and any supplement hereto, will be available from the registered office of the Issuer and the specified office set out below of the Principal Paying Agent (as defined below). The applicable Pricing Supplement will only obtainable by a Covered Bondholder subject to production of evidence as to its holding of Covered Bonds and identity as set out in the Conditions.

IMPORTANT – EEA RETAIL INVESTORS

If the applicable Final Terms or the applicable Pricing Supplement in respect of any Covered Bonds includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Covered Bonds, from 1 January 2018, are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

U.S. INFORMATION

In making an investment decision, investors must rely on their own examination of the Issuer and the Covered Bond Guarantor and the terms of the Covered Bonds being offered and the Covered Bond Guarantee, including the merits and risks involved. The Covered Bonds have not been approved or disapproved by the United States Securities and Exchange Commission (the **SEC**) or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

The Covered Bonds in bearer form are subject to U.S. federal tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations and the Securities Act. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the **Code**) and the U.S. Treasury regulations promulgated thereunder.

FORWARD-LOOKING STATEMENTS

This Prospectus contains various forward-looking statements regarding events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Bank and its subsidiaries (collectively, the **Group**) to differ materially from the information presented in this Prospectus. When used in this Prospectus, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions as they relate to the Group and its management, are intended to identify such forward-looking statements.

Projections are necessarily speculative in nature, and some or all of the assumptions underlying the projections may not materialise or may vary significantly from actual results. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) changes in political, social, credit, liquidity, investor confidence and economic conditions in Australia, New Zealand and elsewhere where the Group or its customers operate or raise funds; the impact of changes in the value of the Australian dollar and the other currencies in which the Group or its customers operate or raise funds; global credit and equity market conditions; the impact of natural disasters, such as the Queensland floods and Christchurch earthquakes; demographic changes; technological changes; changes in competitive conditions in Australia, New Zealand, Asia, the United States or the United Kingdom; changes in the regulatory structure of the banking, life insurance and funds management industries in Australia, New Zealand, the United Kingdom or Asia; changes in global credit market conditions including funding costs, credit ratings and access; regulatory proposals for reform of the banking, life insurance and funds management industries in Australia, and various other factors beyond the Group's control. Given these risks, uncertainties and other factors, potential investors are cautioned not to place undue reliance on such forward-looking statements. Details on significant risk factors applicable to the Issuer and the Covered Bond Guarantor are detailed under the section "*Risk Factors*" in this Prospectus.

Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Covered Bonds are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer and/or the Covered Bond Guarantor. Neither the Arranger nor the Dealers have attempted to verify any such statements, nor do they make any representations, express or implied, with respect to such statements.

None of the Arranger, the Dealers, the Lead Manager (if applicable), the Issuer, the Covered Bond Guarantor, the Security Trustee, the Bond Trustee nor any other party to a Programme Document has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date of this Prospectus or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

GLOSSARY

Unless otherwise indicated, capitalised terms used in this Prospectus have the meaning set out in this Prospectus. A glossary of defined terms appears at the back of this Prospectus in the section entitled "*Glossary*".

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PRINCIPAL CHARACTERISTICS OF THE CBA COVERED BOND PROGRAMME

The following synopsis does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus.

Issuer:	Commonwealth Bank of Australia ABN 48 123 123 124.
Covered Bond Guarantor:	Perpetual Corporate Trust Limited ABN 99 000 341 533 in its capacity as trustee of the Trust.
Nature of eligible property:	Mortgage Loan Rights, Substitution Assets and Authorised Investments.
Location of eligible property:	Australia.
Asset Coverage Test:	Yes, see the sections "*Overview of the Principal Documents – The Establishment Deed – Asset Coverage Test*" and "*Credit Structure – Asset Coverage Test*" in this Prospectus for further information.
Amortisation Test:	Yes, see the sections "*Overview of the Principal Documents – The Establishment Deed – Amortisation Test*" and "*Credit Structure – Amortisation Test*" in this Prospectus for further information.
Pre-Maturity Test:	Yes, see the section "*Credit Structure – Pre-Maturity Test*" in this Prospectus.
Reserve Fund:	A Reserve Fund to be funded from the Available Income Amounts or the proceeds of a Term Advance or Demand Loan Advance will be established if the Issuer's credit ratings fall below the Moody's Specified Rating and/or the Fitch Specified Rating.
Maximum Asset Percentage:	95%.
Extendable Maturities:	Available.
Hard Bullet Maturities:	Available.
Cover Pool Monitor:	PricewaterhouseCoopers ABN 52 780 433 757.
Asset Segregation:	Yes.
Terms:	As set out in the Final Terms for the relevant Series or Tranche of Covered Bonds (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).
Clearing Systems:	Covered Bonds may be traded on the settlement system operated by Euroclear, the settlement system operated by Clearstream and/or any other clearing system outside Australia specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement). The Issuer announces that: (a) each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond without interest coupons attached (a **Temporary Bearer Global Covered Bond**) which will be issued to and lodged on or prior to the issue date of the relevant Tranche to a common depositary for Euroclear and Clearstream, Luxembourg; (b) in connection with the issue, Euroclear and Clearstream, Luxembourg will confer rights in relation to such Bearer Covered Bonds and will record the existence of those rights and (c) as a result of the issue of such Bearer Covered Bonds in this manner, these rights will be able to

be created.

N Covered Bonds will not be traded on any clearing system.

Listing:

Application will be made by the Issuer to the UK Listing Authority for Covered Bonds issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Covered Bonds to be admitted to trading on the regulated market of the London Stock Exchange during the period of 12 months from the date of this Prospectus.

Neither Perpetual Corporate Trust Limited (in its personal capacity or as Covered Bond Guarantor) nor P.T. Limited (in its personal capacity or as Security Trustee) have made or authorised the application to admit Covered Bonds issued under the Programme to the Official List or to admit the Covered Bonds to trading on the regulated market of the London Stock Exchange.

Exempt Covered Bonds may be unlisted or may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or regulated or unregulated markets, as may be agreed between the Issuer and the Relevant Dealer(s) or Lead Manager in relation to each issue. The applicable Pricing Supplement, in the case of Exempt Covered Bonds will state whether or not the relevant Exempt Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets. N Covered Bonds will not be listed and/or admitted to trading.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, each of which has been previously published, filed with the Financial Conduct Authority and is available for inspection at http://www.morningstar.co.uk/uk/NSM, will be deemed to be incorporated in, and to form part of, this Prospectus:

(a) the Bank's audited annual consolidated and non-consolidated financial statements (including the auditor's report thereon and notes thereto) in respect of the years ended 30 June 2017 (as set out on pages 85 to 192 (inclusive) and pages 194 to 201 of the Annual Report 2017) and 30 June 2016 (as set out on pages 74 to 181 (inclusive) and pages 183 and 184 of the Annual Report 2016);

(b) the financial statements of the Trust (including the auditor's report and the notes thereto) in respect of the financial years ended 30 June 2016 and 30 June 2017;

(c) the cover pool information as set out on pages 3 to 7 (inclusive) of the Bank's Investor Report dated 8 November 2017; and

(d) the terms and conditions of the Covered Bonds contained in the prospectuses dated 16 November 2011, pages 93 to 131 (inclusive), dated 16 November 2012, pages 67 to 103 (inclusive), dated 15 November 2013, pages 82 to 118 (inclusive), dated 14 November 2014, pages 84 to 120 (inclusive) dated 13 November 2015, pages 86 to 123 (inclusive) and dated 23 November 2016, pages 87 to 125 (inclusive), prepared by the Bank in connection with the Programme.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus will not form part of this Prospectus.

Any non-incorporated parts of a document referred to herein are either (i) not considered by the Issuer to be relevant for prospective investors in the Covered Bonds to be issued under the Programme or (ii) is covered elsewhere in Prospectus.

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the Financial Conduct Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

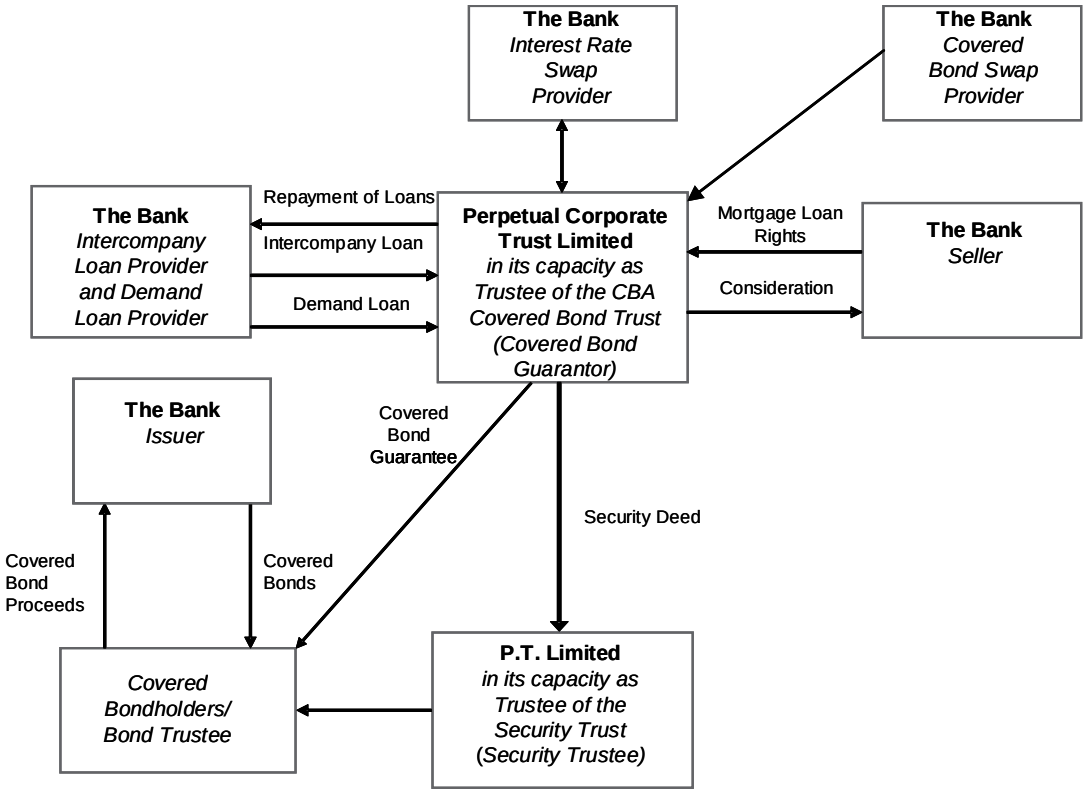
Copies of documents incorporated by reference in this Prospectus can be obtained from the registered offices of the Issuer. Requests for such documents should be directed to the Issuer at its office set out at the end of this Prospectus. In addition, such documents will be available from the specified offices of the Principal Paying Agent for the time being at Winchester House, 1 Great Winchester Street, London, EC2N 2DB. In addition, copies of this Prospectus and each document incorporated by reference herein are available on the London Stock Exchange's website at www.londonstockexchange.com.

Please note that websites and urls referred to in this Prospectus do not form part of this Prospectus. To the extent that any document incorporated by reference in this Prospectus incorporates further information by reference, such further information does not form part of this Prospectus.

STRUCTURE OVERVIEW

The information in this section is an overview of the structure relating to the Programme and does not purport to be complete. The information is taken from, and is qualified in its entirety by, the remainder of this Prospectus. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this overview.

Structure Diagram



Credit Structure

The Covered Bonds will be direct, unsecured, unsubordinated and unconditional obligations of the Issuer. The Covered Bond Guarantor has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until the occurrence of: (i) an Issuer Event of Default and service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and on the Covered Bond Guarantor of a Notice to Pay; or (ii) if earlier, following the occurrence of a Covered Bond Guarantor Event of Default and service by the Bond Trustee on the Covered Bond Guarantor and the Issuer of a Covered Bond Guarantee Acceleration Notice. The Issuer will not be relying on any payments by the Covered Bond Guarantor under the Intercompany Loan Agreement or the Demand Loan Agreement in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Covered Bondholders, as follows:

(a) the Covered Bond Guarantee provides credit support in respect of obligations of the Issuer under the Covered Bonds and the Assets of the Trust provide security for the obligations of the Covered Bond Guarantor;

(b) the Pre-Maturity Test is intended to provide liquidity to the Covered Bond Guarantor in relation to amounts of principal due on the Final Maturity Date of the Hard Bullet Covered Bonds;

(c) the Asset Coverage Test is intended to test, on a monthly basis, prior to the service of a Notice to Pay on the Covered Bond Guarantor, the asset coverage of the Assets of the Trust held from time to time by the Covered Bond Guarantor in respect of the Covered Bonds;

(d) the Amortisation Test is intended to test, on a monthly basis, following the service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the asset coverage of the Assets of the Trust held from time to time by the Covered Bond Guarantor in respect of the Covered Bonds;

(e) a Reserve Fund will be established in the GIC Account, which will be funded from Available Income Amounts or by crediting the remaining proceeds of a Term Advance or a Demand Loan Advance up to the Reserve Fund Required Amount, if the Issuer's credit rating falls below the Moody's Specified Ratings and/or the Fitch Specified Rating; and

(f) under the terms of the Account Bank Agreement, the Account Bank has agreed to pay a rate of interest per annum equal to the 30 day Bank Bill Rate which will be at the rate determined by the Account Bank on the first day of each Collection Period (or, in the case of the first Collection Period, the first Closing Date) on all amounts held by the Covered Bond Guarantor in the GIC Account.

Certain of these factors are considered more fully in the remainder of this section and in the section entitled "*Credit Structure*" in this Prospectus.

Asset Coverage Test

The Programme provides that, prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Assets of the Trust held from time to time by the Covered Bond Guarantor are subject to the Asset Coverage Test. Accordingly, for so long as Covered Bonds remain outstanding, the Trust Manager must ensure that on each Determination Date prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Adjusted Aggregate Mortgage Loan Amount is an amount at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Determination Date. The Asset Coverage Test will be tested on a monthly basis by the Trust Manager on each Determination Date.

If on any Determination Date the Adjusted Aggregate Mortgage Loan Amount is less than the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds on that Determination Date, the Asset Coverage Test will not be satisfied. If on the immediately following Determination Date the Asset Coverage Test remains unsatisfied, the Bond Trustee will serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee receiving notification from the Trust Manager or, if earlier, having actual knowledge or express notice that the Asset Coverage Test remains unsatisfied). The Bond Trustee will be deemed to revoke an Asset Coverage Test Breach Notice if, on the next Determination Date to occur following the service of an Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If an Asset Coverage Test Breach Notice is not deemed to have been revoked on the next Determination Date after service of such Asset Coverage Test Breach Notice, an Issuer Event of Default will occur and the Bond Trustee will be entitled (and in certain circumstances may be required) to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor. The Asset Coverage Test will also be tested by the Trust Manager at any time required for the purposes of facilitating repayment of the Demand Loan to the extent such repayment is subject to the Asset Coverage Test being satisfied (notwithstanding the service of a Notice to Pay on the Covered Bond Guarantor).

Amortisation Test

On each Determination Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) and, for so long as Covered Bonds remain outstanding, the Trust Manager must ensure that the Amortisation Test Aggregate Mortgage Loan Amount, as calculated on such Determination Date, will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds on such

Determination Date. A breach of the Amortisation Test will constitute a Covered Bond Guarantor Event of Default and the Bond Trustee will be entitled (and, in certain circumstances, may be required) to serve a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer declaring the Covered Bonds immediately due and repayable and the Security Trustee will be entitled and, in certain circumstances, may be required, to enforce the Security.

Legislated Collateralisation Test

In addition to the Asset Coverage Test and the Amortisation Test, the Programme benefits from the Issuer's obligation to comply with the minimum over-collateralisation requirements set out in the Australian Banking Act and, for that purpose, the Legislated Collateralisation Test as described in the section "*Overview of the Principal Documents – Establishment Deed – Legislated Collateralisation Test*" in this Prospectus. As the Legislated Collateralisation Test is a minimum requirement, the Issuer expects that the Legislated Collateralisation Test will be satisfied in all circumstances in which the Asset Coverage Test or the Amortisation Test, as applicable, is satisfied.

Pre-Maturity Test

Each Series of Hard Bullet Covered Bonds is subject to the Pre-Maturity Test on each Local Business Day during the Pre-Maturity Test Period for that Series of Hard Bullet Covered Bonds prior to the occurrence of an Issuer Event of Default and/or a Covered Bond Guarantor Event of Default. The Pre-Maturity Test is intended to provide liquidity for such Covered Bonds when the Issuer's short-term credit ratings are below a certain level within a specified period prior to the maturity of such Covered Bonds. If the Pre-Maturity Test is breached within such specified period and certain actions are not taken, an Issuer Event of Default will occur and the Bond Trustee will be entitled (and in certain circumstances may be required) to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor (see the section "*Overview of the Principal Documents – Establishment Deed - Sale of Selected Mortgage Loan Rights if the Pre-Maturity Test is Breached*" in this Prospectus for further information).

Extendable obligations under the Covered Bond Guarantee

An Extended Due for Payment Date may be specified as applying in relation to a Series of Covered Bonds in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement). This means that if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on the Final Maturity Date (subject to applicable grace periods) and if the Covered Bond Guarantor, following service of a Notice to Pay, fails to pay the Guaranteed Amounts equal to the unpaid portion of the Final Redemption Amount of the relevant Series of Covered Bonds in full by the Extension Determination Date (for example, because following the service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor has insufficient moneys available in accordance with the Guarantee Priority of Payments to pay in full the Guaranteed Amounts corresponding to the unpaid portion of the Final Redemption Amount of the relevant Series of Covered Bonds) then payment of the unpaid amount pursuant to the Covered Bond Guarantee will be automatically deferred (without a Covered Bond Guarantor Event of Default occurring as a result of such non payment) and will be due and payable on the Extended Due for Payment Date (subject to any applicable grace period). However, to the extent that monies are available in accordance with the Guarantee Priority of Payments, any amount representing the Final Redemption Amount due and remaining unpaid on the Extension Determination Date may be paid by the Covered Bond Guarantor on any Interest Payment Date thereafter, up to (and including) the relevant Extended Due for Payment Date. Interest will continue to accrue on any unpaid amount during such extended period and be payable on the Original Due for Payment Date and on the Extended Due for Payment Date in accordance with Condition 4 of the Programme Conditions and clause 3 of the N Covered Bond Confirmation Terms (as applicable).

Reserve Fund

The Covered Bond Guarantor may be required, on a Distribution Date, to deposit into the GIC Account (with a corresponding credit to the Reserve Ledger) any Available Income Amount or the relevant proceeds of a Term Advance or Demand Loan Advance up to an amount equal to the Reserve Fund Required Amount. The Reserve Fund Required Amount on any day will depend on the credit ratings of the Issuer. If the Issuer's short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least F1+ by Fitch (the **Fitch Specified Rating**) and at least P-1 by Moody's (the **Moody's Specified Rating**), the Reserve Fund Required

Amount is nil (or such other amount as the Issuer notifies the Covered Bond Guarantor). If the Issuer is not rated the Fitch Specified Rating and/or the Moody's Specified Rating the determination of the Reserve Fund Required Amount will depend on the relevant rating trigger(s) not met.

The Programme

Pursuant to the terms of the Programme, the Issuer will issue Covered Bonds to the Covered Bondholders on an Issue Date. The Covered Bonds will be direct, unsecured, unsubordinated and unconditional obligations of the Issuer.

The Issuer's indebtedness in respect of the Covered Bonds is affected by applicable laws which include (but are not limited to) sections 13A and 16 of the Australian Banking Act and section 86 of the Australian Reserve Bank Act. These provisions provide that in the event that the Issuer becomes unable to meet its obligations or suspends payment, its assets in Australia are to be available to meet its liabilities to, among others, APRA, the RBA and holders of protected accounts held in Australia, in priority to all other liabilities, including the Covered Bonds.

The Covered Bonds will not be protected accounts or deposit liabilities of the Issuer for the purposes of the Australian Banking Act.

The Australian Banking Act also provides that the Issuer's assets in Australia for these purposes does not include the assets in a cover pool (as defined in the Australian Banking Act).

In addition, the Issuer's indebtedness is not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction.

Covered Bonds issued under the Programme

Except in respect of the first issue of Covered Bonds, Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds (in which case they will form part of such Series) or have different terms to an existing Series of Covered Bonds (in which case they will constitute a new Series).

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects (except as set out in the Guarantee Priority of Payments) and will share in the Security granted by the Covered Bond Guarantor under the Security Deed.

In order to ensure that any further issue of Covered Bonds under the Programme does not adversely affect existing Covered Bondholders:

(a) the Bank (as Intercompany Loan Provider) will, subject to certain conditions precedent, be obliged to make a Term Advance to the Covered Bond Guarantor in an amount equal to either (i) the Principal Amount Outstanding on the Issue Date of such further issue of Covered Bonds in the Specified Currency of the relevant Series or Tranche of Covered Bonds; or (ii) the Australian Dollar Equivalent of the Principal Amount Outstanding on the Issue Date of such further issue of Covered Bonds, and (in each case) for a matching term.

The Covered Bond Guarantor may only use the proceeds of such Term Advance (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Non-Forward Starting Covered Bond Swap): (i) to fund (in whole or in part) the Consideration for any Mortgage Loan Rights to be acquired from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or (ii) acting in accordance with the Establishment Deed, to invest in Substitution Assets in an amount not exceeding the prescribed limit (as set out in the section "*Overview of the Principal Documents – Establishment Deed – Limits on Investing in Substitution Assets and Authorised Investments*" in this Prospectus) to the extent required to meet the Asset Coverage Test; and thereafter or otherwise the Covered Bond Guarantor may use such proceeds (subject to complying with the Asset Coverage Test): (A) if an existing Series or Tranche or part of an existing Series or Tranche of Covered Bonds is being refinanced (by the issue of a further Series or Tranche of Covered Bonds to which the Term Advance relates) to repay the Term Advance(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Term Advance(s) being repaid, if necessary); and/or (B) to make a repayment of the Demand Loan, provided that the Trust Manager has determined the outstanding

balance of the Demand Loan by calculating the Asset Coverage Test as at the Intercompany Loan Drawdown Date having taken into account such repayment and the Trust Manager has confirmed that the Asset Coverage Test will continue to be met after giving effect to such repayment; and/or (C) subject to the terms of the Establishment Deed, to make a deposit of all or part of the proceeds into the GIC Account (including, without limitation, to fund the Reserve Fund to an amount not exceeding the Reserve Fund Required Amount); and

(b) further Covered Bonds may not be issued if an Asset Coverage Test Breach Notice has been served and is outstanding.

There is no assurance that the issue of a further Series of Covered Bonds will not be ultimately adverse to the interests of any existing holder of Covered Bonds because, for instance, the level of collateralisation in the cover pool is reduced or because of the timing subordination risk (as described in the section "*Risk Factors – General Risk Factors relating to the Covered Bonds – Final Maturity Date and extendable obligations under the Covered Bond Guarantee*" in this Prospectus). See also the section "*Risk Factors – APRA's powers under the Australian Banking Act – Power to prevent further issue of covered bonds*" below in relation to restrictions on the Bank (as Issuer) from issuing covered bonds under the Australian Banking Act.

The Seller will, subject to the satisfaction of certain conditions (including the criteria for Eligible Mortgage Loans) offer to sell Mortgage Loan Rights to the Covered Bond Guarantor from time to time.

Intercompany Loan Agreement

Pursuant to the terms of the Intercompany Loan Agreement, the Bank as Intercompany Loan Provider will make a Term Advance to the Covered Bond Guarantor in an amount equal to either (i) if a Non-Forward Starting Covered Bond Swap is entered into on the relevant Issue Date, the Principal Amount Outstanding on the Issue Date of the relevant Series or, as applicable, Tranche of Covered Bonds in the Specified Currency of the relevant Series or Tranche of Covered Bonds or (ii) if a Forward Starting Covered Bond Swap is entered into on the relevant Issue Date, the Australian Dollar Equivalent of the Principal Amount Outstanding on the Issue Date of the relevant Series or, as applicable, Tranche of Covered Bonds, and (in each case) for a matching term. Payments by the Issuer of amounts due under the Covered Bonds will not be conditional upon receipt by the Bank of payments from the Covered Bond Guarantor pursuant to the Intercompany Loan Agreement. The payment of amounts owed by the Covered Bond Guarantor under the Intercompany Loan Agreement will be subordinated to the payment of amounts owed by the Covered Bond Guarantor under the Covered Bond Guarantee in accordance with the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments.

The Covered Bond Guarantor may only use the proceeds of the Term Advances received under the Intercompany Loan Agreement from time to time (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Non-Forward Starting Covered Bond Swap): (i) to fund (in whole or part) the Consideration payable to the Seller for the Mortgage Loan Rights to be acquired from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or (ii) acting in accordance with the Establishment Deed, to invest in Substitution Assets in an amount not exceeding the prescribed limit (as set out in the section "*Overview of the Principal Documents – Establishment Deed – Limits on investing in Substitution Assets and Authorised Investments*" in this Prospectus) to the extent required to meet the Asset Coverage Test; and thereafter or otherwise the Covered Bond Guarantor may use such proceeds (subject to complying with the Asset Coverage Test (as described below)): (A) if an existing Series or Tranche or part of an existing Series or Tranche of Covered Bonds is being refinanced (by the issue of a further Series or Tranche of Covered Bonds to which the Term Advance relates) to repay the Term Advance(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Term Advance(s) being repaid, if necessary); and/or (B) to make a repayment of the Demand Loan, provided that the Trust Manager has determined the outstanding balance of the Demand Loan by calculating the Asset Coverage Test as at the Intercompany Loan Drawdown Date having taken into account such repayment and the Trust Manager has confirmed that the Asset Coverage Test will continue to be met after giving effect to such repayment; and/or (C) subject to the terms of the Establishment Deed, to make a deposit of all or part of the proceeds into the GIC Account (including, without limitation, to fund the Reserve Fund).

Demand Loan Agreement

Pursuant to the Demand Loan Agreement, the Bank as Demand Loan Provider will make a Demand Loan Facility available to the Covered Bond Guarantor. The Covered Bond Guarantor may draw Demand Loan Advances denominated in Australian Dollars from time to time under the Demand Loan Facility. The Demand Loan Facility is a revolving credit facility. Demand Loan Advances may only be used by the Covered Bond Guarantor: (i) to fund (in whole or in part) the Consideration payable to the Seller for the acquisition of Mortgage Loan Rights from the Seller on a Closing Date to the extent the aggregate of the proceeds of a Term Advance and/or the Available Principal Amount on that date are not sufficient to pay such Consideration; (ii) to repay a Term Advance on the date on which the Series of Covered Bonds corresponding to such Term Advance matures; (iii) to rectify a failure to meet the Asset Coverage Test, such funds to be deposited into the GIC Account, invested in Substitution Assets (not exceeding the prescribed limit described in the section "*Overview of the Principal Documents – Establishment Deed – Limits on investing in Substitution Assets and Authorised Investments*" in this Prospectus) and/or used to purchase Mortgage Loan Rights from the Seller; (iv) to rectify a breach of the Pre-Maturity Test; (v) to rectify an Interest Rate Shortfall; (vi) to make a deposit to the OC Account if agreed between the Trust Manager and the Demand Loan Provider; or (vii) for any other purpose whatsoever as may be agreed from time to time between the Covered Bond Guarantor (acting on the directions of the Trust Manager) and the Demand Loan Provider (including, without limitation, to fund the Reserve Fund if required). Each Demand Loan Advance will be consolidated to form the Demand Loan.

Repayment of the principal amount owed by the Covered Bond Guarantor under the Demand Loan Agreement may:

(i) provided that the Asset Coverage Test is met after giving effect to such repayment, be made:

  (A) on any day an applicable Term Advance is made, by way of set-off by application of the proceeds of the Term Advance as described in "*Overview of the Principal Documents - Intercompany Loan Agreement*" below;

  (B) on any Local Business Day, by the Demand Loan Provider (in its capacity as the Account Bank in respect of the OC Account) setting-off the balance standing to the credit of the OC Account against the repayment amount (if the Local Business Day is a Distribution Date, in priority to amounts owed by the Covered Bond Guarantor under the Intercompany Loan Agreement and the Covered Bond Guarantee); or

  (C) on any Distribution Date, by an in specie distribution of Mortgage Loan Rights (the value of which will be determined by reference to the Current Principal Balance plus arrears of interest and accrued interest thereon in respect of the corresponding Mortgage Loans calculated as at the date of the relevant in specie distribution) to the Demand Loan Provider in priority to amounts owed by the Covered Bond Guarantor under the Intercompany Loan Agreement and the Covered Bond Guarantee; or

(ii) otherwise, be subordinated to amounts owed by the Covered Bond Guarantor under the Covered Bond Guarantee and under the Intercompany Loan Agreement, as applicable, in accordance with the applicable Priority of Payments (and repayment of such amounts may be also satisfied by an in specie distribution of Mortgage Loan Rights, at the discretion of the Trust Manager or, in the case of the Post-Enforcement Priority of Payments, the Security Trustee).

For further details see the section "*Overview of the Principal Documents – Demand Loan Agreement*" in this Prospectus.

Mortgage Sale Agreement

The Seller may, subject to the satisfaction of certain conditions (including the criteria for Eligible Mortgage Loans), offer to sell Mortgage Loan Rights to the Covered Bond Guarantor from time to time.

Under the terms of the Mortgage Sale Agreement, the consideration payable to the Seller for the sale of Mortgage Loan Rights, originated by the Seller, to the Covered Bond Guarantor will be a payment paid by the Covered Bond Guarantor to the Seller on the applicable Closing Date (except to the extent the Seller and the

Covered Bond Guarantor have agreed that the Consideration will be set-off against any amount payable on the relevant Closing Date by the Bank as Intercompany Loan Provider and/or Demand Loan Provider).

Servicing Deed

In its capacity as Servicer, the Bank has entered into the Servicing Deed with, amongst others, the Covered Bond Guarantor and the Security Trustee, pursuant to which the Servicer has agreed to administer and service the Mortgage Loan Rights sold by the Bank (in its capacity as Seller) to the Covered Bond Guarantor.

Covered Bond Guarantee

Pursuant to the terms of the Bond Trust Deed, the Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds issued by the Issuer. The Covered Bond Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same become Due for Payment but which would otherwise be unpaid by the Issuer. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute (following service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice) direct and unconditional obligations of the Covered Bond Guarantor, secured against the Assets of the Trust held from time to time by the Covered Bond Guarantor as provided in the Security Deed and recourse against the Covered Bond Guarantor is limited to such Assets (see "*Covered Bond Guarantor's Liability*" below). Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice upon the Issuer (whereupon the Covered Bonds will become immediately due and payable as against the Issuer but not, at such time, as against the Covered Bond Guarantor), the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee).

A Covered Bond Guarantee Acceleration Notice may be served by the Bond Trustee on the Issuer and the Covered Bond Guarantor following the occurrence of a Covered Bond Guarantor Event of Default. If a Covered Bond Guarantee Acceleration Notice is served, the Covered Bonds will become immediately due and payable against the Issuer (if they have not already become due and payable) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will be accelerated and the Security Trustee will be entitled to enforce the Security. Prior to the service of a Covered Bond Guarantee Acceleration Notice, payments made by the Covered Bond Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the Guarantee Priority of Payments. All monies recovered or received by the Security Trustee or any receiver after the service of a Covered Bond Acceleration Notice will be held by it in the Trust Accounts to be applied, together with any applicable In Specie Mortgage Loan Rights, in accordance with the Post-Enforcement Priority of Payments (other than Third Party Amounts due to the Seller and any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements, which will be paid directly to the relevant Swap Providers in accordance with the relevant Swap Agreements).

Covered Bond Guarantor's Liability

The Covered Bond Guarantor is party to the Programme Documents only in its capacity as trustee of the Trust and in no other capacity. A liability arising under or in connection with the Programme Documents is limited to and can be enforced against the Covered Bond Guarantor only to the extent to which it can be satisfied out of Assets of the Trust out of which the Covered Bond Guarantor is actually indemnified for the liability. This limitation of the Covered Bond Guarantor's liability applies despite any other provision of the Programme Documents (other than as a result of the Covered Bond Guarantor's fraud, negligence or wilful default) and extends to all liabilities and obligations of the Covered Bond Guarantor in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to a Programme Document.

In relation to the Trust, no party to a Programme Document other than the Covered Bond Guarantor may sue the Covered Bond Guarantor in any capacity other than as trustee of the Trust, including seeking the appointment of a receiver (except in relation to the Assets of the Trust), a liquidator, an administrator or any similar person to the Covered Bond Guarantor or prove in any liquidation, administration or arrangements of or affecting the Covered Bond Guarantor (except in relation to the Assets of the Trust).

The above will not apply to any obligation or liability of the Covered Bond Guarantor to the extent that it is not satisfied because under the Programme Documents or by operation of law there is a reduction in the extent of the Covered Bond Guarantor's indemnification out of the Assets of the Trust, as a result of the Covered Bond

Guarantor's fraud, negligence or wilful default. See further the definitions of "fraud", "negligence" and "wilful default" in the section "*Glossary*" in this Prospectus.

The Transaction Parties are each responsible under the Programme Documents for performing a variety of obligations relating to the Trust. No act or omission of the Covered Bond Guarantor (including any related failure to satisfy its obligations or breach of representation or warranty under any Programme Document) will be considered fraud, negligence or wilful default of the Covered Bond Guarantor to the extent to which the act or omission was caused or contributed to by any failure by any Transaction Party (other than the Covered Bond Guarantor) or any other person to fulfil its obligations relating to the Trust or by any other act or omission of any Transaction Party (other than the Covered Bond Guarantor) or any other person.

No attorney, agent, receiver or receiver and manager appointed in accordance with the Programme Documents has authority to act on behalf of the Covered Bond Guarantor in a way which exposes the Covered Bond Guarantor to any personal liability and no act or omission of any such person will be considered fraud, negligence or wilful default of the Covered Bond Guarantor. See further definitions of "fraud", "negligence" and "wilful default" in the section "*Glossary*" in this Prospectus.

The Covered Bond Guarantor is not obliged to do or refrain from doing anything under the Programme Documents (including incur any liability) unless the Covered Bond Guarantor's liability is limited in the same manner as described above.

Dual recourse: Excess Proceeds to be paid to Covered Bond Guarantor

Following the occurrence of an Issuer Event of Default, the Bond Trustee may (and, in certain circumstances, must) serve an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the Covered Bond Guarantor.

Following service of an Issuer Acceleration Notice and a Notice to Pay, any moneys received by the Bond Trustee from the Issuer (or any administrator, receiver, manager, liquidator, controller, statutory manager or other similar official appointed in relation to the Issuer) (**Excess Proceeds**) will be paid by the Bond Trustee to the Covered Bond Guarantor and shall be used by the Covered Bond Guarantor in the same manner as all other moneys standing to the credit of the GIC Account pursuant to the Security Deed and the Establishment Deed.

At any time after the service of a Notice to Pay, but prior to the service of a Covered Bond Guarantee Acceleration Notice, payments by the Covered Bond Guarantor under the Covered Bond Guarantee will be made in accordance with the Guarantee Priority of Payments.

Security Deed

To secure its obligations under the Covered Bond Guarantee and the Programme Documents to which it is a party, the Covered Bond Guarantor has granted security over the Charged Property (being all the Assets of the Trust acquired by or accruing to the Covered Bond Guarantor after the date of first execution of the Security Deed) in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors) pursuant to the Security Deed.

Security Trustee's Liability

Notwithstanding any provision of the Programme Documents, the Security Trustee is party to the Programme Documents only in its capacity as trustee of the Security Trust and in no other capacity and the Security Trustee has no liability under or in connection with the Programme Documents (whether to the Secured Creditors, the Covered Bond Guarantor or any other person) other than to the extent to which the liability is able to be satisfied out of the property of the Security Trust from which the Security Trustee is actually indemnified for the liability. This limitation will not apply to a liability of the Security Trustee to the extent that it is not satisfied because, under the Programme Documents or by operation of law, there is a reduction in the extent of the Security Trustee's indemnification out of the Security Trust as a result of the Security Trustee's fraud, negligence or wilful default. See further the definitions of "fraud", "negligence" and "wilful default" in the section "*Glossary*" in this Prospectus.

Priorities of Payment

Pre-Acceleration Income Priority of Payments and Pre-Acceleration Principal Priority of Payments

Prior to the service of a Notice to Pay and/or service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Covered Bond Guarantor (acting on the directions of the Trust Manager) will, on each Distribution Date:

(a) apply the Available Income Amount (A) to pay amounts due, or to become due and payable (excluding principal amounts) on the Term Advances and/or (B) to pay amounts due, or to become due and payable (excluding principal amounts) on the Demand Loan. However, these payments will only be made after payment of certain items ranking higher in the Pre-Acceleration Income Priority of Payments (including, but not limited to, certain expenses and amounts due to the Interest Rate Swap Provider); and

(b) apply the Available Principal Amount, together with (in relation to the repayment of the Demand Loan only) any applicable In Specie Mortgage Loan Rights and any amount standing to the credit of the OC Account, towards making repayments of the principal amount outstanding on the Demand Loan (by way of setting-off the amount standing to the credit of the OC Account and, if applicable, by an in specie distribution of Mortgage Loan Rights) and the Term Advances but only after payment of certain items ranking higher in the Pre-Acceleration Principal Priority of Payments (including, but not limited to, the reimbursement of Trust Further Advances made by the Seller, funding any liquidity that may be required in respect of Hard Bullet Covered Bonds following any breach of the Pre-Maturity Test and acquiring Mortgage Loans Rights offered by the Seller to the Covered Bond Guarantor from time to time). Provided that the Asset Coverage Test will be satisfied following any such repayment of the Demand Loan, the repayment of the Demand Loan will rank in priority to the repayment of the Term Advances to the extent of a demand made by the Demand Loan Provider for repayment. Such a demand may only be satisfied by setting-off the balance standing to the credit of the OC Account and, if applicable, by an in specie distribution of Mortgage Loan Rights to the Demand Loan Provider. However, if for any reason an in specie distribution is not made by the Covered Bond Guarantor following such demand (being an **In Specie Failure**), such repayment along with the repayment of the remaining portion of the Demand Loan under the terms of the Demand Loan Agreement will be subordinated to the repayment of the Term Advances.

Application of moneys following service of an Asset Coverage Test Breach Notice

At any time after service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (which has not been deemed to have been revoked), but prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice (or the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer):

(a) the Available Income Amount will continue to be applied in accordance with the Pre-Acceleration Income Priority of Payments except that, whilst any Covered Bonds remain outstanding, no moneys will be applied: (i) to pay any amounts due or to become due and payable (excluding principal amounts) to the Intercompany Loan Provider in respect of each Term Advance; (ii) to pay any amounts due or to become due and payable (excluding principal amounts) on the Demand Loan; or (iii) to the Income Unitholder in whole or partial satisfaction of any entitlement to the Net Trust Income of the Trust and the remainder (if any) after such application will be deposited into the GIC Account and will form part of the Available Income Amount to be applied on the next following Distribution Date; and

(b) the Available Principal Amount will continue to be applied in accordance with the Pre-Acceleration Principal Priority of Payments except that, whilst any Covered Bonds remain outstanding, moneys will not be applied: (i) to acquire Mortgage Loan Rights from the Seller and/or to acquire Substitution Assets in an amount sufficient to ensure the Asset Coverage Test is satisfied; (ii) to pay any amounts in respect of principal due or payable or to become due and payable to the Intercompany Loan Provider in respect of each Term Advance; (iii) to pay the Consideration for Mortgage Loan Rights assigned by the Seller to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement; (iv) to repay principal amounts outstanding under the Demand Loan; (v) to the Income Unitholder (in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust); or (vi) to pay any amounts to the Capital Unitholder, and the remainder (if any) after such application will be deposited into the GIC

Account and will form part of the Available Principal Amount to be applied on the following Distribution Date.

Application of moneys following service of a Notice to Pay

Following service on the Covered Bond Guarantor of a Notice to Pay (but prior to the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) the Covered Bond Guarantor will apply the Available Income Amount and the Available Principal Amount on each Distribution Date to pay Guaranteed Amounts in respect of the Covered Bonds when the same become Due for Payment, subject to paying certain higher ranking obligations of the Covered Bond Guarantor in the Guarantee Priority of Payments. In such circumstances:

(a) the Demand Loan Provider will be entitled to repayment of the Demand Loan pursuant to the terms of the Demand Loan Agreement, provided that the Asset Coverage Test is satisfied after giving effect to such repayment, in priority to payment of Guaranteed Amounts in respect of the Covered Bonds, in circumstances where the Demand Loan Provider has demanded repayment of the Demand Loan or there are no Covered Bonds outstanding and the Issuer has confirmed that no further Covered Bonds will be issued under the Programme. The Covered Bond Guarantor (acting on the directions of the Trust Manager) must only set-off the balance standing to the credit of the OC Account or, if applicable, distribute Mortgage Loan Rights of the Trust in specie (the value of which will be determined by reference to the Current Principal Balance plus arrears of interest and accrued interest thereon in respect of the corresponding Mortgage Loan calculated as at the date of the in specie distribution) to satisfy any such repayment obligation of the Covered Bond Guarantor to the Demand Loan Provider; and

(b) the Intercompany Loan Provider and the Demand Loan Provider will only be entitled to receive any remaining amounts (in the case of the Demand Loan Provider, to the extent any amounts due and payable have not been satisfied as described in paragraph (a) above) after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for. The Trust Manager may (at its discretion) direct the Covered Bond Guarantor to distribute any Mortgage Loan Rights of the Trust in full in specie to satisfy any such outstanding payment obligations to the Demand Loan Provider.

Acceleration of the Covered Bonds following a Covered Bond Guarantor Event of Default

Following the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Covered Bonds will become immediately due and repayable (if not already due and payable as against the Issuer) and each of the Bond Trustee and the Security Trustee may or must take such proceedings or steps in accordance with the first and third paragraphs, respectively, of Condition 9.3 of the Programme Conditions and the Bond Trustee (for the benefit of the Covered Bondholders) will have a claim against the Covered Bond Guarantor, under the Covered Bond Guarantee, for an amount equal to the Early Redemption Amount in respect of each Covered Bond of each Series together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable by the Issuer under Condition 7 of the Programme Conditions and Condition 6 of the N Covered Bond Conditions (as applicable)) and the Security created by the Covered Bond Guarantor over the Charged Property will become enforceable (if not already realised). Any moneys received or recovered by the Security Trustee (or a Receiver) following service of a Covered Bond Guarantee Acceleration Notice, together with any applicable In Specie Mortgage Loan Rights and the amount standing to the credit of the OC Account, will be distributed according to the Post-Enforcement Priority of Payments (other than Third Party Amounts due to the Seller and any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements, which will be paid directly to the relevant Swap Providers in accordance with the relevant Swap Agreements).

For a more detailed description of the transactions summarised above relating to the Covered Bonds see, among other relevant sections, the sections "*Programme Overview*", "*Risk Factors*", "*Overview of The Principal Documents*", "*Credit Structure*", "*Cashflows*", "*The Mortgage Loan Rights*" and "*Terms and Conditions of the Covered Bonds*" in this Prospectus.

PROGRAMME OVERVIEW

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Series or Tranche of Covered Bonds, the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement). Words and expressions defined elsewhere in this Prospectus will have the same meanings in this overview.

The Parties

Issuer:	Commonwealth Bank of Australia ABN 48 123 123 124, incorporated as a company with limited liability in the Commonwealth of Australia and having an office at Ground Floor, Darling Park, Tower 1, 201 Sussex Street, Sydney NSW 2000, Australia. For a more detailed description of the Issuer see "*Commonwealth Bank of Australia*".
Covered Bond Guarantor:	Perpetual Corporate Trust Limited ABN 99 000 341 533, incorporated as a company with limited liability in the Commonwealth of Australia and having an office at Level 18, 123 Pitt Street, Sydney NSW 2000, Australia, as trustee of the CBA Covered Bond Trust. In its capacity as trustee of the Trust, the Covered Bond Guarantor's principal business is to acquire, *inter alia*, Mortgage Loan Rights from the Seller pursuant to the terms of the Mortgage Sale Agreement and to guarantee certain payments in respect of the Covered Bonds. The Covered Bond Guarantor will hold the Mortgage Loan Rights forming part of the Assets of the Trust and the other Charged Property in accordance with the terms of the Programme Documents. The Covered Bond Guarantor has provided a guarantee covering all Guaranteed Amounts when the same become Due for Payment, but only following service on the Issuer of an Issuer Acceleration Notice and service on the Covered Bond Guarantor of a Notice to Pay, or if earlier, service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee and the other Programme Documents to which it is a party are secured by the Security Deed over the Charged Property from time to time of the Covered Bond Guarantor. The liability of the Covered Bond Guarantor to make payments under the Programme Documents (including under the Covered Bond Guarantee) is limited to its right of indemnity from the Assets of the Trust. Except in the case of, and to the extent that the Covered Bond Guarantor's right of indemnification against the Assets of the Trust is reduced as a result of fraud, negligence or wilful default, no rights may be enforced against the personal assets of the Covered Bond Guarantor by any person and no proceedings may be brought against the Covered Bond Guarantor except to the extent of the Covered Bond Guarantor's right of indemnity and reimbursement out of the Assets of the Trust. Other than in the exception previously mentioned, the personal assets of the Covered Bond Guarantor are not available to meet payments under the Covered Bond Guarantee.

The Trust:	The CBA Covered Bond Trust is established for purposes relating only to the Covered Bonds, including (without limitation) the acquisition, management and sale of, amongst other things, Mortgage Loan Rights, the borrowing of moneys to fund the acquisition of such assets, the hedging of risks associated with such assets and such funding, the acquisition, management and sale of Substitution Assets and Authorised Investments, the giving of guarantees in respect of any Covered Bonds issued by the Issuer, the granting of security to secure repayment of Covered Bonds and other liabilities in connection with the Programme and any purpose which is ancillary or incidental to any of the foregoing.
The Bank:	Commonwealth Bank of Australia ABN 48 123 123 124.
The Capital Unitholder:	The Bank.
The Income Unitholder:	The Bank.
Trust Manager:	Securitisation Advisory Services Pty. Limited ABN 88 064 133 946 (**SASPL**).
Seller:	The Bank.
Servicer / Interest Rate Swap Provider / Covered Bond Swap Provider / Account Bank / Intercompany Loan Provider / Demand Loan Provider:	The Bank.
Bond Trustee:	Deutsche Trustee Company Limited.
Security Trustee:	P.T. Limited ABN 67 004 454 666.
Cover Pool Monitor:	PricewaterhouseCoopers ABN 52 780 433 757.
Arranger:	The Bank.
Dealers:	Barclays Capital Asia Limited BNP Paribas Citigroup Global Markets Limited Commonwealth Bank of Australia Credit Suisse Securities (Europe) Limited DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main Deutsche Bank Aktiengesellschaft Goldman Sachs International HSBC Bank plc J.P. Morgan Securities plc Morgan Stanley & Co. International plc Nomura International plc UBS Limited and any other Dealers appointed in accordance with the Programme Agreement.
Principal Paying Agent / Exchange Agent:	Deutsche Bank AG, London Branch.

U.S. Paying Agent / U.S. Transfer Agent / U.S. Registrar	Deutsche Bank Trust Company Americas.
Registrar / Transfer Agent:	Deutsche Bank Luxembourg, S.A.
N Covered Bond Paying Agent / N Covered Bond Registrar	Citibank, N.A., London Branch.
Rating Agencies:	Fitch Australia Pty Ltd ABN 93 081 339 184. Moody's Investors Service Pty Ltd ABN 61 003 399 657.
The Covered Bonds	
Programme Size:	Up to U.S.$30,000,000,000 (or its equivalent in other currencies determined in relation to a Tranche of Covered Bonds by reference to the spot rate for the sale of U.S. dollars against the purchase of the currency of such Covered Bonds in the London foreign exchange market quoted by any leading bank selected by the Issuer on the date of the agreement to issue such Covered Bonds between the Issuer and the Relevant Dealer(s)) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement and the U.S. Distribution Agreement.
Distribution:	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions set forth in "*Subscription and Sale and Selling Restrictions*" below.
Specified Currencies:	Subject to any applicable legal or regulatory restrictions, Covered Bonds may be issued in such currency or currencies as may be agreed from time to time by the Issuer, the Relevant Dealer(s), the Principal Paying Agent and the Bond Trustee (as set out in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement)).
Certain Restrictions:	Each issue of Covered Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Selling Restrictions*").
Issue Price:	Covered Bonds may be issued at par or at a premium or discount to par on a fully-paid basis or partly-paid basis (as set out in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement)).
Form of Covered Bonds:	The Covered Bonds will be issued in bearer or registered form as described in "*Form of the Covered Bonds*". Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and Bearer Covered Bonds will not be exchangeable for Registered Covered Bonds. Interest on Covered Bonds in bearer form will only be payable outside the United States and its possessions. Covered Bonds may be Fixed Rate Covered Bonds or Floating Rate Covered Bonds, depending on the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement),

and subject, in each case, to issuance of a Rating Affirmation Notice by the Issuer.

The Issuer will also be able to issue N Covered Bonds in the form of Registered Definitive Covered Bonds.

Fixed Rate Covered Bonds: Fixed Rate Covered Bonds will bear interest at a fixed rate which will be payable on such date or dates as may be agreed between the Issuer and the Relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the Relevant Dealer(s) (in each case as set out in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement)).

Floating Rate Covered Bonds: Floating Rate Covered Bonds will bear interest at a rate determined:

(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or

(ii) on the basis of a Reference Rate (as defined in the Programme Conditions);

in each case as set out in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the Relevant Dealer(s) for each issue of Floating Rate Covered Bonds (as set out in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement)).

Exempt Covered Bonds: The Issuer may agree with any Relevant Dealer(s) that Exempt Covered Bonds may be issued in a form not contemplated by the Conditions, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Hard Bullet Covered Bonds: Hard Bullet Covered Bonds may be offered and will be subject to a Pre-Maturity Test. The intention of the Pre-Maturity Test is to provide liquidity for the Hard Bullet Covered Bonds if the Issuer's credit ratings have fallen below a certain level.

Maturities: Subject to compliance with all applicable legal, regulatory and/or central bank requirements, Covered Bonds may be issued with such maturities as may be agreed between the Issuer and the Relevant Dealer(s) (as set out in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement)).

Redemption: The applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) for a Series of Covered Bonds will indicate either that the relevant Covered Bonds of such Series cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or if it becomes unlawful for any Term Advance or the Demand Loan to remain outstanding) or that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Covered Bondholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the Relevant Dealer(s) or that such

	Covered Bonds will be redeemable at the option of the Covered Bondholders upon giving notice to the Issuer, on a date or dates specified prior to such stated maturity and at their Optional Redemption Amount as specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).
Final Redemption:	Unless an Extended Due for Payment Date is specified as applicable in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) for a Series of Covered Bonds, if that Series of Covered Bonds has not already been redeemed or purchased and cancelled in full in accordance with their terms and conditions, those Covered Bonds will be redeemed at their Final Redemption Amount on the Final Maturity Date for such Covered Bonds, as set out in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).
Extendable obligations under the Covered Bond Guarantee:	If an Extended Due for Payment Date is specified as applicable in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) for a Series of Covered Bonds and (i) the Issuer fails to pay, in full, the Final Redemption Amount for such Covered Bonds on the Final Maturity Date for such Covered Bonds (or by the end of the applicable grace period) and (ii) following the service of a Notice to Pay on the Covered Bond Guarantor by no later than the date falling one Business Day prior to the Extension Determination Date, the Covered Bond Guarantor has insufficient monies available under the Guarantee Priority of Payments to pay, in full, the Guaranteed Amounts equal to the unpaid portion of such Final Redemption Amount by the earlier of (a) the date which falls two Business Days after service of such Notice to Pay on the Covered Bond Guarantor (or if later, the Final Maturity Date) under the terms of the Covered Bond Guarantee and (b) the Extension Determination Date for such Covered Bonds in accordance with the terms of the Covered Bond Guarantee (for example because, following the service of a Notice to Pay on the Covered Bond Guarantor, there are insufficient moneys available to it to pay, in accordance with the Guarantee Priority of Payments, such Guaranteed Amounts in full), then the obligation of the Covered Bond Guarantor to pay the unpaid portion of such Guaranteed Amount, or any part thereof will be deferred (and a Covered Bond Guarantor Event of Default will not occur as a result of such failure) until the Interest Payment Date thereafter on which sufficient moneys are available (after providing for liabilities ranking in priority thereto or pari passu therewith subject to and in accordance with the Guarantee Priority of Payments) to fund the payment of such unpaid portion, or any part thereof, provided that such payment shall not be deferred beyond the Extended Due for Payment Date when the unpaid portion of such Guaranteed Amount (together with accrued interest) will be due and payable. Interest will accrue on any such unpaid portion during such extended period and will be due and payable on each Interest Payment Date up to, and including, the Extended Due for Payment Date in accordance with Condition 4 of the Programme Conditions and clause 3.3 of the N Covered Bond Confirmation Terms (as applicable). For further information see the section "*Risk Factors – Final Maturity Date and extendable obligations under the Covered Bond Guarantee*" in this Prospectus.

Denomination of Covered Bonds:	The Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the Relevant Dealer(s) and set out in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) except that the minimum denomination of each Covered Bond will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency) or such other higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, in the case of Covered Bonds offered in Australia, the minimum subscription amount in respect of an issue is A$500,000 (disregarding any amount lent by the offeror, the issuer or any associated person of the offeror or issuer) or the offer otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Australian Corporations Act and the offer is not made to a person who is a "retail client" within the meaning of section 761G of the Australian Corporations Act.
Taxation:	All payments in respect of principal and interest on the Covered Bonds will be made without deduction or withholding for or on account of any taxes whatsoever, subject as provided in Condition 7 of the Programme Conditions and Condition 6 of the N Covered Bond Conditions (as applicable). If any such deduction or withholding is made by the Issuer, the Issuer will, except in the specified circumstances provided in Condition 7 of the Programme Conditions and Condition 6 of the N Covered Bond Conditions (as applicable), pay additional amounts in respect of the amounts so deducted or withheld. If any payments made by the Covered Bond Guarantor under the Covered Bond Guarantee are or become subject to any such withholding or deduction, the Covered Bond Guarantor will not be obliged to pay any additional amount as a consequence under Condition 7 of the Programme Conditions and Condition 6 of the N Covered Bond Conditions (as applicable). The Guaranteed Amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee will not include any additional amounts the Issuer would be obliged to pay as a result of any deduction or withholding in accordance with Condition 7 of the Programme Conditions and Condition 6 of the N Covered Bond Conditions (as applicable). For a further discussion of any withholding tax obligations see the section "*Taxation*" in this Prospectus.
Payments under Covered Bond Guarantee:	If a Notice to Pay is served in respect of any Series of Covered Bonds, then the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts in respect of all Series of Covered Bonds outstanding when the same becomes Due for Payment in accordance with the terms of the Covered Bond Guarantee. If a Covered Bond Guarantee Acceleration Notice is served in respect of any Series of Covered Bonds, then the obligation of the Covered Bond Guarantor to pay Guaranteed Amounts in respect of all Series of Covered Bonds outstanding will be accelerated.
Status of the Covered Bonds:	The Covered Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* without any preference or priority among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer (other than any obligation

preferred by mandatory provisions of applicable law including, without limitation, sections 13A and 16 of the Australian Banking Act and Section 86 of the Australian Reserve Bank Act), from time to time outstanding.

The Covered Bonds will not be protected accounts or deposit liabilities of the Issuer for the purposes of the Australian Banking Act. In addition, the Issuer's indebtedness in respect of the Covered Bonds is not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction.

Covered Bond Guarantee:

Payment of Guaranteed Amounts in respect of the Covered Bonds when Due for Payment will be unconditionally and irrevocably guaranteed by the Covered Bond Guarantor under the Covered Bond Guarantee. The Covered Bond Guarantor will be under no obligation to make payment in respect of the Guaranteed Amounts when Due for Payment unless (i) an Issuer Event of Default has occurred, an Issuer Acceleration Notice is served on the Issuer by the Bond Trustee and a Notice to Pay is served on the Covered Bond Guarantor, or (ii) a Covered Bond Guarantor Event of Default has occurred and a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer by the Bond Trustee. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will accelerate against the Covered Bond Guarantor and the Guaranteed Amounts will become immediately due and payable upon the service of a Covered Bond Guarantee Acceleration Notice. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute (following service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice) direct and unconditional obligations of the Covered Bond Guarantor secured against the Assets of the Trust held from time to time by the Covered Bond Guarantor as provided in the Security Deed.

The liability of the Covered Bond Guarantor to make payments under the Programme Documents (including under the Covered Bond Guarantee) is limited to its right of indemnity from the Assets of the Trust. Except and to the extent that the Covered Bond Guarantor's right of indemnification against the Assets of the Trust is reduced as a result of fraud, negligence or wilful default, no rights may be enforced against the personal assets of the Covered Bond Guarantor by any person and no proceedings may be brought against the Covered Bond Guarantor except to the extent of the Covered Bond Guarantor's right of indemnity and reimbursement out of the Assets of the Trust. Other than in the exception previously mentioned, the personal assets of the Covered Bond Guarantor are not available to meet payments under the Covered Bond Guarantee.

Ratings:

Unless otherwise specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement), each Series or Tranche of Covered Bonds to be issued under the Programme is expected to be rated "Aaa" by Moody's and "AAA" by Fitch. 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 assigning Rating Agency. There is no obligation on the Issuer to maintain the credit ratings in respect of any Series of Covered Bonds.

The credit rating of a Series of Covered Bonds to be issued under the

	Programme may be specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) on issuance. In general, European regulated investors are restricted from using a credit rating for regulatory purposes unless such credit rating is issued by a credit rating agency established in the European Union and registered under the CRA Regulation or if it is issued by a credit rating agency established in a third country, then either such credit rating is endorsed by the credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended) or the relevant third country is the subject of an equivalence decision by the European Commission and the credit rating agency is certified in accordance with the CRA Regulation. Credit ratings are not a recommendation or suggestion, directly or indirectly, to any investor or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. The Rating Agencies are not advisers, and nor do the Rating Agencies provide investors or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A credit rating should not be viewed as a replacement for such advice or services.
Listing and admission to trading:	Application has been made by the Issuer to the UK Listing Authority for Covered Bonds issued under the Programme to be admitted to, during the period of 12 months from the date of this Prospectus, the Official List and to the London Stock Exchange for such Covered Bonds to be admitted to trading on the regulated market of the London Stock Exchange. Exempt Covered Bonds may be unlisted or may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or regulated or unregulated markets, as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee and the Relevant Dealer in relation to each issue. The applicable Pricing Supplement, in the case of Exempt Covered Bonds will state whether or not the Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets. N Covered Bonds will not be listed and/or admitted to trading.
Governing Law:	The Programme Agreement and any non-contractual obligations arising out of or in connection with it will be governed by, and construed in accordance with, English law. The Establishment Deed, the Mortgage Sale Agreement, the Servicing Deed, the Intercompany Loan Agreement, the Demand Loan Agreement, the Management Agreement, the Security Deed, the Definitions Schedule, the Cover Pool Monitor Agreement and the Account Bank Agreement, the Interest Rate Swap Agreement and each Covered Bond Swap Agreement are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia. Unless specifically stated to the contrary in the relevant document (as

	detailed in the following paragraphs), the Bond Trust Deed (including the Covered Bond Guarantee), the Principal Agency Agreement, the Covered Bonds (other than any A$ Registered Covered Bonds and any N Covered Bonds), and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law. The covenant to pay made by the Issuer to the Bond Trustee in respect of the Covered Bonds in the Bond Trust Deed (but only, in respect of such provisions, to the extent that they relate to any A$ Registered Covered Bonds), the provisions relating to the issuance of A$ Registered Covered Bonds and maintenance of the A$ Register in respect of the A$ Registered Covered Bonds in the Bond Trust Deed and the provisions relating to limiting recourse to the Covered Bond Guarantor and the Security Trustee in the Bond Trust Deed, the Principal Agency Agreement and the A$ Registered Covered Bonds are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia. Other than Condition 2.2 of the N Covered Bond Conditions, clause 4 of the N Covered Bond Assignment Agreement, the N Covered Bond Confirmation and N Covered Bond Confirmation Terms (which are governed by, and will be construed in accordance with, English law), the N Covered Bonds are governed by, and will be construed in accordance with, German law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of any Tranche of Covered Bonds (see the section "*Subscription and Sale and Selling Restrictions*" in this Prospectus).

RISK FACTORS

Introduction

Any investment in the Covered Bonds issued under the Programme will involve risks including those described in this section. All principal or material risks and uncertainties that have been identified by the Issuer are included in this section. The risks and uncertainties described below are not the only ones that the Issuer or the Covered Bond Guarantor may face. Additional risks and uncertainties that the Issuer is unaware of, or that it currently deems to be immaterial, may also become important risk factors that affect the Issuer or the Covered Bond Guarantor. Prospective investors should carefully consider the following discussion of the risk factors and the other information in this Prospectus and consult their own financial and legal advisers about the risks and uncertainties associated with the Covered Bonds before deciding whether an investment in the Covered Bonds is suitable for them. Prospective investors should be aware that the risks and uncertainties set forth below are not exhaustive (as these will not include those risks and uncertainties that have not been identified by the Issuer) and should carefully consider the following factors in addition to the matters set out elsewhere in this Prospectus before investing in the Covered Bonds offered under this Prospectus.

As at the date of this Prospectus, the Issuer believes that the following risk factors may affect the Issuer's ability to fulfil its obligations or the Covered Bond Guarantor's ability to perform its obligations, under or in respect of the Covered Bonds or the Covered Bond Guarantee and could be material for the purpose of assessing the market risks associated with the Covered Bonds.

If any of the listed or unlisted risks actually occur, the Issuer's and/or the Covered Bond Guarantor's business operations, financial condition or reputation could be materially adversely affected, with the result that the trading price of the Covered Bonds of the Issuer could decline and an investor could lose all or part of its investment. These factors are contingencies that may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Notwithstanding anything in the risk factors, the risk factors should not be taken as implying that the Bank will be unable to comply with its obligations as a company with securities admitted to the Official List or that the Bank will be unable to comply with its obligations as a supervised firm regulated by the Prudential Regulatory Authority and the Financial Conduct Authority.

GENERAL RISK FACTORS RELATING TO THE COVERED BONDS

Obligations under the Covered Bonds are limited to the Issuer and the Covered Bond Guarantor

The Covered Bonds will not represent an obligation or be the responsibility of the Arranger, the Lead Manager (if applicable), the Dealers, the Bond Trustee, the Security Trustee, any member of the Group (other than the Bank in its capacity as Issuer under the Programme Documents) or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and, under the Covered Bond Guarantee, the Covered Bond Guarantor. The Issuer will be liable solely in its corporate capacity for its obligations in respect of the Covered Bonds. The Covered Bond Guarantor will be liable solely in its capacity as trustee of the Trust for its obligations in respect of the Covered Bond Guarantee. In each case, such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

Limited recourse against the Issuer

No Covered Bondholder will be entitled to institute proceedings directly against the Issuer or the Covered Bond Guarantor or to take any step or action with respect to the Bond Trust Deed, the Covered Bonds or the Security unless the Bond Trustee or the Security Trustee, as applicable, having become bound so to proceed, fails so to do within a reasonable time and such failure is continuing in which event any Covered Bondholder may prove in the winding up, administration or liquidation of the Issuer or the Covered Bond Guarantor to the same extent and in the same jurisdiction (but not further or otherwise than the Bond Trustee would have been entitled to do so in respect of the Covered Bonds and/or the Bond Trust Deed) (see further Condition 9.3 of the Programme Conditions).

There can be no assurance that the actions, or the failure to act, by the Bond Trustee or the Security Trustee, as the case may be, will not adversely affect any Covered Bondholder.

Limited recourse to Covered Bond Guarantor

The Assets of the Trust will be the sole source of payments by the Covered Bond Guarantor under the Programme Documents (including under the Covered Bond Guarantee). The Covered Bond Guarantor's personal assets or any other assets held as trustee of another trust will not be available to make such payments unless, in the case of personal assets, there is a reduction in the extent of the Covered Bond Guarantor's indemnification out of the Assets of the Trust as a result of the Covered Bond Guarantor's fraud, negligence or wilful default. Therefore, if the Assets of the Trust are insufficient to enable the Covered Bond Guarantor to meet those obligations (including in respect of the Covered Bond Guarantee), this may affect the timing or amount of interest and principal payments under the Covered Bonds following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor.

Final Maturity Date and extendable obligations under the Covered Bond Guarantee

The Final Maturity Dates for different Series of Covered Bonds may not be the same. In the case of a Series of Extendable Maturity Covered Bonds, if the principal amounts have not been repaid in full by the Extension Determination Date, then the repayment of unpaid principal amounts will be deferred until the Extended Due for Payment Date. This means that a Series of Covered Bonds having an earlier Final Maturity Date than such Extended Due for Payment Date may start receiving principal repayments in advance of the Series of Extendable Maturity Covered Bonds in respect of which unpaid principal amounts have been deferred until such Extended Due for Payment Date.

The Extended Due for Payment Dates for different Series of Extendable Maturity Covered Bonds may not be the same. On each Distribution Date following the service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice), the Covered Bond Guarantor will apply the Available Income Amount and the Available Principal Amount in accordance with the Guarantee Priority of Payments. To the extent that the amount available for distribution under the Guarantee Priority of Payments would be insufficient to pay the Scheduled Interest, the Scheduled Principal or the Final Redemption Amount of any Series of Covered Bonds to which an Extended Due for Payment Date applies, the shortfall will be divided amongst all such Series of Covered Bonds on a *pari passu* and rateable basis.

The Covered Bond Guarantor will be entitled to apply the Available Principal Amount in order to repay earlier maturing Series of Covered Bonds, which may mean that there may be fewer Assets available to support later maturing Series of Covered Bonds.

Repayment of Demand Loan ranks senior provided that the Asset Coverage Test is met

The Demand Loan Provider is entitled to require repayment of any principal amount of the Demand Loan at any time by notice in writing to the Covered Bond Guarantor and the Trust Manager. Any amount so demanded must be repaid on the next Distribution Date after the demand is made by the Demand Loan Provider (or, within one Local Business Day of a demand, if so elected by the Demand Loan Provider), provided that the Asset Coverage Test will continue to be satisfied after giving effect to such repayment and that no Asset Coverage Test Breach Notice has been given on or prior to such day which has not been deemed to be revoked.

Repayment of the Demand Loan in those circumstances will be made first, by way of the Demand Loan Provider (in its capacity as the Account Bank in respect of the OC Account) setting-off the amount standing to the credit of the OC Account against the repayment amount and second, (other than where repaid on a day that is not a Distribution Date) by an in specie distribution of Mortgage Loan Rights to the Demand Loan Provider in accordance with the applicable Priority of Payments. In the Pre-Acceleration Principal Priority of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments repayment of the Demand Loan following such a demand ranks senior, provided that the Asset Coverage Test continues to be met after such repayment, to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee (if applicable) and to the Intercompany Loan Provider under the Intercompany Loan. This means that the Covered Bondholders and Couponholders will not have the benefit of any voluntary over-collateralisation in the Programme (any over-collateralisation that exceeds the amount required to ensure compliance with the Asset Coverage Test, which includes any amount standing to the credit of the OC Account) if the Demand Loan Provider exercises its right to require repayment of the Demand Loan.

This may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

Risks related to the structure of a particular issue of Covered Bonds

A wide range of Covered Bonds may be issued under the Programme. A number of these Covered Bonds may have features which contain particular risks for potential investors. Set out below is a description of Covered Bonds' most common such features:

(a) *Covered Bonds subject to optional redemption by the Issuer*

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

(b) *Fixed Rate Covered Bonds*

Investment in Fixed Rate Covered Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Covered Bonds.

(c) *Inverse Floating Rate Covered Bonds*

Inverse Floating Rate Covered Bonds have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Covered Bonds typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Covered Bonds are more volatile because an increase in the reference rate not only decreases the interest rate of the Covered Bonds, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of those Covered Bonds.

(d) *Fixed Rate Covered Bonds or Floating Rate Covered Bonds*

Fixed Rate Covered Bonds or Floating Rate Covered Bonds may bear interest at a rate that converts from a fixed rate to a floating rate or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed Rate Covered Bonds or Floating Rate Covered Bonds may be less favourable than then prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Covered Bonds.

(e) *Covered Bonds issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

In the future, the Issuer may issue, not under this Prospectus, Covered Bonds with different features and different risks associated with them such as index linked, dual currency and partly paid covered bonds. It is not expected that the consent of the Covered Bondholders will be obtained in order to provide for the inclusion of such Covered Bonds in the Programme.

Changes or uncertainty in respect of LIBOR and/or EURIBOR may affect the value or payment of interest under the Covered Bonds

Various interest rate benchmarks (including the London Inter-Bank Offered Rate (**LIBOR**) and the Euro Interbank Offered Rate (**EURIBOR)**) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented including the EU Benchmarks Regulation (Regulation (EU) 2016/1011) (the **Benchmarks Regulation**).

Under the Benchmarks Regulation, which will apply from 1 January 2018 in general, new requirements will apply with respect to the provision of a wide range of benchmarks (including LIBOR and EURIBOR), the contribution of input data to a benchmark and the use of a benchmark within the European Union. In particular, the Benchmarks Regulation will, among other things, (i) require benchmark administrators to be authorised or registered in the EU (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and to comply with extensive requirements in relation to the administration of benchmarks and (ii) prevent certain uses by EU-supervised entities of benchmarks of administrators that are not authorised or registered in the EU (or, if non-EU-based, deemed equivalent or recognised or endorsed).

The sustainability of LIBOR has been questioned by the UK Financial Conduct Authority as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of regulatory reforms) for market participants to continue contributing to such benchmarks. Additionally, in March 2017, the European Money Markets Institute (formerly Euribor-EBF) (the **EMMI**) published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the Benchmarks Regulation, the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. The EMMI has since indicated that there has been a "change in market activity as a result of the current regulatory requirements and a negative interest rate environment" and "under the current market conditions it will not be feasible to evolve the current Euribor methodology to a fully transaction-based methodology following a seamless transition path". It is the current intention of the EMMI to develop a hybrid methodology for EURIBOR.

These reforms and other pressures may cause one or more interest rate benchmarks to disappear entirely, to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted.

Based on the foregoing, prospective investors should in particular be aware that:

(a) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including LIBOR and EURIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;

(b) if LIBOR or EURIBOR is discontinued or is otherwise unavailable, then the rate of interest on the Floating Rate Covered Bonds will be determined for a period by the fall-back provisions provided for under Condition 4.2(e) (*Screen Rate Determination for Floating Rate Covered Bonds*) of the Conditions of the Covered Bonds, although such provisions, being dependent in part upon the provision by reference banks of offered quotations for leading banks in the London interbank market (in the case of LIBOR) or in the Euro-zone interbank market (in the case of EURIBOR), may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR or EURIBOR was available; and

(c) if LIBOR or EURIBOR is discontinued there can be no assurance that the applicable fall-back provisions under the Swap Agreements would operate to allow the transactions under the Swap Agreements to effectively mitigate interest rate risk in respect of the Covered Bonds.

In addition, it should be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Covered Bonds and/or the Swap Agreements due to applicable fall-back provisions or other matters and the effects of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Covered Bonds.

Moreover, any of the above matters could affect the ability of the Issuer or the Covered Bond Guarantor to meet its obligations under the Covered Bonds and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Covered Bonds. Changes in the manner of administration of LIBOR or EURIBOR could result in adjustment to the Conditions, early redemption, discretionary valuation by the Calculation Agent, delisting or other consequences in relation to the Covered Bonds. No assurance may be provided that relevant changes will not occur with respect to LIBOR or, EURIBOR and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Covered Bonds.

Ratings of the Covered Bonds

Unless otherwise specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement), each Series or Tranche of Covered Bonds to be issued under the Programme is expected to be rated "Aaa" by Moody's and "AAA" by Fitch. 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 assigning Rating Agency. There is no obligation on the Issuer to maintain the credit ratings in respect of any Series of Covered Bonds.

The credit ratings assigned to a Tranche of Covered Bonds to be issued under the Programme by Fitch address the probability of default and of the recovery given a default of the Covered Bonds. The credit ratings assigned to the Covered Bonds to be issued under the Programme by Moody's address the probability of default, the loss given by default and the expected loss posed to potential investors. The expected credit ratings of a Series of Covered Bonds will be set out in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) for such Series of Covered Bonds. Any Rating Agency may lower its credit rating or withdraw its credit rating if, in the sole judgement of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. 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 (including as a result of changes to rating methodologies). A credit rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Covered Bonds. A downgrade in the corporate credit rating of the Bank or the sovereign rating of Australia may have a negative impact on the credit ratings of the Covered Bonds.

In the event that a credit rating assigned to the Covered Bonds or the Bank (in its capacity as Issuer) is subsequently lowered or withdrawn or qualified for any reason, no other person or entity is obliged to provide any additional support or credit enhancement with respect to the Covered Bonds. The Issuer may be adversely affected, the market value of the Covered Bonds is likely to be adversely affected and the ability of the Issuer to make payment under the Covered Bonds may be adversely affected.

In addition, a Rating Agency may, at any time, revise its relevant rating methodology with the result that, amongst other things, any credit rating assigned to the Covered Bonds issued under the Programme may be lowered.

Neither of the Rating Agencies is established in the European Union and neither of the Rating Agencies has applied for registration under the CRA Regulation. However their credit ratings with respect to certain Series or Tranches of Covered Bonds have been, and are expected to continue to be, endorsed by Moody's Investors Services Limited and Fitch Ratings Limited, respectively pursuant to and in accordance with the CRA Regulation. Moody's Investors Services Limited and Fitch Ratings Limited are established in the European Union and are registered under the CRA Regulation. References in this Prospectus to Moody's and/or Fitch shall be construed accordingly.

Each of Fitch and Moody's has rated the Bank. See the section "*Commonwealth Bank of Australia*" in this Prospectus.

Rating Affirmation Notice in respect of Covered Bonds

A credit rating does not address all matters that may be of relevance to Covered Bondholders, including, without limitation, in connection with a Rating Affirmation Notice, whether any action proposed to be taken by the Issuer, the Covered Bond Guarantor, the Seller, the Servicer, the Trust Manager, the Bond Trustee, the Security Trustee or any other party to a Programme Document is either (a) permitted by the terms of the relevant Programme Document, or (b) in the best interests of, or not materially prejudicial to, some or all of the Covered

Bondholders. The fact that the Rating Agencies have not advised that the then current ratings of the Covered Bonds would not be adversely affected or withdrawn does not impose or extend any actual or contingent liability on the Rating Agencies to the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person or create any legal relations between the Rating Agencies and the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person whether by way of contract or otherwise.

The terms of certain of the Programme Documents provide that, for a certain event or circumstance to occur or not occur, as the case may be, the Issuer must deliver a Rating Affirmation Notice to the Covered Bond Guarantor and the Bond Trustee (copied to the Seller and each Rating Agency) confirming that it has notified the Rating Agencies of the event or circumstance and that the Issuer is reasonably satisfied following discussions with the Rating Agencies, that the event or circumstance, as applicable, will not result in a reduction, qualification or withdrawal of the ratings then assigned by the Rating Agencies to the Covered Bonds. Any Rating Affirmation Notice, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date. A Rating Affirmation Notice is given on the basis that it will not be construed as advice for the benefit of any parties to the transaction.

If a Rating Agency confirmation is required for the purposes of the Programme Documents and the Rating Agency does not consider such confirmation necessary, does not respond to a written request for a discussion by the Issuer or does not provide a confirmation in writing in connection with a Rating Affirmation Notice to be given by the Issuer in respect of any event or circumstance, the Issuer will be entitled to assume that the then current rating of the Covered Bonds from that Rating Agency will not be downgraded, qualified or withdrawn by such Rating Agency as a result of such event or circumstance. However, any such non-response or cooperation will not be interpreted to mean that such Rating Agency has given any deemed confirmation or affirmation of rating or other response in respect of such action or step. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a confirmation, affirmation or response in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. Such confirmation, affirmation or response, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance date.

Security Trustee's powers may affect the interests of the Covered Bondholders

The Security Trustee will not be obliged (other than as expressly provided in the Security Deed) to take any steps or exercise any of its powers, rights, trusts, authorities, duties, functions or discretions (including to require anything to be done, form any opinion or view, make any determination or give any notice, consent, waiver or approval) under or pursuant to the Security Deed or any other Programme Document to which the Security Trustee is a party (a) unless the Security Trustee has been directed to do so by the Bond Trustee (if any Covered Bonds are outstanding) or by the Majority Secured Creditors (if no Covered Bonds are outstanding) and (b) the Security Trustee has been indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable and all Liabilities which it may incur by so doing and (c) provided always that the Security Trustee is not bound to take any enforcement proceedings which may, in the opinion of the Security Trustee in its absolute discretion, result in the Security Trustee failing to receive any payment to which it is or would be entitled. If there is at any time a conflict between a duty owed by the Security Trustee to the Covered Bondholders and a duty owed by the Security Trustee to any other Secured Creditor or class of Secured Creditor, then the Security Trustee must have regard only to the interests of the Covered Bondholders while any of the Covered Bonds remain outstanding and will not be required to have regard to the interests of any other Secured Creditor or any other person or to act upon or comply with any direction or request of any other Secured Creditor or any other person while any amount remains owing to any Covered Bondholders.

Where in connection with the exercise of its powers, trusts, authorities and discretions (including any modifications, waiver, authorisation or determination) the Security Trustee is required to have regard to the Covered Bondholders (or any Series thereof), it must have regard to the general interests of the Covered Bondholders (or any Series thereof) as a class and must not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to

the jurisdiction of, any particular country, territory or any political subdivision thereof and the Security Trustee will not be entitled to require, nor will any Covered Bondholder or Couponholder be entitled to claim from, the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders or Couponholders, except to the extent already provided for in Condition 7 of the Programme Conditions and Condition 6 of the N Covered Bond Conditions (as applicable).

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Security Trustee is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series could or would be materially prejudiced, the Security Trustee may determine that it will not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders by Extraordinary Resolution or by a direction in writing of such Covered Bondholders of not less than 25 per cent of the Australian Dollar Equivalent of the Principal Amount Outstanding of the Covered Bonds of the relevant Series then outstanding, and which has not been contradicted by a direction in writing of such Covered Bondholders of an equal or greater Australian Dollar Equivalent received by the Security Trustee prior to exercise of the relevant power, trust, authority or discretion, as the case may be.

Provided that the Security Trustee acts in good faith, as described in the preceding paragraphs, it will not incur any liability to any Secured Creditor or any other person for so doing.

The Bond Trustee and the Security Trustee may agree to modifications to the Programme Documents without, respectively, the Covered Bondholders' or other Secured Creditors' prior consent

Pursuant to the terms of the Bond Trust Deed, the Bond Trustee may without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent of the other Secured Creditors (other than any Secured Creditor who is a party to the relevant document) at any time and from time to time concur with the Issuer and the Covered Bond Guarantor (acting on the directions of the Trust Manager) and any other party and/or direct the Security Trustee to concur with the Issuer, the Covered Bond Guarantor (acting on the directions of the Trust Manager) or any other party, in making any modification to the Covered Bonds of one or more Series, the related Coupons or any Programme Document: (a) which does not relate to a Series Reserved Matter and which, in the opinion of the Bond Trustee, will not be materially prejudicial to the interests of the Covered Bondholders of any Series; or (b) which in the opinion of the Bond Trustee, is: (i) of a formal, minor or technical nature; (ii) made to correct a manifest error; or (iii) to comply with mandatory provisions of law (and for the purpose of this item (iii) the Bond Trustee may disregard whether such modification relates to a Series Reserved Matter). In forming its opinion as to whether the Covered Bonds or any one or more Series, the related Coupons or any Programme Document is subject to a manifest error, the Bond Trustee may have regard to any evidence which it considers reasonable to rely on (including a certificate from the Issuer as to certain matters and a Rating Affirmation Notice issued by the Issuer).

Pursuant to the terms of the Security Deed, the Security Trustee may without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders (while there are Covered Bonds outstanding), and without the consent of the other Secured Creditors (other than any Secured Creditor who is party to the relevant document) at any time and from time to time concur with the Issuer and the Covered Bond Guarantor (acting on the directions of the Trust Manager) or any other party in making any modification to the Covered Bonds of one or more Series, the related Coupons or to any Programme Documents if either (a) the Security Trustee is directed to do so by the Bond Trustee (if any Covered Bonds are outstanding) or the Majority Secured Creditors (if no Covered Bonds are outstanding) or (b) the modification is of a formal, minor or technical nature, made to correct a manifest error or an error established as such to the Security Trustee's satisfaction or made to comply with mandatory provisions of law and, if any Covered Bonds are outstanding, the Bond Trustee has approved the modification.

The Security Trustee and the Bond Trustee will be obliged to concur in and to effect modifications to the Programme Documents requested by the Issuer, the Covered Bond Guarantor or the Trust Manager to: (a) accommodate accession of a new Servicer, new Swap Provider, new Trust Manager, new Account Bank, new Cover Pool Monitor or new Agent to the Programme if certain conditions are met; (b) take into account any changes in the ratings criteria of the Rating Agencies in relation to covered bonds where, absent such modifications, the Issuer is reasonably satisfied following discussions with the relevant Rating Agency that the ratings assigned by that relevant Rating Agency to any Covered Bonds may be subject to downgrade, withdrawal or qualification and even if such changes are, or may be, prejudicial or materially prejudicial to the interests of the Covered Bondholders of any Series; (c) allow a Swap Provider to transfer securities as Swap

Collateral under a relevant Swap Agreement Credit Support Annex, including to appoint a custodian to hold such securities in a custody account pursuant to a custody agreement; or (d) ensure compliance of the Programme or the Issuer, as applicable, with, or ensure that the Issuer may benefit from, any existing, new or amended legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including APRA) in relation to covered bonds provided that the Issuer and the Trust Manager has certified to the Security Trustee and the Bond Trustee in writing that such modifications are required in order to comply with or benefit from such legislation, regulation, directive, prudential standard or prudential guidance note, as the case may be.

Certain decisions of the Covered Bondholders taken at Programme level

Any Extraordinary Resolution to direct the Bond Trustee to serve an Issuer Acceleration Notice following an Issuer Event of Default, to direct the Bond Trustee to serve a Covered Bond Guarantee Acceleration Notice following a Covered Bond Guarantor Event of Default or to direct the Bond Trustee or the Security Trustee (or to direct the Bond Trustee to direct the Security Trustee) to take any enforcement action or to direct the Bond Trustee to determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such must be passed at a single meeting of all Covered Bondholders of all Series then outstanding and therefore the holders of a single Series of Covered Bonds may not be able to give any directions to the Bond Trustee or the Security Trustee without the agreement of the holders of other outstanding Series of Covered Bonds.

Neither the Bond Trustee nor the Security Trustee will be bound to take enforcement proceedings in relation to the Bond Trust Deed, the Covered Bonds, the Coupons, the Security or any other Programme Document unless the Bond Trustee or Security Trustee, as applicable, has been indemnified and/or prefunded and/or secured to its satisfaction and provided that the Security Trustee will not be bound to take any enforcement proceedings which may, in the opinion of the Security Trustee in its absolute discretion, result in the Security Trustee failing to receive any payment to which it is or would be entitled.

Absence of secondary market; lack of liquidity

There is no assurance that any secondary market for the Covered Bonds will develop, that it will provide liquidity of investment or that it will continue for the life of the Covered Bonds. The risk that a secondary market in the Covered Bonds 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 Issuer or the Assets of the Trust and which therefore may appear to be unrelated to the Covered Bonds. For example, there has been a significant downturn in the global credit markets in recent times and there can be no assurance that a secondary market for the Covered Bonds issued by the Issuer will develop. The Covered Bonds are subject to certain restrictions on the resale and transfer thereof as set forth under the section "*Subscription and Sale and Selling Restrictions*" below. If a secondary market does develop, it may not continue for the life of the Covered Bonds or it may not provide sufficient liquidity with the result that a holder of the Covered Bonds may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the holder of the Covered Bonds to realise a desired yield. This is particularly the case for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Covered Bonds.

In addition, as at the date of this Prospectus, the secondary market for covered bonds and mortgage-backed securities generally is experiencing severe disruptions resulting from reduced investor demand for such securities. This has had a materially adverse impact on the market value of covered bonds and resulted in the secondary market for such securities experiencing very limited liquidity. Limited liquidity in the secondary market may continue to have an adverse effect on the market value of covered bonds and mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. Consequently, whilst these market conditions continue to persist, an investor in Covered Bonds may not be able to sell or acquire credit protection on its Covered Bonds readily and market values of covered bonds are likely to fluctuate. Any of these fluctuations may be significant and could result in significant losses to Covered Bondholders. It is not known for how long the market conditions will continue or whether they will worsen. Further deterioration in wholesale funding markets may have an adverse effect on the Issuer and the Covered Bond Guarantor.

In addition, the current market conditions have affected the primary market for a number of financial products including covered bonds and mortgage-backed securities. While it is possible that the current market conditions may soon alleviate, there can be no assurance that the market for covered bonds and mortgage-backed securities will recover at the same time or to the same degree as such other recovering global credit market sectors.

Potential investors must therefore be able to bear the risks of any investment by them in the Covered Bonds for an indefinite period of time.

Impact of implicit fees on the Issue/Offer Price of the Covered Bonds

Investors should note that implicit fees (e.g. placement fees, direction fees, structuring fees) may be a component of the Issue/Offer Price of Covered Bonds, but such fees will not be taken into account for the purposes of determining the price of such Covered Bonds in the secondary market.

The Bank will specify in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement), the type and amount of any implicit fees which are applicable from time to time.

Investors should also take into consideration that if Covered Bonds are sold on the secondary market immediately following the offer period relating to such Covered Bonds, the implicit fees included in the Issue/Offer Price on initial subscription for such Covered Bonds will be deducted from the price at which such Covered Bonds may be sold in the secondary market.

APRA's powers under the Australian Banking Act

Power to direct the return of certain assets

The Australian Banking Act provides that, in certain circumstances, APRA has the power to direct the Covered Bond Guarantor to return certain assets to the Issuer. The Covered Bond Guarantor will be required to comply with APRA's direction despite anything in its constitution or any contract or arrangement to which it is a party.

Specifically, APRA has the power to direct the Covered Bond Guarantor to return to the Issuer an Asset of the Trust which is held by the Covered Bond Guarantor to the extent that, at the time the direction is given, that Asset of the Trust does not secure "covered bond liabilities". A "covered bond liability" (as defined in the Australian Banking Act) is a liability of the Issuer or the Covered Bond Guarantor to covered bondholders and any other liability which is secured by Assets beneficially owned by the Covered Bond Guarantor. A liability of the Covered Bond Guarantor to the Issuer (other than a liability relating to derivatives or the provision of services) which is secured in priority to any liability to the Covered Bondholders is not a "covered bond liability". Accordingly, APRA may direct the Covered Bond Guarantor to return Assets of the Trust which secure such senior-ranking liabilities of the Covered Bond Guarantor to the Bank. In the context of this Programme this would extend to Assets that secure the Covered Bond Guarantor's senior obligation to repay the Demand Loan (which includes any amount standing to the credit of the OC Account) where the Demand Loan Provider has demanded repayment in circumstances where the Asset Coverage Test would be met after giving effect to such repayment.

Under the Australian prudential standard regulating covered bonds (APS 121), the Issuer is required to maintain an accurate and up-to-date register of the Assets of the Trust which secure "covered bond liabilities".

APRA's power to give a direction to the Covered Bond Guarantor as described in this section is also subject to secrecy requirements which means that investors will not receive any notice or otherwise be aware that APRA has given the Covered Bond Guarantor any such direction.

If APRA exercises its power to direct the return of assets to the Issuer, this may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

Power to prevent additional sales to meet Asset Coverage Test on any day

The Australian Banking Act permits APRA to direct the Issuer, in certain circumstances, not to transfer any asset to the Covered Bond Guarantor (that is, to prevent the Issuer "topping up" the Assets of the Trust). Those circumstances include where APRA has reason to believe that the Issuer is unable to meet its liabilities, there has been a material deterioration in the Issuer's financial condition, the Issuer is conducting its affairs in an improper or financially unsound way, the failure to issue a direction would materially prejudice the interests of

the Issuer's depositors or the Issuer is conducting its affairs in a way that may cause or promote instability of the Australian financial system. This power could potentially lead to the depletion of the Assets of the Trust which may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

Power to prevent further issue of covered bonds

Apart from and in addition to the Australian Banking Act restriction that the Issuer is precluded from issuing covered bonds if, at the time of issuance, the value of the assets in all cover pools maintained by the authorised deposit-taking institution (**ADI**) exceeds 8% (or such other percentage prescribed by regulation for the purposes of section 28 of the Australian Banking Act) of the ADI's assets in Australia at that time, APRA has the power to direct the Issuer not to issue covered bonds pursuant to section 11CA of the Australian Banking Act or in circumstances where APRA has reason to believe that the ADI has contravened the covered bonds provisions of the Australian Banking Act, the Australian Banking Act or any other prudential requirement regulation or a prudential standard relating to covered bonds.

RISK FACTORS RELATING TO THE ISSUER, INCLUDING THE ABILITY OF THE ISSUER TO FULFIL ITS OBLIGATIONS UNDER THE COVERED BONDS.

The Bank's businesses may be adversely affected by economic conditions, disruptions in the global financial markets and associated impacts

As a diversified financial institution that operates in various financial markets the Bank has in prior years been adversely impacted, both directly and indirectly, by difficult market conditions and could be adversely affected should markets deteriorate again in the future.

The Bank's businesses operate in, or depend on the operation of, these markets, including through exposures in securities, loans, derivatives and other activities. In addition, turmoil in the financial markets can flow into the wider economy and feed back into the financial system.

By the nature of its operations, the Bank faces the risk of financial contagion and its operations could be adversely impacted if economic conditions offshore deteriorate to the extent that sovereign or non-sovereign entities default on their debt obligations, countries re-denominate their currencies and/or introduce capital controls, and global financial markets cease to operate efficiently.

A downturn in the Australian and New Zealand economies could adversely impact the Bank's results

As a financial group whose core businesses are banking, funds management and insurance primarily located in Australia and New Zealand, the performance of the Bank is dependent on the state of the Australian and New Zealand economies, customer and investor confidence and prevailing market conditions.

The Bank can give no assurances as to the likely future conditions of the Australian and New Zealand economies, which can be influenced by many factors within and outside Australia and New Zealand, which are outside of the Bank's control.

Concerns about sovereign debt, banking and financial system fragility, as well as weaknesses in some of Australia’s trading partners, persist. China is one of Australia’s major trading partners and a significant driver of commodity demand and prices in the markets in which the Bank and its customers operate. Anything that adversely affects China’s economic growth could adversely affect Australian economic activity and, as a result, the Bank’s business, operations and financial condition. The strength of the domestic economy is influenced by the strength of the Australian dollar. Significant movements in the Australian dollar may adversely impact parts of the domestic economy and, in turn, the Bank’s results of operations. While some sectors of the Australian economy (and therefore some of the Bank’s customers) could be adversely affected by a declining Australian dollar, there are other sectors that benefit (e.g. exporters). Similarly a rising Australian dollar impacts individual sectors in different ways. Financial markets are by their nature characterised by volatility and this volatility has offsetting forces. Trading income can benefit or be harmed by market volatility, depending on the composition of the Bank’s trading portfolio. Volatility can adversely impact the Bank’s liquidity position. These impacts may be exacerbated if market conditions worsen, or the Bank underperforms or experiences a ratings downgrade.

A material downturn in the Australian and/or New Zealand economies could adversely impact future results and could potentially result in further increases in the amount overdue on individual loans made by the Bank. Recessive economic cycles also have a negative influence on, amongst other things, liquidity levels, credit defaults of corporations and other borrowers and return on assets. The Bank's banking business is affected by market conditions in that there may be less demand for loan products, deposits or other products, or certain customers may face difficulty in meeting their obligations. In particular, a significant or sustained decrease in the Australian and New Zealand housing markets or property valuations could adversely affect the Bank's home and commercial mortgage portfolio.

Furthermore, weaknesses in global securities or other financial markets due to credit, liquidity or other problems could result in a decline in the Bank's revenues from its funds management and insurance business.

The Bank may incur losses associated with its counterparty exposures

As with any financial services organisation, the Bank assumes counterparty risk in connection with its lending, trading, derivatives, insurance and other businesses where it relies on the ability of its counterparties to satisfy its financial obligations to the Bank on a timely basis. The Bank faces the possibility that a counterparty may be unable to honour its contractual obligations. Such parties may default on their obligations to the Bank due to bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, through the selling of home, personal and business loans, from entering into swap or other derivative contracts under which counterparties have obligations to make payments to the Bank, executing currency or other trades that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. This risk also arises from the Bank’s exposure to lenders mortgage insurance providers and re-insurance providers (for the Bank’s insurance businesses). The Bank is also subject to the risk that its rights against counterparties may not be enforceable in certain circumstances.

The risk of credit-related losses may also be increased by a number of factors, including deterioration in the financial condition of the economy, a sustained high level of unemployment, a deterioration of the financial condition of the Bank’s counterparties and a reduction in the value of assets the Bank holds as collateral. In addition, in assessing whether to extend credit or enter into other transactions with counterparties, the Bank relies on information provided by, or on behalf of, the counterparties, including financial statements and other financial information. The Bank’s financial performance could be negatively impacted to the extent that it relies on information that is inaccurate or materially misleading.

Unexpected credit losses could have a significant adverse effect on the Bank’s business, operations and financial condition.

Liquidity and funding risks could adversely impact the Bank’s results

The Bank is subject to liquidity and funding risks, which could adversely impact its future results. Liquidity risk is the risk of being unable to meet financial obligations as they fall due. Funding risk is the risk of over-reliance on a funding source to the extent that a change in that funding source could increase overall funding costs or cause difficulty in raising funds. Further information on liquidity and funding risk is outlined in the following four risk factors and is also included in note 34 to the Bank’s audited consolidated and non-consolidated annual financial statements for the financial year ended 30 June 2017.

Adverse financial and credit market conditions may significantly affect the Bank's ability to access international debt markets, on which it relies for a substantial amount of its wholesale funding

In recent years, the global debt and equity markets have experienced significant volatility due to factors such as concern over European sovereign debt levels and the downgrade in the ratings of sovereigns and banks by the ratings agencies. While the majority of the Bank’s funding comes from deposits, it remains reliant on off-shore wholesale funding markets to source a significant amount of its funding. Global market volatility may result in increased competition for deposits in Australia, which could adversely impact the cost of this funding and increase the cost to accessing wholesale funding markets. If the Bank is unable to pass its increased funding costs on to its customers, its net interest margins will contract, which will adversely impact the Bank’s results of operations and the ability of the Bank to maintain or grow its current business operations.

Disruptions, uncertainty or volatility in financial markets may limit the Bank's access to funding, particularly its ability to issue securities in international markets at a cost that is acceptable to the Bank. These market conditions may limit the Bank's ability to replace, in a timely manner, maturing liabilities and access the funding necessary to grow its business. As such, the Bank may decide to issue securities with shorter tenors than it prefers, or pay less attractive interest rates, thereby increasing the Bank's interest expense, decreasing its profitability and significantly reducing its financial flexibility.

If the Bank is unable to source appropriate funding, it may also be forced to reduce its lending or begin to sell liquid securities. Such activities may adversely affect the Bank's business.

Adverse financial market conditions or specific Bank circumstances may significantly affect the Bank's ability to access domestic and international capital markets

Disruptions, uncertainty or volatility in financial markets may limit the Bank's ability to access capital markets in a timely manner or at a cost that is acceptable to the Bank. There may be circumstances where Bank specific conditions (for example reduced profitability), as opposed to general market conditions (for example a global recession), could also limit the Bank's access to capital markets. The Bank operates an Internal Capital Adequacy Assessment Process (**ICAAP**) to manage its capital levels and to maintain them above Board approved minimum levels (which in turn are set to exceed regulatory minima). The ICAAP includes forecasting and stress testing of capital levels which guides the Bank in selecting any capital management initiatives it may undertake. Should the ICAAP forecasts or stress tests not be adequate or comprehensive, the Bank may not be holding sufficient capital and may need to raise capital to manage balance sheet growth and/or extreme stress.

Adverse financial market conditions or specific Bank circumstances may significantly affect the Bank's ability to maintain adequate levels of liquidity

The Bank's liquidity and funding policies are designed to ensure it will meet its obligations as and when they fall due, by seeking to ensure it is able to borrow on an unsecured basis, has sufficient assets to borrow against on a secured basis, or has sufficient high quality liquid assets to sell to raise immediate funds without adversely affecting the Bank's net asset value. The Bank actively monitors and manages its liquidity and funding profile, however if it is unable to maintain adequate levels of liquid assets (for example should financial markets close for an extended period of time), it could have adverse effects on the Bank's operations and financial condition.

Failure to maintain credit ratings could adversely affect the Bank's cost of funds, liquidity, access to debt and capital markets, and competitive position

A credit rating is an opinion on the general creditworthiness of an obligor. The Bank's credit ratings affect the cost and availability of its funding from debt and other funding sources. Credit ratings may be an important source of information used by current and potential customers, counterparties, intermediaries and lenders when evaluating the Bank's products and creditworthiness. Investors may also consider the credit rating prior to investing in the Bank. Therefore, maintaining the Bank's current high quality credit ratings is important.

The rating agencies determine the Bank's credit rating after an initial assessment of a number of stand-alone factors including the Bank's financial strength and outlook, and its key operating environments (such as the Australian and New Zealand financial systems). The stand-alone assessment is then coupled with an assessed level of government support and hence also is influenced by the credit rating of the Commonwealth of Australia. A downgrade in a credit rating could be due to a change in the rating agencies' assessment, rating methodology or from an adverse change in the Bank's financial position and outlook. A downgrade could also be due to a change in the outlook of the sovereign and its ability to provide support in times of stress. The manifestation of one or more of the risk factors highlighted in this section could affect the Bank's financial position and outlook, and could drive a change in the Bank's credit ratings.

A downgrade to the Bank's credit ratings, or the ratings of the Commonwealth of Australia, could adversely affect the Bank's cost of funds and related margins, liquidity position, collateral requirements and cost of capital. A downgrade to the Bank's credit ratings could also negatively impact its competitive position. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change and the Bank's credit rating relative to its peers.

Failure to hedge effectively against adverse fluctuations in exchange rates could negatively impact the Bank's results of operations

The Bank undertakes a substantial portion of its wholesale funding in international capital markets in currencies other than the Australian dollar, principally the U.S. dollar and the Euro. This exposes the Bank to risks associated with exchange rates for the Australian dollar, which is the currency in which it prepares its financial statements and the principal currency of the Bank's revenue and operating cash flows.

The impact of such exchange rate risk cannot be predicted reliably. The Bank attempts to manage its exchange rate risks with a view to minimising any adverse effect on its financial position and performance. However, the level of the Bank's hedging may change over time, and the Bank may change its hedging policy at any time. The Bank's results of operations may be adversely affected if its hedges are not effective to mitigate exchange rate risks or for balance sheet purposes, if the Bank is inappropriately hedged or if a hedge provider defaults on its obligations under the Bank's hedging agreements. There can be no assurance that the Bank's exchange rate hedging arrangements or hedging policy will be sufficient or effective.

The Bank is subject to extensive regulation and an environment of political scrutiny, which could impact its operational and financial condition

The Bank's banking, funds management and insurance activities are subject to extensive regulation by Australian regulators and regulators in other jurisdictions in which the Bank conducts business. The Bank's business and earnings are also affected by the fiscal or other policies that are adopted by various regulatory authorities of the Australian and New Zealand governments and the governments and regulators of the other jurisdictions in which the Bank conducts business. The Bank is supervised by APRA. APRA sets the prudential requirements with which the Bank must comply, including base capital requirements.

The events in the financial services industry and, more generally, in the international financial markets and the global economy, have resulted in various changes to the regulation of the financial services industry. Any changes to the regulatory requirements to which the Bank is subject could have an adverse impact on the Bank's results of operations.

There is currently an environment of heightened political scrutiny on the Australian financial services industry. This scrutiny has become further heightened following the commencement by the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) of civil penalty proceedings against the Bank (as described below). The industry, including the Bank, is currently participating in a number of Government inquiries. The 2017 Federal Budget included announcements relating to desired changes in regulation such as measures around executive appointments and accountability. If any changes in law are made as a result of these inquiries or announcements, those changes may adversely affect the Bank's business and operations.

The 2017 Federal Budget introduced a new major bank levy on certain liabilities for ADIs with licensed entity liabilities of at least A$100 billion, which includes the Bank, that is to be levied from 1 July 2017 (the **Major Bank Levy**) Liabilities subject to the Major Bank Levy will include corporate bonds, commercial paper, certificates of deposit and Tier 2 capital instruments. The Major Bank Levy will not apply to additional Tier 1 capital and deposits of individuals, businesses and other entities protected by the Financial Claims Scheme. As at 30 June 2017, an illustrative annualised cost of the Major Bank Levy was approximately A$369 million per annum for the Bank and A$258 million after tax, based on 30 June 2017 balance sheet and spot balances.

On 22 June 2017, the South Australian Government introduced a similar levy as part of the 2017 South Australian Budget (the **South Australian Levy**). The South Australian Levy will apply to all banks that operate in South Australia and are liable for the Major Bank Levy. The amount payable under the South Australian Levy will be equal to each bank's levy base under the Major Bank Levy multiplied by South Australia's gross state product share of the Australian gross domestic product multiplied by a levy rate of 0.06 per cent. While it is unclear as of the date of this Prospectus whether the South Australian Levy will be adopted, there is a risk other states may introduce similar state-based bank levies that could have a negative impact on the Bank's business.

Regulation is becoming increasingly extensive and complex. While there can be no assurance that any or all of the currently proposed regulatory changes will ultimately be adopted, or the final form that any such regulations may ultimately take, any such changes, if enacted or adopted, may impact the profitability or size of the Bank's business activities, require changes to certain business practices and expose the Bank to additional costs. Such additional costs may result from, among other things, holding additional capital and significant levels of liquid

assets and undertaking changes to the Bank's wholesale funding profile. These changes may also require the Bank to invest significant management attention and resources to make any necessary changes, and could therefore also adversely affect the Bank's business and operations.

The Bank is subject to compliance risk, which could adversely impact its future results

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss of reputation that the Bank may suffer as a result of its failure to comply with the requirements of relevant laws, regulatory bodies, industry standards and codes. Increasing volume, complexity and global reach of such requirements, and the increased propensity for sanctions and the level of financial penalties for breaches of requirements could have an adverse impact on the Bank.

The Bank may incur losses from operational risks associated with being a complex financial institution

Operational risk is defined as the risk of economic gain or loss resulting from (i) inadequate or failed internal processes and methodologies, (ii) people, (iii) systems and models used in making business decisions, or (iv) external events

The Bank is exposed to the risk of loss resulting from human error, the failure of internal or external processes and systems or from external events including the failure of third party suppliers and vendors to provide contracted services. Such operational risks may include theft and fraud, improper business practices, client suitability and servicing risks, product complexity and pricing risk or improper recording, evaluating or accounting for transactions, breach of security and physical protection systems, or breaches of the Bank's internally and externally imposed policies and regulations. The Bank's use of third party suppliers and third party partnerships exposes it to the potential for reputational damage or an adverse impact on its future results due to the demise of, or a severe event at, a third party that provides critical services. There is also a risk that if the Bank does not have the right level of appropriately-skilled staff, if its systems do not operate effectively or if appropriate and effective governance arrangements are not in place, the Bank could make inappropriate decisions which in turn could adversely impact its operations.

As the Bank increases its analytical capabilities and the use of models in its decision making, the reliability of the Bank's data and models is becoming even more crucial. There is a risk that the Bank makes inappropriate decisions due to poor data quality or models that are not fit for purpose, resulting in actual risk exposures being greater than expected by Management, leading to unexpected losses and depletion of capital levels.

The Bank's businesses are highly dependent on the Bank's ability to process and monitor, in many cases on a daily basis, a very large number of transactions, many of which are highly complex, across multiple markets in many currencies. The Bank's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or may become disabled as a result of events that are wholly or partially beyond the Bank's control, such as a spike in transaction volume, adversely affecting the Bank's ability to process these transactions or provide these services.

As with any business operating in the financial services market, the Bank utilises complex technology frameworks and systems to deliver its services and manage internal processes. Some of these technology systems are provided and/or supported by third party suppliers and vendors. Additionally, the Bank's strategy seeks to establish long term global competitive advantage through leadership in the application of technology.

Disruptions to the technology framework can have a significant impact on the Bank's operations. These disruptions can be caused from internal events (e.g. system upgrades) and external events (e.g. failure of vendors' systems or power supplies or technology attacks by third parties).

The Bank may face information security risks, including cyber-attacks

The Bank's businesses are highly dependent on its information technology systems. The Bank devotes significant effort to protecting the confidentiality, integrity and availability of its computer systems, software and networks, including maintaining the confidentiality of information that may reside on those assets. However, the Bank's security measures cannot provide absolute security.

Information security risks for large financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology and the increased sophistication and activities of organised criminals and hackers. In addition, to access the Bank's products and

services, customers may use personal smartphones, personal computers and other computing devices, personal tablet computers and other mobile devices that are beyond the Bank's control systems. Although the Bank takes protective measures and endeavours to modify them as circumstances warrant, its computer systems, software and networks may be vulnerable to unauthorised access, misuse, denial-of-service attacks, phishing attacks, computer viruses or other malicious code and other events that could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential property and other information of the Bank, its employees, customers or of third parties or otherwise materially disrupt the Bank's or its customers' or third parties' network access or business operations.

It is possible that the Bank (or its third party suppliers) may not be able to anticipate or to implement effective measures to prevent or minimise damage that may be caused by all information security threats, because the techniques used can be highly sophisticated, can evolve rapidly and those that would perpetrate attacks can be well resourced.

Information security threats may also occur as a result of the Bank's size and role in the financial services industry, its plans to continue to implement internet banking and mobile banking channel strategies and develop additional remote connectivity solutions, the outsourcing of some of the Bank's business operations and the threat of cyber terrorism.

An information security failure could have serious consequences for the Bank including, among other things, operational disruption, financial losses, a loss of customer or business opportunities, litigation, regulatory penalties or intervention, reputational damage, theft of intellectual property and customer data, and could result in violations of applicable privacy laws, all of which could have a material impact on the Bank.The Bank may incur losses as a result of the inappropriate conduct of its staff

The Bank operates in a range of regulated markets both in Australia and globally and is highly dependent on the conduct of its employees, contractors and external service providers. The Bank and it businesses could, for example, be adversely affected if an employee, contractor or external service provider does not act in accordance with regulations and associated procedures, or engages in inappropriate or fraudulent conduct. Losses, financial penalties or variations to the operating licenses may be incurred from an unintentional or negligent failure to meet a professional obligation to specific clients, including fiduciary and suitability requirements, or from the nature or design of a product. These may include client, product and business practice risks such as product defects and unsuitability, market manipulation, insider trading, misleading or deceptive conduct in advertising and inadequate or defective financial advice. While the Bank has policies and processes to minimise the risk of human error and employee, contractor or external service provider misconduct, these policies and processes may not always be effective.

Market risks could adversely impact the Bank's results

Market risk is the potential of loss arising from adverse changes in interest rates, foreign exchange rates, commodity and equity prices, credit spreads, lease residual risk values, and implied volatility levels for all assets and liabilities where options are transacted. For the purposes of market risk management, the Bank makes a distinction between traded and non-traded market risks. Traded market risks principally arise from the Bank trading and distributing financial markets products and providing risk management services to customers on a global basis. The predominant non-traded market risk is interest rate risk in the banking book. Other non-traded markets risks are transactional and structural foreign exchange risk arising from capital investments in offshore operations, non-traded equity risk, market risk arising from the insurance business and lease residual value risk.

Strategic business risks could adversely impact the Bank's results

The Bank is subject to strategic business risk, which is defined as the risk of economic loss resulting from changes in the business environment caused by macroeconomic conditions, competitive forces at work, technology, regulation and/or social trends. While the Board receives reports on and monitors business plans, major projects and the implementation of other significant initiatives, there can be no assurance that such initiatives will always be successful or that they will not result in financial loss or loss of reputation for the Bank as business strategies and objectives are defined.

In recent times, there have been increasing instances of investor activism in Australia where shareholder or special interest groups target the Bank in relation to particular social or environmental issues and influence how the Bank operates or implements its strategy. Areas which have attracted investor activism in Australia,

including among institutional shareholders, include making socially responsible investment and avoiding financing or interacting with businesses that do not demonstrate responsible management of environmental and social issues. The prevalence of investor activism could adversely impact management's decision-making and the success of the implementation of its initiatives, which in turn could adversely affect the Bank's results of operations.

The Bank faces intense competition, which could adversely impact its results

The Bank faces intense competition in all of its principal areas of operation and geographical markets, principally Australia and New Zealand. Competition is expected to increase, especially from non-Australian financial services providers who continue to expand in Australia, and from new non-bank entrants who may be unregulated or subject to lower regulatory standards.

If the Bank is unable to compete effectively in its various businesses and markets, its market share may decline. Increased competition may also adversely affect its results of operations by diverting business to the Bank's competitors or creating pressure to lower margins.

The Bank's business may be adversely affected by acquisitions or divestments of businesses

From time to time, the Bank evaluates and undertakes acquisitions of other businesses. There is a risk that the Bank may not achieve expected synergies from the acquisition as a result of not having the requisite skills and capabilities for the new businesses, difficulties in integrating systems and processes, not achieve expected cost savings or otherwise incur losses. This may adversely affect its performance and financial position.

In addition, there is a risk that the Bank may experience disruptions to its existing businesses resulting from difficulties in integrating the systems and processes of the acquired business, and may lose customers and market share as a result. Multiple acquisitions at the same time may exacerbate these risks.

In relation to divestments, the Bank evaluates its business segments regularly, including in light of its business strengths and opportunities for synergies; the competitive environment in which it operates; its risk appetite; customer needs; and the ability to obtain an appropriate return against the cost of capital and funding. From time to time, the Bank may divest businesses or capabilities it considers non-core or wind down businesses or product areas. There is a risk that the Bank may experience disruptions in the divestment, transition or wind down process, including to existing businesses, which may cause customers to remove their business from the Bank or have other adverse impacts to the Bank.

The Bank employs a range of valuation, risk monitoring and risk mitigation techniques. However, those techniques and the judgments that accompany their use cannot anticipate every risk and outcome or the timing of such outcome.

Reputational damage could harm the Bank's business and prospects

Various issues may give rise to reputational damage and cause harm to the Bank's business and prospects. These issues could include inappropriately dealing with potential conflicts of interest, legal and regulatory requirements (such as money laundering, trade sanctions and privacy laws), inadequate sales and trading practices, inappropriate management of conflicts of interest and other ethical issues, technology failures, and non-compliance with internal policies and procedures. Failure to address these issues appropriately could also give rise to additional legal risk, subjecting the Bank to regulatory enforcement actions, fines and penalties, or harm its reputation and integrity among its customers, investors and other stakeholders.

Insurance risk could adversely impact the Bank's results

Insurance risk exposure arises due to the potential for events that the Bank has insured against occurring more frequently or with greater severity than anticipated when premiums were set. In the life insurance business this exposure arises primarily through mortality (death) and morbidity (illness and injury) related claims being greater than expected whereas for the general insurance business, variability arises mainly through weather related incidents (such as floods or bushfires) and similar calamities, as well as general variability in home, motor and travel insurance claim amounts. The Bank believes its exposure to insurance risk is small due to the size of its insurance business relative to the size of the Bank. Additionally, the Bank believes it maintains good risk controls around its insurance exposures and enters into reinsurance arrangements (as further described in

Note 31 to the Bank's audited consolidated and non-consolidated annual financial statements for the financial year ended 30 June 2017), however, no assurance can be given that the foregoing effectively mitigates the Bank's insurance risk.

The Bank could suffer losses due to climate change and catastrophic events

The Bank and its customers operate businesses and hold assets in a diverse range of geographical locations and may be adversely affected by the physical effects of climate change, including increases in temperatures, sea levels and the frequency and severity of adverse climatic events including fires, storms, floods and droughts. These changes may directly impact the Bank and its customers through environmental factors, insurance risk and an increase in defaults in credit exposures. Any significant environmental change or external catastrophic event (including fire, storm, flood, earthquake, pandemic, civil unrest, war or terrorism) in any of these locations has the potential to disrupt business activities, impact on the Bank's operations, damage property and otherwise affect the value of assets held in the affected locations and the Bank's ability to recover amounts owing to it. In addition, such an event could have an adverse impact on economic activity, consumer and investor confidence or the levels of volatility in financial markets. This risk of losses due to catastrophic events is also directly relevant to the Bank's insurance business.

Substantial legal liability or regulatory action against the Bank could negatively impact the Bank's business

Due to the nature of the Bank's business, it is involved in litigation, arbitration and regulatory proceedings, principally in Australia and New Zealand. Such matters are subject to many uncertainties, and the outcome of individual matters cannot be predicted with certainty. If the Bank is ordered to pay money (for example damages, fines, penalties or legal costs), has orders made against its assets (for example a charging order or writ of execution), is ordered to carry out conduct which adversely affects its business operations or reputation (for example corrective advertising) or is otherwise subject to adverse outcomes of litigation, arbitration and regulatory proceedings, the Bank's profitability may be adversely affected.

The Bank is subject to risk arising from civil penalty proceedings by AUSTRAC and a related Shareholder Class Action

The Bank is currently subject to civil penalty proceedings brought by AUSTRAC relating to alleged past and ongoing contraventions by the Bank of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (the **Act**), a related shareholder class action proceeding commenced in the Federal Court of Australia in Melbourne on 9 October 2017 (the **Shareholder Class Action**) and may in the future be subject to additional regulatory actions, litigation, investigations and governmental proceedings emanating from the conduct that AUSTRAC alleges occurred, which could result in penalties and costs, reputational damage, contractual damage claims, class actions or other claims by impacted stakeholders of the Bank. While the Bank does not currently consider the AUSTRAC proceedings and the Shareholder Class Action to be material in the context of its financial position, the proceedings and other potential consequential actions and impacts, including potential reputational damage could have a material adverse effect on the Bank's business, reputation, results of operations and financial condition (see "*Recent Developments – AUSTRAC Civil Penalty Proceedings, APRA prudential inquiry and Shareholder Class Action*").

RISK FACTORS RELATING TO THE COVERED BOND GUARANTOR, INCLUDING THE ABILITY OF THE COVERED BOND GUARANTOR TO FULFIL ITS OBLIGATIONS IN RELATION TO THE COVERED BOND GUARANTEE

Covered Bond Guarantor only obliged to pay Guaranteed Amounts when the same are Due for Payment

Subsequent to an Issuer Event of Default, the Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25% of the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding or if so directed by an Extraordinary Resolution of the Covered Bondholders will, give an Issuer Acceleration Notice to the Issuer with the effect that as against the Issuer (but not, for the avoidance of doubt, as against the Covered Bond Guarantor under the Covered Bond Guarantee) each Covered Bond will thereupon immediately become due and repayable at its Early Redemption Amount together with accrued interest.

Upon the Covered Bonds becoming immediately due and repayable against the Issuer, the Bond Trustee must immediately serve a Notice to Pay on the Covered Bond Guarantor and the Covered Bond Guarantor will be

required to make payments of Guaranteed Amounts when the same become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

Following service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor will pay or procure to be paid on each Scheduled Payment Date to or to the order of the Bond Trustee (for the benefit of Covered Bondholders) an amount equal to those Guaranteed Amounts which have become Due for Payment in accordance with the terms of the Bond Trust Deed but which have not been paid by the Issuer provided that no Notice to Pay will be served on the Covered Bond Guarantor until an Issuer Acceleration Notice has been served by the Bond Trustee on the Issuer.

All payments of principal and interest (if any) in respect of Covered Bonds will be made subject to withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges required by law. In the event of a withholding or deduction being made by the Covered Bond Guarantor, the Covered Bond Guarantor will not be obliged to pay any additional amounts as a consequence. In addition, the Covered Bond Guarantor will not be obliged at any time to make any payments in respect of additional amounts which may become payable by the Issuer under Condition 7 of the Programme Conditions and Condition 6 of the N Covered Bond Conditions (as applicable). Prior to the service on the Covered Bond Guarantor and the Issuer of a Covered Bond Guarantee Acceleration Notice, the Covered Bond Guarantor will not be obliged to make payment in respect of any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums, default interest or interest upon interest which may accrue on or in respect of the Covered Bonds.

Subject to any grace period, if the Covered Bond Guarantor fails to make a payment when Due for Payment under the Covered Bond Guarantee or any other Covered Bond Guarantor Event of Default occurs and is continuing, then the Bond Trustee may, and if so requested in writing by the holders of at least 25% of the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding or if so directed by an Extraordinary Resolution of all the Covered Bondholders will, accelerate the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee by service of a Covered Bond Guarantee Acceleration Notice, whereupon the Bond Trustee will have a claim under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount of each Covered Bond, together with accrued interest and all other amounts then due under the Covered Bonds (other than additional amounts payable under Condition 7 of the Programme Conditions and Condition 6 of the N Covered Bond Conditions (as applicable)). Following service of a Covered Bond Guarantee Acceleration Notice, the Security Trustee may enforce the Security over the Charged Property. Pursuant to the terms of the Security Deed, the proceeds of enforcement and realisation of the Security will be required to be applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments in the Security Deed, and Covered Bondholders will receive amounts from the Covered Bond Guarantor (if any) on an accelerated basis.

It is possible that payments by the Covered Bond Guarantor that relate to interest on the Covered Bonds would be treated as interest for Australian withholding tax purposes and therefore subject to withholding tax. Please refer to the section "*Taxation – Australian Taxation – Payments by the Covered Bond Guarantor*" in this Prospectus. Investors should be aware that in the event payments by the Covered Bond Guarantor are subject to any withholding or deduction for or on account of tax, the Covered Bond Guarantor will not be required to pay any additional amounts to Covered Bondholders.

Excess Proceeds received by the Bond Trustee

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may receive Excess Proceeds. In accordance with the Bond Trust Deed, the Excess Proceeds will be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the Covered Bond Guarantor for its own account, as soon as practicable, and will be held by the Covered Bond Guarantor in the GIC Account and the Excess Proceeds will thereafter form part of the Security and will be used by the Covered Bond Guarantor in the same manner as all other moneys from time to time standing to the credit of the GIC Account. Any Excess Proceeds received by the Bond Trustee will discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds and Coupons (subject to restitution of the same if such Excess Proceeds will be required to be repaid by the Bond Trustee or by the Covered Bond Guarantor). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice) unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds will not reduce or discharge any such obligations.

By subscribing for Covered Bonds, each holder of the Covered Bonds will be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the Covered Bond Guarantor for application in the manner described above.

Finite resources available to the Covered Bond Guarantor to make payments due under the Covered Bond Guarantee

Following the service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor's ability to meet its obligations under the Covered Bond Guarantee will depend on (a) the realisable value of Selected Mortgage Loan Rights forming part of the Assets of the Trust, (b) the Principal Collections and Finance Charge Collections generated by the Mortgage Loan Rights forming part of the Assets of the Trust and the timing thereof, (c) amounts received from the Swap Providers, (d) the realisable value of Substitution Assets and Authorised Investments held by it and (e) the receipt by it of credit balances and interest on credit balances on the GIC Account. Recourse against the Covered Bond Guarantor under the Covered Bond Guarantee is limited to the aforementioned assets and the Covered Bond Guarantor will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If a Covered Bond Guarantor Event of Default occurs and is continuing and the Security created by or pursuant to the Security Deed is enforced, the realisation of the Charged Property may not be sufficient to meet the claims of all the Secured Creditors, including the Covered Bondholders.

If, following enforcement of the Security constituted by or pursuant to the Security Deed, the Secured Creditors have not received the full amount due to them pursuant to the terms of the Programme Documents, then they may still have an unsecured claim against the Issuer for the shortfall. There is no guarantee that the Issuer will have sufficient funds to pay that shortfall.

Covered Bondholders should note that the Asset Coverage Test has been structured to ensure that the Adjusted Aggregate Mortgage Loan Amount is an amount at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or, a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, which should reduce the risk of there ever being a shortfall (although there is no assurance of this – in particular, the sale of further Mortgage Loan Rights by the Seller to the Covered Bond Guarantor may be required to remedy a breach of the Asset Coverage Test).

The Trust Manager will be required to ensure that, following the service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Amortisation Test is satisfied on each Determination Date. A breach of the Amortisation Test will constitute a Covered Bond Guarantor Event of Default and if it continues it will entitle the Bond Trustee to serve a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer.

The Asset Coverage Test, the Amortisation Test, the Interest Rate Shortfall Test, the Yield Shortfall Test and the Pre-Maturity Test have in the aggregate been structured to ensure that the Assets of the Trust are sufficient to pay amounts due on the Covered Bonds and senior expenses (which will include costs relating to the maintenance, administration and winding-up of the Assets of the Trust whilst the Covered Bonds are outstanding). However, no assurance can be given that the Assets of the Trust will in fact generate sufficient amounts for such purposes (see "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" and "*Credit Structure – Asset Coverage Test*", "*Overview of the Principal Documents – Establishment Deed – Amortisation Test*" and "*Credit Structure – Amortisation Test*", "*Overview of the Principal Documents – Servicing Deed – Interest Rate Shortfall Test and Yield Shortfall Test*", "*Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loan Rights if the Pre-Maturity Test is breached*" and "*Credit Structure – Pre-Maturity Test*").

Further, in some instances, the Bank, as Seller, will be entitled to receive amounts in priority to payments of principal to the Covered Bondholders. In particular, the Seller may be reimbursed from Principal Collections available on any day for any Trust Further Advances made by the Seller on that day. Any amounts so applied from Principal Collections will not form part of the Available Principal Amount to be applied by the Covered Bond Guarantor in accordance with the Pre-Acceleration Principal Priority of Payments on the next following Distribution Date.

Reliance of the Covered Bond Guarantor on third parties

The Covered Bond Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the Covered Bond Guarantor. In particular, but without limitation:

(a) the Servicer has been appointed to act as servicer of the Mortgage Loan Rights forming part of the Assets of the Trust on behalf of the Covered Bond Guarantor pursuant to the provisions of the Servicing Deed;

(b) the Trust Manager has been appointed to provide the administration and cash management services set out in the Programme Documents including, without limitation, assisting the Covered Bond Guarantor in operating the Trust Accounts, keeping and maintaining records, causing annual accounts of the Trust to be audited and directing the Covered Bond Guarantor in relation to investing moneys standing to the credit of the GIC Account in Substitution Assets or Authorised Investments;

(c) the Trust Manager has been appointed to provide the calculation services set out in the Programme Documents including, without limitation, doing all calculations on each Determination Date which are required to determine whether the Legislated Collateralisation Test and the Asset Coverage Test or the Amortisation Test or the Pre-Maturity Test, as the case may be, are satisfied or otherwise and providing information to the Cover Pool Monitor;

(d) the Cover Pool Monitor has been appointed to perform agreed upon procedures for the purpose of verifying the Trust Manager's calculations in respect of the Asset Coverage Test or the Amortisation Test, as the case may be, and the Legislated Collateralisation Test. The functions of the Cover Pool Monitor in respect of the Trust for the purposes of the Australian Banking Act include assessing the keeping by the Trust Manager of an accurate register of the Assets of the Trust and assessing compliance by the Bank with the requirements of sections 31 and 31A of the Australian Banking Act; and

(e) the Account Bank has been appointed to operate each of the Trust Accounts in accordance with the relevant account bank mandate pursuant to the Account Bank Agreement.

In the event that any of those third parties fails to perform its obligations under the relevant Programme Documents to which it is a party, the realisable value of the Mortgage Loan Rights forming part of the Assets of the Trust and other Assets of the Trust or pending such realisation (if the Mortgage Loan Rights forming part of the Assets of the Trust and other Assets of the Trust cannot be sold) the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee may be affected. For example, if the Servicer fails to adequately administer the Mortgage Loans forming part of the Assets of the Trust, this may lead to higher incidences of non-payment or default by Borrowers.

The Covered Bond Guarantor will also be reliant on the Swap Providers to provide it with the funds sufficient to meet its obligations under the Intercompany Loan Agreement, the Demand Loan Agreement and the Covered Bond Guarantee, as described below.

If the Trust Manager has determined that, among other things, a Servicer Default has occurred and is continuing, then the Trust Manager must, by written notice to the Servicer, immediately terminate the rights and obligations of the Servicer and appoint another appropriately qualified organisation to act in its place. The purported appointment of a Substitute Servicer following such termination has no effect until the Substitute Servicer executes an agreement under which it covenants to act as servicer in accordance with the Servicing Deed and all other Programme Documents to which the Servicer is a party. The Trust Manager must notify the Security Trustee, the Bond Trustee and the Rating Agencies of the identity of the Substitute Servicer. Until the appointment of the Substitute Servicer is complete, the Covered Bond Guarantor must act as Servicer (and is entitled to the relevant fees for the period it so acts). There can be no assurance that a Substitute Servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loan Rights forming part of the Assets of the Trust on the terms of the Servicing Deed or that the Servicer will be able to continue to perform this role until such Substitute Servicer is appointed, particularly if the Servicer's termination is as a result of an Insolvency Event occurring in respect of the Servicer.

The ability of a Substitute Servicer or the Covered Bond Guarantor (when acting as Servicer) to perform fully the required services as Servicer would depend, among other things, on the information, software and records available at the time of the appointment or it being required to act as Servicer, respectively. Any delay or inability to appoint a Substitute Servicer may affect payments on the Mortgage Loan Rights forming part of the Assets of the Trust, the realisable value of such Mortgage Loan Rights and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

The Servicer has no liability for any obligations of the Borrowers in respect of the Mortgage Loan Rights forming part of the Assets of the Trust. Covered Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Servicing Deed.

The Servicer is required to act as collecting agent for the Covered Bond Guarantor (for itself and as trustee of the CBA Trust) in respect of all payments in respect of the Mortgage Loan Rights forming part of the Assets of the Trust (including, without limitation, a Mortgage Loan Scheduled Payment). If the Servicer receives, during a Collection Period, any money whatsoever arising from the Mortgage Loan Rights forming part of the Assets of the Trust which money belongs to the Covered Bond Guarantor and such money is to be paid to the GIC Account pursuant to the Servicing Deed, the Servicer will hold such money on trust for the Covered Bond Guarantor. The Servicer is entitled to commingle such money with any other money held by it. In the event of an insolvency of the Servicer, the ability of the Covered Bond Guarantor to trace and recover any such commingled money may be impaired. The risk of the Servicer not making payment on each Distribution Date immediately following the end of a Collection Period is mitigated by an obligation of the Servicer to transfer the collections into the GIC Account within two Local Business Days of receipt if the Servicer's credit ratings are downgraded below a short-term credit rating of P-1 from Moody's or F1 from Fitch or a long-term credit rating of A from Fitch (or, if Fitch has placed the Servicer on ratings watch negative at the relevant time, below a short-term credit rating of F1+ from Fitch or a long-term credit rating of A+ from Fitch).

None of the Covered Bond Guarantor, the Security Trustee nor the Bond Trustee is obliged in any circumstances to act as a Servicer or to monitor the performance by the Servicer of its obligations.

While a Trust Manager Default is subsisting and after the Covered Bond Guarantor becomes aware of the Trust Manager Default, the Covered Bond Guarantor must, upon giving written notice to the Issuer, the Security Trustee, the Trust Manager and the Rating Agencies, immediately terminate the rights and obligations of the Trust Manager under the Programme Documents and appoint another entity to act in its place. Until the appointment of the Substitute Trust Manager is complete, the Covered Bond Guarantor must act as Trust Manager (and is entitled to the relevant fees for the period it so acts). There can be no assurance that a Substitute Trust Manager would be found who would be willing and able to provide such trust management services on the terms of the Establishment Deed and the Management Agreement or that the Trust Manager will be able to continue to perform this role until such Substitute Trust Manager is appointed, particularly if the Trust Manager's termination is as a result of an Insolvency Event occurring in respect of the Trust Manager. Neither the Security Trustee nor the Bond Trustee will be obliged in any circumstances to act as a Trust Manager or to monitor or supervise the performance by the Trust Manager (or any Substitute Trust Manager) of its obligations.

The ability of a Substitute Trust Manager or the Covered Bond Guarantor (when acting as Trust Manager) to perform fully the required trust management services as Trust Manager would depend, among other things, on the information, software and records available at the time of the appointment or it being required to act as Trust Manager, respectively. Any delay or inability to appoint a Substitute Trust Manager may affect payments to and from the Trust Accounts in accordance with the terms of the Programme Documents, and/or the provision of the Asset Coverage Reports and other information to, inter alia, the Rating Agencies, the Security Trustee and the Covered Bond Guarantor and may ultimately affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

The Trust Manager has no obligation itself to advance payments that Borrowers fail to make in a timely fashion. Covered Bondholders will have no right to consent to or approve of any actions taken by the Trust Manager under the Establishment Deed and/or the Management Agreement.

Change of counterparties

The parties to the Programme Documents who receive and hold moneys pursuant to the terms of such documents (such as the Servicer and the Account Bank) will be required to satisfy certain criteria in order to

continue to receive and hold such moneys. These criteria will include requirements in relation to the short-term and/or long-term, unguaranteed and unsecured credit ratings ascribed to such party by Fitch and Moody's.

If the party concerned ceases to satisfy the applicable criteria, including such credit ratings criteria, then the rights and obligations of that party (including the right or obligation to receive moneys on behalf of the Covered Bond Guarantor) may be required to be transferred to another entity which does satisfy the applicable criteria. If the rights and obligations of that counterparty are transferred to another entity, then the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the Programme Documents. There is no guarantee that a replacement counterparty could be found.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Programme Document may agree to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Covered Bondholders may not be required in relation to such amendments and/or waivers.

Reliance on Swap Providers

In order to hedge certain interest rate, currency or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans, the amounts standing to the credit of the GIC Account, any Substitution Assets or Authorised Investments and any other assets that the Covered Bond Guarantor may hold from time to time, and amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement and/or the Demand Loan Agreement to the Bank and/or amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee to Covered Bondholders in respect of the Covered Bonds on issue, the Covered Bond Guarantor will enter into certain swap transactions with swap providers (each, a **Swap Provider**).

If the Covered Bond Guarantor fails to make timely payments (except where the terms of the relevant Swap Agreement provide for a pro rata reduction on both legs of any relevant transaction thereunder where the Covered Bond Guarantor has insufficient funds to make the payment in full) of amounts due under any Swap Agreement, then it will have defaulted under that Swap Agreement and such Swap Agreement may be terminated. Further, a Swap Provider is only obliged to make payments to the Covered Bond Guarantor if the Covered Bond Guarantor complies with its payment obligations under the relevant Swap Agreement. If a Swap Agreement (or any transactions thereunder) terminates or the relevant Swap Provider is not obliged to make payments or if it defaults in its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the Covered Bond Guarantor on the relevant payment date under such Swap Agreement, the Covered Bond Guarantor will be exposed to changes in the relevant currency exchange rates to Australian Dollars (where relevant) and to any changes in the relevant rates of interest. Unless a replacement swap is entered into, the Covered Bond Guarantor may have insufficient funds to make payments under the Intercompany Loan Agreement, the Demand Loan Agreement or the Covered Bond Guarantee.

If a Swap Agreement (or any transactions thereunder) terminates, then the Covered Bond Guarantor may be obliged to make a termination payment to the relevant Swap Provider. There can be no assurance that the Covered Bond Guarantor will have sufficient funds available to make a termination payment under the relevant Swap Agreement or to make any upfront payment required by a replacement swap counterparty, nor can there be any assurance that the Covered Bond Guarantor will be able to find a replacement swap counterparty which has both sufficiently high ratings as may be required by any of the Rating Agencies and which agrees to enter into a replacement swap agreement on similar commercial terms.

If the Covered Bond Guarantor is obliged to pay a termination payment under any Swap Agreement:

(i) (if the Issuer is not the Interest Rate Swap Provider) any such termination payment in respect of the Interest Rate Swap will rank ahead of amounts due on the Covered Bonds; and

(ii) any such termination payment in respect of a Covered Bond Swap and (if the Issuer is the Interest Rate Swap Provider) the Interest Rate Swap will rank *pari passu* and rateably with amounts due on the Covered Bonds,

except where default by, or downgrade of, the relevant Swap Provider has caused the relevant Swap Agreement to terminate.

The obligation to pay a termination payment may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

Insolvency proceedings and subordination provisions

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a hedging counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty. Such provisions are similar in effect to the terms which are included in the Programme Documents relating to the subordination of Excluded Swap Termination Amounts.

The UK Supreme Court has held that a subordination provision as described above is valid under English law. It is likely (but not certain) that an Australian court would also consider such a subordination provision to be valid under Australian law. Contrary to the determination of the UK Supreme Court, the US Bankruptcy Court for the Southern District of New York has held that such a subordination provision is unenforceable under US bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a US bankruptcy of the counterparty. However, in a subsequent decision in relation to a similar matter, the U.S. Bankruptcy Court for the Southern District of New York held that such a subordination provision can be enforceable in certain circumstances. The outcome of these decisions is that U.S. law is unsettled.

If a creditor of the Covered Bond Guarantor (such as a Swap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or Australia (including, but not limited to, the US), and it is owed a payment by the Covered Bond Guarantor, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law or Australian law governed Programme Documents (such as a provision of the Priorities of Payments which refers to the ranking of the Swap Providers' payment rights in respect of Excluded Swap Termination Amounts). In particular, based on the decisions of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as a Swap Provider, including US established entities and certain non-US established entities with assets or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state). In general, if a subordination provision included in the Programme Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales or Australia and any relevant foreign judgment or order was recognised by the English courts or Australian courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the Covered Bond Guarantor to satisfy its obligations under the Covered Bonds.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Programme Documents will include terms providing for the subordination of Excluded Swap Termination Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts or Australian courts) may result in negative rating pressure in respect of the Covered Bonds. If any rating assigned to the Covered Bonds is lowered, the market value of the Covered Bonds may decrease.

Limited description of the Mortgage Loan Rights

Covered Bondholders may not receive detailed statistics or information in relation to the Mortgage Loan Rights forming part of the Assets of the Trust because it is expected that the constitution of the Mortgage Loan Rights forming part of the Assets of the Trust will frequently change due to, for instance:

(a) the Seller selling additional Mortgage Loan Rights to the Covered Bond Guarantor;

(b) payments by the Borrowers on those Mortgage Loans; and

(c) the Covered Bond Guarantor's interest in the Mortgage Loan Rights being transferred to or extinguished in favour of the Seller in accordance with the Mortgage Sale Agreement, in particular, in

relation to non-compliance with the Representations and Warranties (see "*Overview of the Principal Documents – The Mortgage Sale Agreement – Repurchase by the Seller following breach of Representations and Warranties*").

There is no assurance that the characteristics of any Mortgage Loan Rights sold to the Covered Bond Guarantor on any Closing Date will be the same as those of the other Mortgage Loan Rights forming part of the Assets of the Trust as at the relevant Closing Date. However, each Mortgage Loan sold to the Covered Bond Guarantor will be required to be an Eligible Mortgage Loan and the Seller will also be required to make the Representations and Warranties set out in the Mortgage Sale Agreement on such date (see "*Overview of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loan Rights*") (although the criteria for Eligible Mortgage Loans and Representations and Warranties may change in certain circumstances (see "*The Bond Trustee and the Security Trustee may agree to modifications to the Programme Documents without, respectively, the Covered Bondholders' or Secured Creditors' prior consent*")). In addition, the Asset Coverage Test is intended to ensure that on each Determination Date the Adjusted Aggregate Mortgage Loan Amount is an amount at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding (prior to the Service of a Notice to Pay or, if earlier, a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) and the Trust Manager will provide monthly reports that will set out certain information in relation to the Asset Coverage Test.

The Servicing Guidelines may be amended or revised by the Bank from time to time. If any Mortgage Loans have been originated under amended or revised Servicing Guidelines and the Mortgage Loans are then sold to the Covered Bond Guarantor in accordance with and pursuant to the terms of the Mortgage Sale Agreement, the characteristics of the Mortgage Loan Rights forming part of the Assets of the Trust could at such time change. This could adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

Maintenance of Mortgage Loan Rights

Asset Coverage Test

The Asset Coverage Test is intended to test the asset coverage of the Assets of the Trust held from time to time by the Covered Bond Guarantor in respect of the Covered Bonds on a monthly basis, prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer. This is to ensure that the Assets of the Trust held from time to time by the Covered Bond Guarantor do not fall below a certain threshold and are sufficient for the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee and senior expenses which rank in priority to or *pari passu* and rateably with amounts due on the Covered Bonds. Pursuant to the terms of the Mortgage Sale Agreement, the Seller has agreed to use all reasonable endeavours to offer to sell sufficient Mortgage Loan Rights to the Covered Bond Guarantor in order to ensure that the Asset Coverage Test is satisfied provided that the Seller will not be obliged to sell Mortgage Loan Rights to the Covered Bond Guarantor if, in the reasonable opinion of the Seller, the sale to the Covered Bond Guarantor of such Mortgage Loan Rights would materially adversely affect the business or financial condition of the Seller. The Consideration payable to the Seller for the sale of such Mortgage Loan Rights to the Covered Bond Guarantor may be funded: (a) by amounts available to the Covered Bond Guarantor to pay for such Mortgage Loan Rights in accordance with the Pre-Acceleration Principal Priority of Payments and/or (b) by the proceeds of a Term Advance and/or a Demand Loan Advance and/or (c) if the Seller is the Demand Loan Provider and/or the Intercompany Loan Provider, by way of set-off against any relevant Demand Loan Advance or Term Advance.

Alternatively, the Covered Bond Guarantor may purchase Substitution Assets or request drawings under the Demand Loan Agreement in order to ensure that the Covered Bond Guarantor is in compliance with the Asset Coverage Test. If the Asset Coverage Test is not satisfied on a Determination Date and also on the next following Determination Date, the Bond Trustee will serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee receiving notification from the Trust Manager or, if earlier, having actual knowledge or express notice of the breach). The Bond Trustee will be deemed to revoke an Asset Coverage Test Breach Notice if, on the next Determination Date to occur following the service of an Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If the Bond Trustee is deemed to revoke an Asset Coverage Test Breach Notice, the Trust Manager must immediately notify in writing the Bond Trustee

thereof. If the Asset Coverage Test Breach Notice is not deemed to be revoked by the Bond Trustee on or before the next Determination Date, then an Issuer Event of Default will occur.

Amortisation Test

The Amortisation Test is intended to ensure that, following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Assets of the Trust held from time to time by the Covered Bond Guarantor do not fall below a certain threshold to ensure that the Assets of the Trust are sufficient to meet the Covered Bond Guarantor's obligations under the Covered Bond Guarantee and senior expenses which rank in priority to or *pari passu* and rateably with amounts due on the Covered Bonds. Pursuant to the Establishment Deed, the Trust Manager must ensure that on each Determination Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice), the Amortisation Test Aggregate Mortgage Loan Amount is in an amount at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds.

If the aggregate collateral value of the Mortgage Loan Rights forming part of the Assets of the Trust has not been maintained in accordance with the Amortisation Test, then that may affect the realisable value of the Mortgage Loan Rights forming part of the Assets of the Trust (both before and after the occurrence of a Covered Bond Guarantor Event of Default) and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee. Failure to satisfy the Amortisation Test on any Determination Date following an Issuer Event of Default that is continuing and service of a Notice to Pay on the Covered Bond Guarantor will constitute a Covered Bond Guarantor Event of Default and will entitle the Bond Trustee to accelerate the Covered Bond Guarantor's obligations under the Covered Bond Guarantee against the Covered Bond Guarantor subject to and in accordance with the Conditions.

Cover Pool Monitor to verify the Trust Manager's calculations and assess the keeping of an accurate register of the Assets and compliance with the Australian Banking Act

Prior to the service of a Notice to Pay on the Covered Bond Guarantor, the Cover Pool Monitor will, subject to receipt of the relevant information from the Trust Manager, verify the calculations performed by the Trust Manager in relation to the Asset Coverage Test on the Determination Date immediately preceding each half yearly and yearly anniversary of the Programme Date.

Following receipt of notice that a Notice to Pay has been served on the Covered Bond Guarantor but prior to the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice, the Cover Pool Monitor will, subject to receipt of the relevant information from the Trust Manager, verify the calculations performed by the Trust Manager in relation to the Amortisation Test on the Determination Date immediately preceding each yearly anniversary of the Programme Date.

In addition, the Cover Pool Monitor will, subject to receipt of the relevant information from the Trust Manager, verify the calculations performed by the Trust Manager in relation to the Legislated Collateralisation Test on the Determination Date immediately preceding each half yearly and yearly anniversary of the Programme Date on which any Covered Bonds are outstanding.

If and for so long as the long-term unsecured, unguaranteed and unsubordinated debt obligation credit ratings of the Issuer fall below Baa3 by Moody's or BBB- by Fitch (or, if Fitch has placed the Issuer on ratings watch negative at the relevant time, fall below BBB by Fitch), the Trust Manager must give written notice of that fact to the Cover Pool Monitor and upon receipt of such notice, the Cover Pool Monitor will conduct the tests of the Trust Manager's calculations in respect of the Asset Coverage Test or the Amortisation Test, as the case may be, on every Determination Date thereafter.

The Cover Pool Monitor will also be required, as soon as reasonably practicable following each Determination Date immediately preceding each half yearly and yearly anniversary of the Programme Date and following receipt of all necessary information, to assess compliance by the Bank with the requirements sections 31 and 31A of the Australian Banking Act and to assess the keeping by the Trust Manager of an accurate register of the Assets of the Trust.

See further the section "*Overview of the Principal Documents – Cover Pool Monitor Agreement*" in this Prospectus.

None of the Covered Bond Guarantor, the Bond Trustee nor the Security Trustee will be responsible for monitoring compliance with, nor the monitoring of, the Asset Coverage Test, the Amortisation Test, the Legislated Collateralisation Test or any other test, compliance of the Mortgage Loan Rights forming part of the Assets of the Trust with the Australian Banking Act requirements or supervising the performance by any other party of its obligations under any Programme Document.

It should be noted that the Asset Coverage Test and the Amortisation Test have been designed to mitigate certain economic and legal stresses in connection with the performance and valuation of the Assets of the Trust held from time to time by the Covered Bond Guarantor, to ensure that the Covered Bond Guarantor is able to meet its ongoing requirements at all relevant times. In setting the values and criteria for such tests, modelling has been undertaken on the basis of certain assumptions in certain stress scenarios. However, no assurance can be given that the modelling and the assumptions utilised in such modelling have been able to incorporate or examine all possible scenarios that may occur in respect of the Covered Bond Guarantor and the Assets of the Trust. As such, no assurance can be given that the methodology and modelling utilised to set the relevant values and criteria within such tests will be sufficient in all scenarios to ensure that the Covered Bond Guarantor will be able to meet its obligations in full.

Sale of Selected Mortgage Loan Rights following the occurrence of certain events

Following the occurrence of any of the following events:

(a) a breach of the Pre-Maturity Test;

(b) the service of an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (which has not been deemed to be revoked); or

(c) the service of a Notice to Pay on the Covered Bond Guarantor,

but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Trust Manager must direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must, sell Selected Mortgage Loan Rights (selected on a basis that is representative of the Mortgage Loan Rights then forming part of the Assets of the Trust).

The proceeds from any such sale must be deposited into the GIC Account and applied in accordance with the applicable Priority of Payments (see "*Overview of the Principal Documents – Mortgage Sale Agreement – Sale by Seller of Mortgage Loan Rights*").

There is no guarantee the Covered Bond Guarantor will, where the Covered Bond Guarantor is obliged to sell Selected Mortgage Loan Rights, find a buyer to buy Selected Mortgage Loan Rights at the times required and there can be no guarantee or assurance as to the price which may be able to be obtained, which may affect payments under the Covered Bond Guarantee. The Covered Bond Guarantor will offer the Selected Mortgage Loan Rights for the best price reasonably available but in any event, following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay), the Selected Mortgage Loan Rights may not be sold by the Covered Bond Guarantor for an amount less than the Current Principal Balance of the Mortgage Loans in respect of the Selected Mortgage Loan Rights plus the arrears of interest and accrued interest thereon. Following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor, the Selected Mortgage Loan Rights may not be sold by the Covered Bond Guarantor for an amount less than the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds. However, if the Selected Mortgage Loan Rights have not been sold by the date which is six months prior to either (a) the Final Maturity Date in respect of the Earliest Maturing Covered Bonds, or (b) the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, or (c) in respect of a sale in connection with the Pre-Maturity Test, the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds, the Trust Manager must direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must, offer the Selected Mortgage Loan Rights for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

If Selected Mortgage Loan Rights are not sold for an amount equal to or in excess of the Adjusted Required Redemption Amount, the Covered Bond Guarantor may have insufficient funds available to make payment in respect of the Covered Bonds.

At any time after the service of a Notice to Pay on the Covered Bond Guarantor (but prior to service of a Covered Bond Acceleration Notice on the Covered Bond Guarantor and the Issuer), on each Distribution Date the Covered Bond Guarantor will apply the Available Income Amount and Available Principal Amount to redeem or repay in part the relevant Series of Covered Bonds, to the extent that the Covered Bond Guarantor has sufficient moneys available to make such payments in accordance with the Guarantee Priority of Payments. The Available Income Amount will include, among other things, the sale proceeds of Selected Mortgage Loan Rights to the extent such proceeds comprise accrued interest or arrears of interest (if any) that has been, or is to be, on the immediately following Distribution Date, credited to the Income Ledger on the GIC Account. The Available Principal Amount will include, among other things, the sale proceeds of Selected Mortgage Loan Rights (including any excess sale proceeds resulting from the sale of Selected Mortgage Loan Rights sold in respect of another Series of Covered Bonds but excluding accrued interest and arrears of interest which will form part of the Available Income Amount) that have been, or are to be, on the immediately following Distribution Date, credited to the Principal Ledger on the GIC Account, and all principal repayments received on the Mortgage Loans forming part of the Assets of the Trust generally. This may adversely affect repayment of later maturing Series of Covered Bonds if the Selected Mortgage Loan Rights sold to redeem or repay in part an earlier maturing Series of Covered Bonds are sold for less than the Adjusted Required Redemption Amount and accordingly the Covered Bond Guarantor is required to apply other assets forming part of the Assets of the Trust (such as Principal Collections) to redeem that earlier maturing Series of Covered Bonds.

Sale of Selected Mortgage Loan Rights if Pre-Maturity Test is breached

The Establishment Deed provides for the sale of Selected Mortgage Loan Rights in circumstances where the Pre-Maturity Test has been breached in relation to a Series of Hard Bullet Covered Bonds. The Pre-Maturity Test will be breached in relation to a Series of Hard Bullet Covered Bonds if the Issuer's short-term credit rating from Moody's falls to P-2 (or lower) or from Fitch is less than F1+ and the Final Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date. If the Pre-Maturity Test is breached within that period the Covered Bond Guarantor will, after taking into account the amount standing to the credit of the Pre-Maturity Ledger and subject to first utilising the proceeds of any advance made by the Demand Loan Provider under the Demand Loan Agreement, be obliged to commence an offer process to sell Selected Mortgage Loan Rights in order to enable the Covered Bond Guarantor, following service of a Notice to Pay (if any), to pay the Australian Dollar Equivalent of the Required Redemption Amount on a Series of Hard Bullet Covered Bonds under the Covered Bond Guarantee on the Final Maturity Date for such Covered Bonds. In the event that the Pre-Maturity Test is breached in respect of any Series of Hard Bullet Covered Bonds during the Pre-Maturity Test Period and the amount standing to the credit of the Pre-Maturity Ledger of the GIC Account is less than the Australian Dollar Equivalent of the Required Redemption Amount for each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached on the earlier to occur of (i) the later of the date which is 10 Local Business Days from the date that the Seller is notified of the breach and the date which is six months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds and (ii) the Final Maturity Date of that Series of Hard Bullet Covered Bonds, an Issuer Event of Default will occur.

There is no guarantee that a suitable buyer will be found to acquire the Selected Mortgage Loan Rights at the times required and there can be no guarantee or assurance as to the price which the Covered Bond Guarantor may be able to obtain, which may affect payments under the Covered Bond Guarantee.

Realisation of Charged Property following the occurrence of a Covered Bond Guarantor Event of Default

If a Covered Bond Guarantor Event of Default occurs and is continuing and a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer, then the Security Trustee will be entitled to enforce the Security created under and pursuant to the Security Deed and the proceeds from the realisation of the Charged Property, together with any applicable In Specie Mortgage Loan Rights, will be applied by the Security Trustee towards payment of all secured obligations in accordance with the Post-Enforcement Priority of Payments described in "*Cashflows*" below (other than Third Party Amounts due to the Seller and any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements, which will be paid directly to the relevant Swap Providers in accordance with the relevant Swap Agreements).

The Security Trustee's (or any receiver's) right to realise the Mortgage Loan Rights is subject to the Seller's rights of pre-emption described in "*Overview of Principal Documents – Security Deed – Enforcement*" below.

There is no guarantee that the proceeds of realisation of the Charged Property will be in an amount sufficient to repay all amounts due to the Secured Creditors (including the Covered Bondholders) under the Covered Bonds and the Programme Documents.

If a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer, then the Covered Bonds may be repaid sooner or later than expected or not at all.

Factors that may affect the realisable value of the Mortgage Loan Rights forming part of the Assets of the Trust or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee

The realisable value of Selected Mortgage Loan Rights forming part of the Assets of the Trust may be reduced (which may affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee) by:

(a) representations or warranties not being given by the Covered Bond Guarantor or the Seller unless expressly agreed by the Security Trustee or otherwise agreed with the Seller;

(b) default by Borrowers of amounts due on their Mortgage Loans;

(c) changes to the Servicing Guidelines of the Seller;

(d) the Covered Bond Guarantor not having legal title to the Mortgage Loan Rights forming part of the Assets of the Trust;

(e) risks in relation to some types of Mortgage Loans which may adversely affect the value of the Mortgage Loan Rights forming part of the Assets of the Trust;

(f) changes in interest rates which may adversely affect the value of fixed rate Mortgage Loans;

(g) limited recourse to the Seller;

(h) possible regulatory changes by ASIC in Australia and other regulatory authorities;

(i) the state of the Australian economy and/or residential mortgage market (which may impact potential buyers);

(j) regulations in Australia that could lead to some terms of the Mortgage Loan Rights being unenforceable; and

(k) other issues which impact on the enforceability of the Mortgage Loan Rights.

Some of these factors are considered in more detail below. However, it should be noted that the Asset Coverage Test, the Amortisation Test, the Pre-Maturity Test and the criteria for Eligible Mortgage Loans are intended to ensure that there will be an adequate amount of Mortgage Loan Rights forming part of the Assets of the Trust and moneys standing to the credit of the GIC Account to enable the Covered Bond Guarantor to repay the Covered Bonds following an Issuer Event of Default that is continuing, service of an Issuer Acceleration Notice on the Issuer and service of a Notice to Pay on the Covered Bond Guarantor and accordingly it is expected (but there is no assurance) that Selected Mortgage Loan Rights could be realised for sufficient values to enable the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

No representations or warranties to be given by the Covered Bond Guarantor or the Seller if Selected Mortgage Loan Rights are to be sold

Following a breach of the Pre-Maturity Test and/or the occurrence of an Issuer Event of Default that is continuing, service on the Issuer of an Issuer Acceleration Notice and service on the Covered Bond Guarantor of a Notice to Pay (but prior to the service of a Covered Bond Guarantee Acceleration Notice), the Covered Bond Guarantor will be obliged to commence an offer process to sell Selected Mortgage Loan Rights to third party purchasers, subject to a right of pre-emption enjoyed by the Seller pursuant to the terms of the Mortgage Sale Agreement (see "*Overview of the Principal Documents – Establishment Deed – Method of Sale of Selected Mortgage Loan Rights*"). In respect of any sale of Selected Mortgage Loan Rights to third parties, however, the Covered Bond Guarantor will not be permitted to give representations or warranties in respect of those Selected

Mortgage Loan Rights (unless expressly agreed by the Security Trustee or otherwise agreed with the Seller). There is no assurance that the Seller would give any warranties or representations in respect of the Selected Mortgage Loan Rights. Any Representations or Warranties previously given by the Seller in respect of the Mortgage Loans forming part of the Assets of the Trust may not have value for a third party purchaser if the Seller is then insolvent. Accordingly, there is a risk that the realisable value of the Selected Mortgage Loan Rights could be adversely affected by the lack of representations and warranties which in turn could adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

Australian Mortgage Market

The Bank's business includes mortgage lending in Australia with loans secured against residential property. Any deterioration in the quality of the Mortgage Loan Rights forming part of the Assets of the Trust could have an adverse effect on the Covered Bond Guarantor's ability to make payment under the Covered Bond Guarantee. There can be no assurance that the housing market will not deteriorate. An increase in household indebtedness, a decline in house prices or an increase in interest rates could have an adverse effect on the Australian mortgage market, which could be exacerbated by different types of mortgages in the market, such as interest-only loans.

The current Australian economic environment may affect the rate at which the Seller originates new Mortgage Loans and may also affect the level of attrition of the Seller's existing Borrowers, which could in turn adversely affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee. There has not been any severe deterioration in the Australian mortgage market as a whole in recent years.

Geographic concentration of the Mortgage Loans

To the extent that specific geographic regions have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions, a concentration of the Mortgage Loans in such a region may be expected to exacerbate any or all of the risks relating to the Mortgage Loans described in this section. The Covered Bond Guarantor can predict neither when nor where such regional economic declines may occur nor to what extent or for how long such conditions may continue but if the timing and payment of the Mortgage Loans forming part of the Assets of the Trust is adversely affected as described above, the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee could be reduced or delayed.

In particular, all of the Land in respect of the Mortgage Loans is located in Australia and a weakening in the Australian economy could adversely affect both the Borrowers in relation to such Mortgage Loans and the Issuer.

There is no guarantee that the geographic concentration risk within Australia will be mitigated by the way the pool of Mortgage Loans is selected for the Trust, as the Mortgage Loans may not be selected from different geographic regions within Australia.

Default by Borrowers in paying amounts due on their Mortgage Loans

Borrowers may default on their obligations due under the Mortgage Loans. Defaults may occur for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal on the Mortgage Loans. These factors include changes in the national, regional or international economic climate such as: volatility in interest rates; lack of liquidity in wholesale funding markets in periods of stressed economic conditions, economic or political crisis; housing market illiquidity and downward price pressure; commencement of recession and employment fluctuations; the availability of financing; consumer perception as to the continuing availability of credit and price competition which may have an adverse impact on delinquency and repossession rates; inflation; yields on alternative investments; and political developments and government policies, including changes in tax laws. Other factors in Borrowers' individual, personal or financial circumstances may also affect the ability of Borrowers to repay the Mortgage Loans. Loss of earnings, illness, separation, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans. These factors may have a more significant effect on a Borrower's ability to repay depending on the Borrower's type of mortgage.

The rate of prepayments on Mortgage Loans may be increased due to Borrowers refinancing their Mortgage Loans and sales of any property charged by a Mortgage (either voluntarily by Borrowers or as a result of enforcement action taken), as well as the receipt of proceeds from other investments, buildings insurance and life assurance policies. The rate of prepayment of Mortgage Loans may also be influenced by the presence or absence of early repayment charges.

In addition, the ability of a Borrower to sell a property charged by a Mortgage which secures a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values and the property market in general at the time of such proposed sale. Downturns in the Australian economy have had, and could continue to have, a negative effect on the housing market.

Further, the mortgage loan market in Australia is highly competitive. This competitive environment may affect the rate at which the Seller originates new Mortgage Loans, the lending spreads and may also affect the repayment rate of existing Mortgage Loans.

Climatic events, geological events, such as volcanic or seismic activity, plant or animal diseases or other extrinsic events, such as flu pandemics, could have a negative effect on a Borrower's ability to pay interest or repay principal on their Mortgage Loan.

If the timing and payment of the Mortgage Loans is adversely affected by any of the risks described above, the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee could be reduced or delayed. In addition, the risks described above could limit the ability of the Bank, as Seller, to originate new Mortgage Loans to sell to the Covered Bond Guarantor in order to satisfy the Asset Coverage Test.

The Current Principal Balance of any Mortgage Loans forming part of the Assets of the Trust that are Defaulted Mortgage Loans will be given a zero value for the purposes of any calculation of the Asset Coverage Test and the Amortisation Test and the Legislated Collateralisation Test.

Enforcement of Mortgage Loans can involve substantial costs and delays and may not permit full recovery by the Servicer

In order to enforce the Mortgage Loans in certain situations, such as Defaulted Mortgage Loans, a court order or other judicial or administrative proceedings may be needed in order to establish the Borrower's obligation to pay and to enable a sale by executive measures. Such proceedings may involve substantial legal costs and delays before the Servicer is able to enforce such Defaulted Mortgage Loan and any related Mortgage Loan Rights. Such proceedings may face a variety of impediments, including, but not limited to: (i) regulatory and judicial policies and procedures designed to protect borrowers' rights, (ii) judicial or administrative proceedings instigated by borrowers, other creditors or other third parties, (iii) changes in applicable law that may affect the enforceability or amount recoverable in respect of Mortgage Loans and (iv) equitable judicial powers that could delay or halt judicial enforcement proceedings. Even if a sale is successfully completed, the value recovered from a Defaulted Mortgage Loan will also depend upon the prevailing market conditions. Pursuant to the Servicing Deed, the Servicer is not required to pursue such enforcement if it has reasonable grounds to believe that the expenses of such litigation may outweigh the proceeds from such litigation.

Seller to initially retain legal title to the Mortgage Loan Rights

The Seller will initially retain legal title to the Mortgage Loan Rights and custody of the mortgage title documents. The Covered Bond Guarantor will initially hold only equitable title to the Mortgage Loan Rights forming part of the Assets of the Trust as the Borrower in respect of the relevant Mortgage Loan will not be notified of the assignment of that Mortgage Loan Rights to the Covered Bond Guarantor. This is different to holding legal title which would require that the Covered Bond Guarantor not only has possession of the mortgage title documents, but also that transfers of Mortgages to the Covered Bond Guarantor be filed with the land title offices in the appropriate Australian jurisdictions and that notice of such assignment be given to the Borrower. The Covered Bond Guarantor will take certain steps to protect its interest in, and title to, the Mortgage Loan Rights forming part of the Assets of the Trust if and only in the limited circumstances described in "*Overview of the Principal Documents – Mortgage Sale Agreement – Transfer of Title to the Mortgage Loan Rights to the Covered Bond Guarantor*" and until such right arises the Covered Bond Guarantor will not give notice of the sale of the Mortgage Loan Rights to any Borrower or register or record its interest in the Mortgages at any land title offices or take any other steps to perfect its title to the Mortgages.

At any time during which the Covered Bond Guarantor does not hold legal title to the Mortgage Loan Rights or has not provided notification to the relevant Borrower, the following risks exist:

(a) first, if the Seller wrongly sells Mortgage Loan Rights, which have already been sold to the Covered Bond Guarantor, to another person, that person would acquire an interest in such Mortgage Loan Rights either:

(i) free of any interest of the Covered Bond Guarantor if that acquisition was made for value and any security interest held by the Covered Bond Guarantor in relation to the Mortgage Loan Rights was not perfected for the purposes of the PPSA at the time of the acquisition; or

(ii) ranking in priority to the Covered Bond Guarantor's interest if that person acquires a perfected security interest in the Mortgage Loan Rights where the Covered Bond Guarantor's interest was not perfected for the purposes of PPSA at the time that person's security interest was perfected.

However, the risk of third party claims obtaining priority to the interests of the Covered Bond Guarantor would be likely to be limited to circumstances arising from a breach by the Seller of its contractual obligations or fraud, negligence or mistake on the part of the Seller or the Covered Bond Guarantor or their respective personnel or agents. Additionally, for the purpose of protecting the Covered Bond Guarantor's interests and security interests in the Mortgage Loan Rights, the Trust Manager has agreed to do all things reasonably necessary to permit any security interest held by the Covered Bond Guarantor in relation to the Mortgage Loan Rights to be perfected by registration on the PPSA register. However, if such registration is not completed or is completed incorrectly, the Covered Bond Guarantor's security interest in relation to a Mortgage Loan Right may not be perfected and a third party may be able to take an interest in that Mortgage Loan Right free of any interest held by the Covered Bond Guarantor or take a security interest which ranks in priority to any security interest of the Covered Bond Guarantor;

(b) secondly, until notice of the transfer to the Covered Bond Guarantor has been provided to the relevant Borrowers, the rights of the Covered Bond Guarantor may be subject to the rights of the Borrowers against the Seller, as applicable, such as rights of set-off, which occur in relation to transactions made between Borrowers and the Seller, and the rights of Borrowers to redeem their Mortgages by repaying the Mortgage Loans directly to the Seller. In addition, section 80(7) of the PPSA provides that an obligor in relation to a receivable will be entitled to make payments to, and obtain a good discharge from, the seller of a receivable rather than directly to, and from, the purchaser of the receivable until such time as the obligor receives a notice of the assignment of the relevant receivable that complies with the requirements of section 80(7)(a) of the PPSA (including a statement that payment is to be made to the purchaser of the receivable). If, however, an obligor receives a notice that complies with the requirements of section 80(7)(a) of the PPSA from any person other than the seller of the receivable, the obligor requests the purchaser of the receivable to provide proof of the assignment and the purchaser of the receivable fails to provide that proof within 5 business days of the request, the obligor may continue to make payments to the seller. Accordingly, after a Perfection of Title Event has occurred and legal title to the Mortgage Loan Rights has been transferred to the Covered Bond Guarantor, a Borrower in relation to any Mortgage Loan may in certain circumstances nevertheless make payments to the Seller and obtain a good discharge from the Seller notwithstanding the legal assignment of the relevant Mortgage Loan Rights to the Covered Bond Guarantor, if the Covered Bond Guarantor fails to comply with these notice requirements. However, this risk is mitigated by the fact that the Seller has provided the Covered Bond Guarantor with powers of attorney to permit it to give notice of such an assignment of the Mortgage Loan Rights to the relevant Borrower in the name of the Seller; and

(c) thirdly, unless the Covered Bond Guarantor has perfected its title to the Mortgage Loan Rights (which it is only entitled to do in certain limited circumstances), the Covered Bond Guarantor would not be able to enforce any Borrower's obligations under a Mortgage Loan Rights itself but would have to join the Seller as a party to any legal proceedings.

If the risks described in paragraphs (a), (b) or (c) above were to occur, then the realisable value of the Mortgage Loan Rights forming part of the Assets of the Trust or any part thereof and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee may be affected.

Set-off

The Mortgage Loans can only be sold free of set-off to the Covered Bond Guarantor to the extent permitted by law. The consequence of this is that if a Borrower in connection with the Mortgage Loan has funds standing to the credit of an account with the Bank or amounts are otherwise payable to such a person by the Bank, that person may have a right on the enforcement of the Mortgage Loan or on the insolvency of the Bank to set-off the Bank's liability to that person in reduction of the amount owing by that person in connection with the Mortgage Loan. If the Bank becomes insolvent, it can be expected that Borrowers will exercise their set-off rights to a significant degree.

Value of the Mortgage Loan Rights forming part of the Assets of the Trust

The guarantee granted by the Covered Bond Guarantor in respect of the Covered Bonds, will, inter alia, be backed by the Covered Bond Guarantor's interest in the Mortgage Loan Rights forming part of the Assets of the Trust. Since the economic value of the Mortgage Loan Rights forming part of the Assets of the Trust may increase or decrease, the value of the Covered Bond Guarantor's assets may decrease (for example if there is a general decline in property values). Neither the Issuer nor the Covered Bond Guarantor makes any representation, warranty or guarantee that the value of Land secured by a Mortgage will remain at the same level as it was on the date of the origination of the related Mortgage Loan or at any other time. The value of the Mortgage Loan Rights forming part of the Assets of the Trust may have been significantly reduced by the overall decline in property values experienced by the residential property market in Australia and may also be further reduced by any additional decline in the value of properties related to the Mortgage Loan Rights forming part of the Assets of the Trust. This, ultimately, may result in losses to the Covered Bondholders if such security is required to be enforced.

The Servicing Guidelines

Each of the Mortgage Loans forming part of the Assets of the Trust originated by the Seller will have been originated in accordance with the Seller's policies and guidelines applicable at the time of origination. The Seller's policies and guidelines consider a variety of factors such as a potential Borrower's credit history, employment history and status and repayment ability, as well as the value of the Land to be mortgaged. In the event of the sale of any new Mortgage Loan Rights to the Covered Bond Guarantor, representations and warranties will at such time be given by the Seller to the Covered Bond Guarantor that the Mortgage Loans relating to such new Mortgage Loan Rights were originated in the ordinary course of the Seller's business and since that time the Seller has dealt with those Mortgage Loans in accordance with the Servicing Guidelines and the Servicing Standards. The Seller retains the right to amend or revise its Servicing Guidelines as determined from time to time.

If any new Mortgage Loan Rights which have been originated under revised Servicing Guidelines are then sold to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement, the characteristics of the Mortgage Loan Rights forming part of the Assets of the Trust could at such time change. This could lead to a delay or reduction in the payments received by the Covered Bondholders under the Covered Bond Guarantee.

Limited recourse to the Seller in respect of a breach of Representations and Warranties

The Covered Bond Guarantor, the Bond Trustee and the Security Trustee will not undertake any investigations, searches or other actions on any Mortgage Loan Rights and will rely instead on the Representations and Warranties given in the Mortgage Sale Agreement by the Seller in respect of the Mortgage Loan Rights sold by the Seller to the Covered Bond Guarantor.

In the event of a material breach of any of the Representations and Warranties made by the Seller or if any of the Representations and Warranties proves to be materially incorrect, in each case in respect of any Mortgage Loan Rights forming part of the Assets of the Trust as at the date on which such representation and warranty is given (having regard to, among other things, whether a loss is likely to be incurred in respect of the Mortgage Loan to which the breach relates after taking into account the likelihood of recoverability or otherwise of any sums under any applicable Insurance Policies), then following notice being given by the Trust Manager or the Seller to the Covered Bond Guarantor or the Covered Bond Guarantor giving notice to the Seller, if the breach is not remedied to the Covered Bond Guarantor's satisfaction within five Local Business Days of the Seller or the Trust Manager giving or receiving the notice, the Seller will be required to pay the Covered Bond Guarantor an amount equal to the sum of the Current Principal Balance of the relevant Mortgage Loan and arrears of interest

and accrued interest, following which the Covered Bond Guarantor will treat the Mortgage Loan as having been paid in full and will hold the relevant Mortgage Loan Rights as trustee of the CBA Trust.

There can be no assurance that the Seller, in the future, will have the financial resources to repurchase Mortgage Loan Rights from the Covered Bond Guarantor. However, if the Seller does not repurchase those Mortgage Loan Rights which are in material breach of the Representations and Warranties as at the date which these are given then the LVR Adjusted Mortgage Loan Balance Amount or the Asset Percentage Adjusted Mortgage Loan Balance Amount of those Mortgage Loans (as applicable) will be deducted from the calculation of the Adjusted Aggregate Mortgage Loan Amount in the calculation of the Asset Coverage Test (except for any Defaulted Mortgage Loans, which for the purposes of calculating the LVR Adjusted Mortgage Loan Balance Amount and the Asset Percentage Adjusted Mortgage Loan Balance Amount, as the case may be, are given a zero value). There is no further recourse to the Seller in respect of a material breach of a Representation or Warranty.

LEGAL AND OTHER CONSIDERATIONS

Changes to the current law and/or regulations

No assurance can be given that additional regulations, laws or guidance from regulatory authorities in Australia will not arise with regard to the mortgage market in Australia generally, the Seller's particular sector in that market, specifically in relation to the Seller or in relation to the issuance of covered bonds by deposit-taking institutions regulated under the Australian Banking Act. Any such action or developments or compliance costs may have a material adverse effect on the Mortgage Loan Rights, the Seller, the Covered Bond Guarantor, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the ability of the Covered Bond Guarantor to dispose of any Mortgage Loan Rights forming part of the Assets of the Trust in a timely manner and/or the realisable value of the Mortgage Loan Rights forming part of the Assets of the Trust or any part thereof and accordingly affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee when due.

Investments in Covered Bonds are not deposit liabilities or protected accounts under the Australian Banking Act

Investments in Covered Bonds are an investment in the Bank and may be affected by the on-going performance, financial position and solvency of the Bank. Covered Bonds are not protected accounts or deposit liabilities under the Australian Banking Act. Therefore, Covered Bonds are not guaranteed or insured by any Australian government, government agency or compensation scheme of Australia or any other jurisdiction.

Insolvency laws

In the event that the Bank becomes insolvent, insolvency proceedings in respect of the Bank will be governed by Australian law. Potential investors should be aware that Australian insolvency laws are different from the insolvency laws in other jurisdictions. In particular, the voluntary administration procedure under the Australian Corporations Act, which provides for the potential re-organisation of an insolvent company, differs significantly from similar provisions under the insolvency laws of other jurisdictions. Basel Capital Accord

As a result of the issues which led to the global financial crisis in 2008, the Basel Committee on Banking Supervision (**BCBS**) has implemented a set of capital, liquidity and funding reforms known as **Basel III**. The objectives of the capital reforms are to increase the quality, consistency and transparency of capital, to enhance the risk coverage framework, and to reduce systemic and pro-cyclical risk. The major reforms are being implemented on a phased approach to 1 January 2019.

The Basel III capital reforms were implemented in Australia on 1 January 2013. APRA has adopted a more conservative approach than the minimum standards published by the BCBS and also adopted an accelerated timetable for implementation.

The APRA prudential standards require a minimum CET1 ratio of 4.5% effective from 1 January 2013. An additional CET1 capital conservation buffer of 3.5%, inclusive of a Domestic Systemically Important Bank requirement of 1%, was implemented on 1 January 2016, bringing the CET1 requirement for the Group to 8%. In July 2017, APRA announced that the four major Australian banks, including the Bank, will need to have a

CET1 ratio of at least 10.5% by 1 January 2020, though APRA did note that the affected banks should consider whether they can achieve the new benchmark more quickly.

Restrictions on Transfer

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States or to or for the benefit of U.S. persons unless such securities are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

No sale, assignment, participation, pledge or transfer of a Covered Bond or any interest therein may be made unless made in compliance with the transfer and selling restrictions set forth under "*Subscription and Sale and Selling Restrictions*" below.

As Covered Bonds (other than N Covered Bonds) will be held by the clearing systems, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

Covered Bonds issued under the Programme may be represented by one or more Global Covered Bonds. Such Global Covered Bonds will be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg and/or an Alternative Clearing System. Apart from the circumstances described in the relevant Global Covered Bond, investors will not be entitled to Covered Bonds in definitive form.

Euroclear and/or Clearstream, Luxembourg and/or any relevant Alternative Clearing System will maintain records of the beneficial interests in the Global Covered Bonds. While the Covered Bonds are represented by one or more Global Covered Bonds, investors will be able to trade their beneficial interests only through, in the case of Global Covered Bonds, Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System.

While the Covered Bonds are represented by one or more Global Covered Bonds, the Issuer will discharge its payment obligations under the Covered Bonds by making payments to the common depositary for Euroclear and/or Clearstream, Luxembourg and/or any Alternative Clearing System for distribution to their relevant account holders. A holder of a beneficial interest in a Global Covered Bond must rely on the procedures of Euroclear and/or Clearstream, Luxembourg and/or any relevant Alternative Clearing System to receive payments under the relevant Covered Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Covered Bonds.

Holders of beneficial interests in Global Covered Bonds will not have a direct right to vote in respect of the relevant Covered Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream, Luxembourg and/or any relevant Alternative Clearing System to appoint appropriate proxies.

Withholding Tax Obligations

There may be occasions in which an amount of, or in respect of, tax is required to be withheld from a payment in respect of any Covered Bond and in respect of which neither the Issuer, the Covered Bond Guarantor, any Paying Agent nor any other person would be obliged to pay additional amounts with respect to such Covered Bond as set out in Condition 7 of the of the Programme Conditions and Condition 6 of the N Covered Bond Conditions (as applicable) (see the section "*Terms and Conditions of the Covered Bonds*" in this Prospectus).

Differences in timings of obligations of the Covered Bond Guarantor and the Covered Bond Swap Provider under the Covered Bond Swaps

The Covered Bond Guarantor will, following service of a Notice to Pay on the Covered Bond Guarantor, pay or provide for payment of an amount to each corresponding Covered Bond Swap Provider on a monthly basis. The Covered Bond Swap Provider may not be obliged to make corresponding swap payments to the Covered Bond Guarantor under a Covered Bond Swap until amounts are Due for Payment under the Covered Bond Guarantee. If a Covered Bond Swap Provider does not meet its payment obligations to the Covered Bond Guarantor under the relevant Covered Bond Swap Agreement or such Covered Bond Swap Provider does not make a termination payment that has become due from it to the Covered Bond Guarantor under the relevant Covered Bond Swap Agreement, the Covered Bond Guarantor may have a larger shortfall in funds with which to make payments

under the Covered Bond Guarantee with respect to the Covered Bonds than if the Covered Bond Swap Provider's payment obligations coincided with the Covered Bond Guarantor's payment obligations under the relevant Covered Bond Swap. Hence, the difference in timing between the obligations of the Covered Bond Guarantor and the obligations of the Covered Bond Swap Providers under the Covered Bond Swaps may affect the Covered Bond Guarantor's ability to make payments, following service of a Notice to Pay on the Covered Bond Guarantor, under the Covered Bond Guarantee with respect to the Covered Bonds. A Covered Bond Swap Provider may be required, following a downgrade of its credit ratings below the credit ratings specified in the relevant Covered Bond Swap Agreement pursuant to the terms of that Covered Bond Swap Agreement, to post collateral with the Covered Bond Guarantor.

Covered Bonds where denominations involve integral multiples: definitive Covered Bonds

In relation to any issue of Covered Bonds that have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Covered Bonds may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a Covered Bondholder who, as a result of trading such amounts, holds a principal amount which (after deducting integral multiples of such minimum Specified Denomination) is less than the minimum Specified Denomination in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Covered Bonds at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a Definitive Covered Bond in respect of such holding (should Definitive Covered Bonds be printed) and would need to purchase an additional principal amount of Covered Bonds at or in excess of the minimum Specified Denomination such that it is holding amounts to the minimum Specified Denomination.

If such Definitive Covered Bonds are issued, Covered Bondholders should be aware that Definitive Covered Bonds that have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Currency exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds and the Covered Bond Guarantor will make any payments under the Covered Bond Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency or the Specified Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Covered Bonds, (2) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (3) the Investor's Currency-equivalent market value of the Covered Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal in respect of Covered Bonds.

Changes of law and/or regulatory, accounting and/or administrative practices

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on Australian law, regulatory, accounting and administrative practice in effect as at the date of this Prospectus, and having due regard to the expected tax treatment of all relevant entities under Australian tax law and the published practice of the Australian Taxation Office (**ATO**) in force or applied in Australia as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Australian law, regulatory, accounting or administrative practice in Australia or to Australian tax law, or the interpretation or administration thereof, or to the published practice of the ATO as applied in Australia after the date of this Prospectus, nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Covered Bonds when due or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee when due.

Anti-Money Laundering and Counter-Terrorism Financing Act

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 of Australia (**AML/CTF Act**) implemented a number of significant changes to Australia's anti-money laundering and counter-terrorism financing regulation.

An entity must satisfy all of its obligations under the AML/CTF Act, before 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. Compliance with the AML/CTF Act may adversely affect the ability of any party to a Programme Document to make payments when due and this, in turn, may affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee when due.

Sanctions obligations under the AML/CTF Act prohibit the provision of funds to prescribed persons. Compliance with these regulations may also affect the ability of any party to a Programme Document (including the Issuer and the Covered Bond Guarantor) to make payments when due.

Personal Property Securities regime

A personal property securities regime commenced operation throughout Australia pursuant to the PPSA. 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 the PPSA Start Date, with a two year transitional period beginning on the PPSA Start Date. The PPSA has a retrospective effect on security interests and security agreements arising before that time by operation of the transitional provisions. This issue is relevant to the Programme because it has transitioned through the PPSA Start Date. A person who holds a security interest under the PPSA may need to take additional steps under the PPSA to maintain the effectiveness or priority of its security interest. A failure to take any such additional step may adversely affect the value of the Assets of the Trust and, accordingly, the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee when due.

Security interests for the purposes of the PPSA include traditional securities such as charges and mortgages. However, they also include transactions that in substance, secure payment or performance of an obligation but may not currently be legally classified as securities. 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 certain property.

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 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.

The transitional provisions provided that security interests registered on certain existing registers be migrated to the PPSA register (for example, charges registered on ASIC's register of company charges). These type of security interests are referred to as "transitional security interests". If the details held by the relevant existing public register in relation to a transitional security interest are incorrect or insufficient or if, as a result of human

or systemic error those details were not properly migrated to the PPSA register, or there is not a separate registration within the 2 year period, there is a risk that other persons with competing interests in the personal property may take free of that security interest because it will not have been perfected. However, transitional relief for a period of 60 months commencing from 30 January 2012 will apply to mitigate any such risk in relation to an error in respect of details on the PPSA register arising solely as a result of human or systemic error in the migration process. In addition, if the security interest is unperfected, the holder of the security interest or the owner of the personal property may not be able to enforce that security interest or claim title to the personal property (as the case may be) if the lessee or other security provider becomes insolvent. Security interests which were not migrated, or which were not registered on any existing registers as at the PPSA Start Date, will need to be registered on the PPSA register (or otherwise perfected) before the end of the two year transitional period to preserve priority. This means that transactions which were not regarded as security interests under the law prior to the commencement of the PPSA but are security interests under the PPSA, either because they are "in substance" security interests or deemed security interests, need to be registered. The Programme Documents contain such security interests.

For example, the assignment of the Mortgage Loans is a deemed security interest and the Covered Bond Guarantor will need to register the assignment on or after the PPSA Start Date to preserve its existing rights with respect to assignments occurring before the PPSA Start Date and to secure its rights to any assignments occurring after the PPSA Start Date. The Trust Manager has arranged for any security interests arising under the Programme Documents (or a transaction in connection with them other than the Mortgage Loans or the Mortgages themselves) to be perfected under the PPSA.

There is uncertainty on aspects of the implementation of the PPSA regime because:

(a) while the PPSA Start Date has occurred, it is possible that further amendments could be made to the PPSA and other legislation. In addition, amendments may be made to regulations which deal with important aspects of the PPSA's operation; and

(b) the PPSA 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.

Implementation of the PPSA may adversely affect the value of the Assets of the Trust and, accordingly, the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee when due.

The PPSA was recently the subject of statutory review. The terms of reference for the review were generally aimed at simplification and clarification of certain aspects of the PPSA. The final report prepared pursuant to this review was released publicly in March 2015. At this stage, there is uncertainty as to whether any or all of the recommendations made by the review will ultimately be adopted and result in changes to the PPSA and, if ultimately adopted, the timing and impact of such changes.

Consumer Credit Legislation

Consumer Credit Legislation

Some of the Mortgage Loans and related Mortgages and guarantees are regulated by the National Consumer Credit Protection Laws. Obligations under the National Consumer Credit Protection Laws also apply (with some limited exceptions) to loans that were regulated under the Consumer Credit Code before the commencement of the NCCP in July 2010.

The National Consumer Credit Protection Laws require 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 National Consumer Credit Protection Laws impose 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 National Consumer Credit Protection Laws.

Failure to comply with the National Consumer Credit Protection Laws may mean that court action is brought by the borrower, guarantor, mortgagor or by ASIC to:

(a) in the case of a debtor, vary the terms of a Mortgage Loan on the grounds of hardship;

(b) 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;

(c) 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;

(d) have certain provisions of the Mortgage Loan or a related Mortgage or guarantee which are in breach of the legislation declared void or unenforceable;

(e) obtain restitution or compensation from the credit provider in relation to any breaches of the National Consumer Credit Protection Laws in relation to the Mortgage Loan or a related Mortgage or guarantee;

(f) seek various remedies for other breaches of the National Consumer Credit Protection Laws;

(g) 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 National Consumer Credit Protection Laws;

(h) 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 National Consumer Credit Protection Laws; or

(i) 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.

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 National Consumer Credit Protection Laws, 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 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 Covered Bonds by the Covered Bond Guarantor, following the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice or the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice).

Breaches of the National Consumer Credit Protection Laws may also lead to civil penalties or criminal fines being imposed on the Bank, for so long as it holds legal title to the Mortgage Loans and the related Mortgages. If the Covered Bond Guarantor acquires legal title, it will then become primarily responsible for compliance with the National Consumer Credit Protection Laws.

The Covered Bond Guarantor will be indemnified out of the Assets of the Trust for liabilities it incurs under the National Consumer Credit Protection Laws. Where the Covered Bond Guarantor is held liable for breaches of

the National Consumer Credit Protection Laws, the Covered Bond Guarantor must seek relief initially under any indemnities provided to it by the Servicer before exercising its rights to recover against any Assets of the 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 National Consumer Credit Protection Laws in carrying out its obligations under the Programme Documents. In certain circumstances the Covered Bond Guarantor may have the right to claim damages from the Bank (as Seller or Servicer), as the case may be, where the Covered Bond Guarantor suffers loss in connection with a breach of the National Consumer Credit Protection Laws which is caused by a breach of a relevant representation or undertaking.

Federal Consumer Credit Regime

In 2009, the NCCP and certain related legislation were enacted. The NCCP and related legislation was part of a package of reforms directed towards the introduction of a new national consumer credit law to replace state-based regimes.

The NCCP has significant consequences for a wide range of participants in the credit industry, including credit providers, finance brokers and other intermediaries. Amongst other things, the NCCP:

(a) introduces a national licensing regime, which requires credit providers and certain other intermediaries, firstly, to register and then once registered apply to ASIC for an Australian Credit Licence (all persons engaging in credit activities will need to be licensed from 1 July 2011 at the latest);

(b) imposes responsible lending requirements on holders of Australian Credit Licences and others designed to protect consumers from being offered loans that are unsuitable for them;

(c) imposes new disclosure obligations on holders of Australian Credit Licences and others;

(d) gives ASIC broad powers to enforce the new legislation (including the National Credit Code, which essentially replaces the Consumer Credit Code);

(e) provides consumers with improved access to remedies; and

(f) imposes civil and criminal penalties for certain breaches of the legislation.

Unfair Terms

The terms of a Mortgage Loan or a related mortgage or guarantee may be subject to review for being "unfair" under Part 2 of the Australian Competition and Consumer Act 2010 (Cth) and the Australian Securities and Investments Commission Act 2001 (Cth) (**ASIC Act**) and/or Part 2B of the Fair Trading Act 1999 (Vic) (the **Fair Trading Act**), depending on when the relevant credit contract was entered into.

From 1 January 2011 the unfair contract terms provisions in the ASIC Act have been aligned to the equivalent provisions in the the Australian Consumer Law (the **ACL)** contained at Schedule 2 of the Australian Competition and Consumer Act 2010 (Cth), a single, Australian national consumer law which replaces provisions in 17 Australian national, State and Territory consumer laws. The unfair contract terms regime under the ASIC Act commenced on 1 July 2010, while the application of the unfair contract terms regime to credit contracts under the Fair Trading Act commenced in June 2009.

The regime under the ASIC Act and/or the Fair Trading Act may apply to a Mortgage Loan or a related mortgage or guarantee depending on when it was entered into; however, given that the unfair contract terms provisions in the Fair Trading Act have now been repealed in favour of the ACL, a Mortgage Loan or a related mortgage or guarantee entered into after 1 January 2011 will only be subject to the ASIC Act. Mortgage Loans or a related mortgage or guarantee entered into become subject to the ASIC Act 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). The Treasury Legislation Amendment (Small Business and Unfair Contract Terms) Act 2015 (Cth) has the effect of extending the national regime to small business contracts. This came into effect on 12 November 2016. The Mortgage Loans that will be affected are those where: at least one party is a business that employs less than 20 people; the upfront price payable under the contract is: $300,000 or less; or $1,000,000 or less, if the contract is for more than 12 months.

Under the ASIC Act and/or the Fair Trading Act, as applicable, unfair terms in standard form consumer contracts will be void. However, a contract will continue to bind the parties to the contract to the extent that the contract is capable of operating without the unfair term. Relevantly, the contracts documenting Mortgage Loans or a related mortgage or guarantee will be considered standard form contracts.

Under the ASIC Act and/or the Fair Trading Act, as applicable, a term of a standard-form consumer contract will be unfair, and therefore void, if it is a proscribed unfair term (in the case of a consumer contract subject to the Fair Trading Act only) or it causes a significant imbalance in the parties' rights and obligations under the contract, is not reasonably necessary to protect the supplier's legitimate interests (in the case of consumer contracts entered into from 1 June 2010 only) and would cause detriment to the consumer if it were relied on. Therefore the effect of this provision will depend on the actual term of the agreement or contract that was declared unfair.

Although the relevant legislation outlines examples of what is considered to be unfair terms in contracts, to date there is limited case law as to how the courts will interpret these provisions.

Any determination by a court or tribunal that a term of a Mortgage Loan or a related mortgage or guarantee is void under the ASIC Act and/or the Fair Trading Act due to it being unfair may adversely affect the timing or amount of any payments thereunder (which might in turn affect the timing or amount of interest or principal payments under the Covered Bonds).

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 Covered Bonds by the Covered Bond Guarantor, following the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice or the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice.

Seller and Servicer obligations

The Seller has made certain representations and warranties that at the time the Seller entered into the Mortgage relating to the Mortgage Loan each Mortgage, Loan Agreement and Collateral Security complied in all material respects with applicable laws (including applicable Consumer Credit Code laws and the National Consumer Credit Protection Laws, as applicable) and, as at the Cut-Off Date, the Seller is not aware of any failure by it to comply with the National Consumer Credit Protection Laws (if applicable) in relation to the Mortgage Loan.

The Servicer has undertaken to comply with the requirements of any relevant laws in carrying out its obligations under the Programme Documents, including the Consumer Credit Code and the National Consumer Credit Protection Laws.

CRA Regulations

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency (and certain other conditions are satisfied), or the relevant third country is the subject of an equivalence decision by the European Commission and the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and certain other conditions are satisfied) and such endorsement action or certification, as the case may be, has not been withdrawn or suspended. The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the applicable credit rating agencies and ratings may be disclosed in the applicable Final Terms or applicable Pricing Supplement.

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Covered Bonds. The ratings may not reflect the potential impact of all risks related to structure, market and other factors that

may affect the value of the Covered Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

Volcker Rule

The Bank is subject to certain provisions of the Volcker Rule, which prohibits banks and their affiliates from engaging in certain "proprietary trading" and limits the sponsorship of, and investment in, "covered funds" (which include private equity funds and hedge funds) subject to certain important exceptions and exemptions. The Volcker Rule became effective on 21 July 2012, and final regulations implementing the Volcker Rule were adopted on 10 December 2013 and became effective on 1 April 2014. Conformance with the Volcker Rule and its implementing regulations has been generally required since 21 July 2015.

Under the Volcker Rule, unless jointly determined otherwise by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The Covered Bond Guarantor is not a "covered fund" for purposes of the Volcker Rule, and will be relying on an exclusion or exemption from the definition of "investment company" under the Investment Company Act contained in Section 3(c)(5)(C) of the Investment Company Act, although there may be additional exclusions or exemptions available to the Covered Bond Guarantor.

It is possible that U.S. regulators could determine, as they are permitted to do under the final rules, that vehicles such as the Covered Bond Guarantor should not be excepted or exempt under the Volcker Rule. In that event, certain of the activities of the Covered Bond Guarantor may need to be modified to comply with the Volcker Rule.

The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Covered Bonds, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

Ipso Facto Moratorium

On 28 March 2017, the Australian Government released draft legislation proposing reforms to Australian insolvency laws, including the introduction of an "*ipso facto*" moratorium. On 18 September 2017, the draft legislation received royal assent. The legislation proposes that a right under a contract (such as a right to terminate or to accelerate payments) will not be enforceable, for a certain period of time, if the reason for enforcement is the occurrence of certain insolvency events or the company's financial position. Such stay on enforcing rights is expressed to be subject to specific exclusions including a right contained in a kind of contract, agreement or arrangement prescribed by regulations.

The federal government has released an explanatory document which notes that the government proposes to make regulations setting out the types of contracts and contractual rights which will be excluded from the general stay on the operation of *ipso facto* clauses. The government has sought feedback on the appropriateness of the proposed exclusions, which are expressed to include Covered Bonds.

However, until the regulations have been released, the scope of the proposed "*ipso facto*" moratorium, the exclusions and the effect on any Covered Bonds issued after the commencement date remains uncertain.

APRA's crisis management powers

On 19 October 2017, the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Bill 2017 (**Crisis Management Bill**) was introduced into the Commonwealth Parliament. If passed into law by the Commonwealth Parliament, the Crisis Management Bill would amend the Banking Act (among other statutes applicable to financial institutions in Australia) and is intended to enhance APRA's powers. Specifically, the Crisis Management Bill would enhance APRA's powers to facilitate the orderly resolution of the entities it regulates (and their subsidiaries) in times of distress. Additional powers which are proposed to be given to APRA under the Crisis Management Bill which could impact the Bank and potentially the position of Covered Bondholders, include greater oversight, management and directions powers in relation to the Group entities which are currently not regulated by APRA, increased statutory management powers over regulated entities within the Group and changes which are designed to give statutory recognition to the conversion or

write-off of regulatory capital instruments. At this stage, the impact of the Crisis Management Bill, if passed, is uncertain.

FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in either bearer form, with or without interest coupons and/or talons attached, or registered form, without interest coupons and/or talons attached. Bearer Covered Bonds and Registered Covered Bonds issued under this Prospectus will be issued outside the United States in reliance on the exemption from registration provided by Regulation S. Registered Covered Bonds (other than N Covered Bonds) may also be offered and sold in reliance on Rule 144A to "qualified institutional buyers" (as defined in Rule 144A) under a separate offering memorandum. A$ Registered Covered Bonds may also be offered and sold under a separate information memorandum.

Bearer Covered Bonds

The Issuer announces that (a) each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond without interest coupons attached (a **Temporary Bearer Global Covered Bond**) which will be issued to and lodged on or prior to the issue date of the relevant Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg and (b) in connection with the issue, Euroclear and Clearstream, Luxembourg will confer rights in relation to such Bearer Covered Bonds and will record the existence of those rights; and (c) as a result of the issue of such Bearer Covered Bonds in this manner, these rights will be able to be created.

Whilst any Bearer Covered Bond is represented by a Temporary Global Covered Bond, payments of principal, interest (if any) and any other amount payable in respect of the Bearer Covered Bonds due prior to the Exchange Date (as defined below) will be made (against presentation at the specified office of the Principal Paying Agent of the Temporary Global Covered Bond if the Temporary Global Covered Bond) only to the extent that certification (in a form to be provided by Euroclear and/or Clearstream, Luxembourg) to the effect that the beneficial owners of interests in such Bearer Covered Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Covered Bond is issued, interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a permanent global covered bond without interest coupons attached (a **Permanent Bearer Global Covered Bond** and, together with the Temporary Global Covered Bonds, the **Bearer Global Covered Bonds** and each a **Bearer Global Covered Bond**) of the same Series or (b) for Bearer Definitive Covered Bonds of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms, or in the case of Exempt Covered Bonds, the applicable Pricing Supplement, and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in the applicable Final Terms, or in the case of Exempt Covered Bonds, the applicable Pricing Supplement), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given. Generally U.S. persons will not be able to receive Bearer Definitive Covered Bonds or interests in the Permanent Bearer Global Covered Bond. The holder of a Temporary Bearer Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Covered Bond for an interest in a Permanent Bearer Global Covered Bond or for Bearer Definitive Covered Bonds is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Covered Bond will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender at the specified office of the Principal Paying Agent (as the case may be) of the Permanent Bearer Global Covered Bond without any requirement for certification.

The applicable Final Terms, or in the case of Exempt Covered Bonds, the applicable Pricing Supplement, will specify that a Bearer Definitive Covered Bonds or a Permanent Bearer Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Bearer Definitive Covered Bonds with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so

and no successor clearing system is available. The Issuer will promptly give notice to Covered Bondholders of each Series of Bearer Global Covered Bonds in accordance with Condition 12 of the Programme Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Bond Trustee may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

Bearer Global Covered Bonds, Bearer Definitive Covered Bonds and any Coupons or Talons attached thereto will be issued pursuant to the Principal Agency Agreement.

The following legend will appear on all Permanent Bearer Global Covered Bonds and Bearer Definitive Covered Bonds where TEFRA D is specified in the applicable Final Terms, or in the case of Exempt Covered Bonds, the applicable Pricing Supplement, and on all interest coupons relating to such Permanent Bearer Global Covered Bonds and Bearer Definitive Covered Bonds:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The exchange of a Permanent Bearer Global Covered Bond for Bearer Definitive Covered Bonds upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms, or in the case of Exempt Covered Bonds, the applicable Pricing Supplement, if the Bearer Covered Bonds are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Covered Bonds which is to be represented on issue by a Temporary Bearer Global Covered Bond exchangeable for definitive Bearer Covered Bonds.

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds or interest coupons and will not be entitled to capital gains treatment of any gain on any sale or other disposition in respect of such Bearer Covered Bonds or interest coupons.

Covered Bonds which are represented by a Bearer Global Covered Bond will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Covered Bonds (other than N Covered Bonds)

The Registered Covered Bonds of each Tranche offered and sold in reliance on Regulation S (other than N Covered Bonds) will initially be represented by a global covered bond in registered form (a **Regulation S Global Covered Bond**). Prior to expiry of the Distribution Compliance Period applicable to each Tranche of Covered Bonds, beneficial interests in a Regulation S Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 of the Programme Conditions and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Covered Bond will bear a legend regarding such restrictions on transfer (see "*Subscription and Sale and Selling Restrictions*").

Regulation S Covered Bonds will be deposited with the Common Depositary for, and registered in the name of a nominee for the common depositary of, Euroclear and Clearstream, Luxembourg, as specified in the applicable Final Terms, or in the case of Exempt Covered Bonds, the applicable Pricing Supplement,. Prior to the end of the distribution compliance period (as defined in Regulation S) applicable to the Covered Bonds represented by such Regulation S Global Covered Bond, interests in such Regulation S Global Covered Bond may only be held through the accounts of Euroclear and Clearstream, Luxembourg. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system. Persons holding beneficial interests in Regulation S Global Covered Bonds will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Covered Bonds in fully registered form.

Payments of principal, interest and any other amount in respect of the Regulation S Global Covered Bonds will, in the absence of provision to the contrary, be made to the person shown on the Register on the Record Date (as

defined in Condition 6.2 of the Programme Conditions) as the registered holder of the Regulation S Global Covered Bonds. None of the Issuer, the Covered Bond Guarantor, the Bond Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Regulation S Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Covered Bonds in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.2 of the Programme Conditions) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Regulation S Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Definitive Regulation S Covered Bonds without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that in the case of a Regulation S Global Covered Bond registered in the name of a nominee of the Common Depositary, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Covered Bondholders of each Series of Regulation S Global Covered Bonds in accordance with Condition 12 of the Programme Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any registered holder of an interest in such Regulation S Global Covered Bond) or the Bond Trustee may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Registered Covered Bonds - N Covered Bonds

The Issuer may issue registered bonds in the form of N Covered Bonds (*Namensschuldverschreibungen*) (as set out in Schedule 8 of the Bond Trust Deed) governed by German law and evidenced by a certificate made out in the name of the holder of the N Covered Bond, as further specified in the applicable Pricing Supplement for the relevant Series.

Transfer of Interests

Interests in a Regulation S Global Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Regulation S Global Covered Bond with written certification from the transferor in accordance with the provisions of the Principal Agency Agreement. No beneficial owner of an interest in a Regulation S Global Covered Bond will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

Covered Bonds are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see "*Subscription and Sale and Selling Restrictions*".

Additional Information about LIBOR

The FCA, together with the British Bankers Association (**BBA**), have taken steps intended to strengthen the oversight of the process to set LIBOR rates. With effect from 1 July 2013, the publication of individual banks' daily borrowing rate submissions to LIBOR is delayed for three months. The daily publication of the final LIBOR rates has continued and was not affected by this change. The BBA also transferred responsibility for LIBOR to ICE Benchmark Administration Limited, a subsidiary of the InterContinentalExchange Group, Inc. As the LIBOR administrator, ICE Benchmark Administration Limited is responsible for compiling and distributing the LIBOR rate, as well as providing internal governance and oversight. The transfer of the administration from BBA LIBOR Ltd, a subsidiary of BBA, to ICE Benchmark Administration Limited became effective on 1 February 2014.

In July 2017, the chief executive of the FCA announced that it does not intend to continue to encourage, or use its power to compel, panel banks to provide rate submissions for the calculation of the LIBOR benchmark beyond the end of 2021 and that, as a result, there can be no guarantee that LIBOR will be determined after 2021 on the same basis at present, if at all and LIBOR may cease to be determined or the basis of its

determination may change sooner than the end of 2021. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to LIBOR that may be implemented in the United Kingdom or elsewhere.

General

Pursuant to the Principal Agency Agreement, the Principal Paying Agent shall arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds, the Covered Bonds of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CINS number which are different from the common code, ISIN and CINS number assigned to Covered Bonds of any other Tranche of the same Series until at least the Exchange Date applicable to the Covered Bonds of such further Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg will, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or additional or alternative clearing system specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer or the Covered Bond Guarantor unless the Bond Trustee or, as the case may be, the Security Trustee, having become so bound to proceed, fails so to do within a reasonable period and the failure shall be continuing.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under the Programme which are not Exempt Covered Bonds and which have a minimum denomination of €100,000 (or its equivalent in any other currency).

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds, from 1 January 2018, are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][1]

[*Date*]

Commonwealth Bank of Australia

Issue of [Aggregate Nominal Amount of Tranche or Series] [Title of Covered Bonds] irrevocably and unconditionally guaranteed as to payment of principal and interest by Perpetual Corporate Trust Limited as trustee of the CBA Covered Bond Trust (the Trust) under the U.S.$30,000,000,000 CBA Covered Bond Programme

PART A – CONTRACTUAL TERMS

[Terms used herein will be deemed to be defined as such for the purposes of the terms and conditions (the **Conditions**) set forth in the Prospectus dated 22 November 2017 [and the supplement to the Prospectus dated [●]] ([together,] the **Prospectus**) which constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms and the Prospectus. Copies of the Prospectus [and the supplemental Prospectus] are available for viewing during normal business hours at the head office of the Issuer at Ground Floor, Darling Park, Tower 1, 201 Sussex Street, Sydney NSW 2000, Australia and copies may be obtained free of charge to the public from the specified office of the Principal Paying Agent. The Prospectus has been published on the website of the London Stock Exchange in accordance with Article 14 of the Prospectus Directive]/[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the **Conditions**) set forth in the Prospectus dated [●] which are incorporated by reference into the Prospectus dated 22 November 2017. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) and must be read in conjunction with the Prospectus dated 22 November 2017 [and the supplement to the Prospectus dated [●]] ([together,] the **Prospectus**) which constitute[s] a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms and the Prospectus. Copies of the Prospectus [and the supplemental Prospectus] are available for viewing during normal business hours at the head office of the Issuer at Ground Floor, Darling Park, Tower 1, 201 Sussex Street, Sydney NSW 2000, Australia and copies may be obtained free of charge to the public from the specified office of the Principal Paying Agent. The Prospectus has been

[1] Legend to be included on front of the Final Terms (i) for offers concluded on or after 1 January 2018 if the Covered Bonds potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable" in Part B 6(viii) below or (ii) for offers concluded before 1 January 2018 at the option of the parties.

published on the website of the London Stock Exchange in accordance with Article 14 of the Prospectus Directive]

1.	Issuer:		Commonwealth Bank of Australia
2.	Covered Bond Guarantor:		Perpetual Corporate Trust Limited in its capacity as trustee of the CBA Covered Bond Trust
3.	(i)	Series of which Covered Bonds are to be treated as forming part:	[●]
	(ii)	Tranche Number:	[●]
	(iii)	Date on which Covered Bonds will be consolidated and form a single Series:	[The Covered Bonds will be consolidated and form a single Series with [●] on [the Issue Date/the date that is 40 days after the Issue Date]/[exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph [●] below], which is expected to occur on or about [●]]/[Not Applicable]
4.	Specified Currency or Currencies:		[●]
5.	Aggregate Nominal Amount of Covered Bonds:		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
6.	Issue Price of Tranche:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [●]]
7.	(i)	Specified Denominations:	[●]/[€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Covered Bonds in definitive form will be issued with a denomination above €199,000]
	(ii)	Calculation Amount (Applicable to Covered Bonds in definitive form, in relation to calculation of interest on Covered Bonds in global form see Conditions):	[●]
8.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●/Issue Date/Not Applicable]
9.	Final Maturity Date:		[●] [Interest Payment Date falling in or nearest to [●]]
10.	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:		[●] [Interest Payment Date falling in or nearest to [●]]
11.	Interest Basis:		[Fixed Rate] [Floating Rate] (see paragraphs 16 and 17 below)

12.	Redemption/Payment Basis:		[99]/[100]/[101] per cent. of the nominal amount
13.	Change of Interest Basis or Redemption/ Payment Basis:		[Not applicable]/[●]/[In accordance with paragraphs 16 and 17]
14.	Put/Call Options:		[Not applicable] [Investor Put] [Issuer Call] [(see paragraphs 19 and 20)]
15.	(a)	Status of the Covered Bonds:	Senior
	(b)	Status of Covered Bond Guarantee:	Senior

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Covered Bond Provisions		[Applicable/Not Applicable]
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum payable [annually/semi-annually/quarterly/other] in arrears on each Interest Payment Date
	(ii)	Interest Payment Date(s):	[●] in each year up to and including the Final Maturity Date and Extended Due for Payment Date (if applicable)]
	(iii)	Fixed Coupon Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form see Conditions):	[[●] per Calculation Amount/Not Applicable]
	(iv)	Broken Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form see Conditions):	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
	(v)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA)]
	(vi)	Determination Date(s):	[●] in each year /[Not Applicable]
	(vii)	Business Day Convention:	Following Business Day Convention
17.	**Floating Rate Covered Bond Provisions**		[Applicable/Not Applicable]
	(i)	Specified Period(s)/Specified Interest Payment Date(s):	[●] and including the Final Maturity Date and the Extended Due for Payment Date (if applicable)]
	(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(iii)	Additional Business Centre(s):	[●]/[Not Applicable]
	(iv)	Manner in which the Rate of Interest and Interest Amount are to be determined:	[Screen Rate Determination/ISDA Determination]
	(v)	Party responsible for calculating the Rate of Interest and Interest	[●]

	Amount (if not the Principal Paying Agent):		
(vi)	Screen Rate Determination:		
	–	Reference Rate and Relevant Financial Centre:	Reference Rate: [●] month [●] [LIBOR]/[EURIBOR] Relevant Financial Centre: [London]/[New York]/[Sydney]
	–	Interest Determination Date(s):	[●]
	–	Relevant Screen Page:	[●]
(vii)	ISDA Determination:		[Applicable]/[Not Applicable]
	–	Floating Rate Option:	[●]
	–	Designated Maturity:	[●]
	–	Reset Date:	[●]
(viii)	Linear Interpolation:		[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(ix)	Margin(s):		[+/-][●]per cent. per annum
(x)	Minimum Rate of Interest:		[●]per cent. per annum
(xi)	Maximum Rate of Interest:		[●]per cent. per annum
(xii)	Day Count Fraction:		[Actual/Actual (ISDA) or Actual/Actual Actual/365 (Fixed) Actual/360 30/360 *or* 360/360 *or* Bond Basis 30E/360 *or* Eurobond Basis 30E/360 (ISDA)]

PROVISIONS RELATING TO REDEMPTION

18.	Notice periods for Condition 5.2 (*Redemption for Tax Reasons*) or Condition 5.5 (*Redemption due to Illegality*)		Minimum Period: [30] days Maximum Period: [60] days
19.	Issuer Call:		[Applicable/Not Applicable]
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount]
	(iii)	If redeemable in part:	
		Partial redemption (call)	[Applicable/Not Applicable]

	(a)	Minimum Redemption Amount:	[●]
	(b)	Higher Redemption Amount:	[●]
(iv)		Notice period (if other than as set out in the Conditions):	Minimum Period: [5] days Maximum Period: [30] days
20.	Investor Put:		[Applicable/Not Applicable]
(i)		Optional Redemption Date(s):	[●]
(ii)		Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount]
(iii)		Notice period (if other than as set out in the Conditions):	Minimum Period: [30] days Maximum Period: [60] days
21.	Final Redemption Amount:		[[●]per Calculation Amount/see Appendix]
22.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same:		[[●]per Calculation Amount/Early Settlement Amount]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

23.	Form of Covered Bonds:	[Bearer Covered Bonds: [Temporary Bearer Global Covered Bond exchangeable for a Permanent Bearer Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds [only upon an Exchange Event]] [Temporary Bearer Global Covered Bond exchangeable for Bearer Definitive Covered Bonds] [Permanent Bearer Global Covered Bond exchangeable for Bearer Definitive Covered Bonds [only after an Exchange Event]] [Registered Covered Bonds: [Registered Covered Bonds[Restricted/Unrestricted] Global Certificate[s]] - [Euroclear/Clearstream] [Regulation S] Regulation S Global Covered Bond registered in the name of [a common depositary for Euroclear and Clearstream, Luxembourg] [Regulation S Global Covered Bond (U.S.$[●] nominal amount) registered in the name of the common depositary for [Euroclear and Clearstream, Luxembourg]]

24.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/●]
25.	[Talons for future Coupons to be attached to Definitive Covered Bonds (and dates on which such Talons mature):	[Yes, as the Covered Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No.]

[**PURPOSE OF FINAL TERMS**

This Final Terms comprises the Final Terms required for issue [and] [admission to trading on ●] of the Covered Bonds described herein] pursuant to the U.S.$30,000,000,000 CBA Covered Bond Programme of the Commonwealth Bank of Australia.]

RESPONSIBILITY

[The information contained in] [●] has been extracted from [the following source:] [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of **Commonwealth Bank of Australia:**

By: .....

Duly authorised

Signed on behalf of **Perpetual Corporate Trust Limited** in its capacity as trustee of the CBA Covered Bond Trust:

By: ..... By: .....

Duly authorised *Duly authorised*

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

	Application for admission to the Official List and for admission to trading [has been/is expected to be] made to [●]
	[Date from which admission effective [●]]
Estimate of total expenses related to admission to trading:	[●]

2. RATINGS

Ratings:	[The Covered Bonds to be issued have not been rated by any rating agency]
	The Covered Bonds to be issued [have been]/[are expected to be] rated:
	[Fitch Australia Pty Ltd: [●]]
	[Moody's Investors Service Pty Ltd: [●]]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The Dealers and their affiliates have engaged, and may in future engage in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Covered Bond Guarantor and their affiliates.]

4. TOTAL EXPENSES

(i)	Estimated total expenses:	[●]

5. YIELD (Fixed Rate Covered Bonds only)

Indication of yield:	[●]
	The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. OPERATIONAL INFORMATION

(i)	ISIN Code:	[●]
(ii)	CUSIP:	[●]
(iii)	Common Code:	[●]
(iv)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, SA and The Depository Trust Company and Austraclear and the relevant identification number(s):	[Not Applicable/●]
(v)	Name and address of initial Paying	[●]

	Agent in relation to the Covered Bonds	
(vi)	Names and addresses of additional Paying Agent(s) (if any) in relation to the Covered Bonds:	[●]
(vii)	Name and address of Calculation Agent in relation to A$ Registered Covered Bonds if other than the Issuer:	[●]
(viii)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] *(If the offer of the Covered Bonds is concluded prior to 1 January 2018, or on and after that date the Covered Bonds clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Covered Bonds will be concluded on or after 1 January 2018 and the Covered Bonds may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Covered Bonds (which are not N Covered Bonds) issued under the Programme.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF COVERED BONDS DESCRIBED BELOW. THE UK LISTING AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds, from 1 January 2018, are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (**MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][2][*Date*]

Commonwealth Bank of Australia

Issue of [Aggregate Nominal Amount of Tranche or Series] [Title of Covered Bonds] irrevocably and unconditionally guaranteed as to payment of principal and interest by Perpetual Corporate Trust Limited as trustee of the CBA Covered Bond Trust (the Trust) under the U.S.$30,000,000,000 CBA Covered Bond Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (**Conditions**) set forth in the Prospectus dated 22 November 2017 [and the supplemental Prospectus dated [insert date] ([together] the **Prospectus**)]. This document constitutes the Pricing Supplement of a Tranche of [describe type of Covered Bonds] described herein (**Covered Bonds**) and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of the Pricing Supplement and the Prospectus. [The Prospectus [and the supplemental Prospectus] [is] [are] available for viewing at [address] [and] [website] and copies may be obtained from [address].]]

1.	Issuer:		Commonwealth Bank of Australia
2.	Covered Bond Guarantor:		Perpetual Corporate Trust Limited in its capacity as trustee of the CBA Covered Bond Trust
3.	(i)	Series of which Covered Bonds are to be treated as forming part:	[●]
	(ii)	Tranche Number:	[●]
	(iii)	Date on which Covered Bonds will be consolidated and form a single Series:	[The Covered Bonds will be consolidated and form a single Series with [●] on the [Issue Date/the date that is 40 days after the Issue Date]/[exchange of the Temporary Global Covered Bond for interests in the Permanent

[2] Legend to be included on front of the Pricing Supplement (i) for offers concluded on or after 1 January, 2018 if the Covered Bonds potentially constitute "packaged" products and no key information document will be prepared or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable" in Part B 6(ix) below or (ii) for offers concluded before 1 January 2018 at the option of the parties.

			Global Covered Bond, as referred to in paragraph [●] below], which is expected to occur on or about [●]]/[Not Applicable] *(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)*
4.	Specified Currency or Currencies:		[●]
5.	Aggregate Nominal Amount of Covered Bonds:		
	(i)	Series:	[●]
	(ii)	Tranche:	[●]
6.	Issue Price of Tranche:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] *(in the case of fungible issues only, if applicable)*]
7.	(i)	Specified Denominations:	[●]/[€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Covered Bonds in definitive form will be issued with a denomination above €199,000]
		(in the case of Registered Covered Bonds, this means the minimum integral amount in which transfers can be made)	[●] *(N.B. Where Bearer Covered Bonds with multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed: €[100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Covered Bonds in definitive form will be issued with a denomination above [€199,000])* *[In the case of Covered Bonds offered in Australia, the minimum subscription amount in respect of an issue or transfer is A$500,000 (disregarding any amount lent by the offeror, the Issuer or any associated person of the offeror or Issuer) (or, if the Covered Bonds are denominated in a currency other than Australian Dollars, at least the equivalent amount in such currency).]*
	(ii)	Calculation Amount (Applicable to Covered Bonds in definitive form, in relation to calculation of interest on Covered Bonds in global form see Conditions):	[●] *(if only one Specified Denomination, insert the words "Specified Denomination", if more than one Specified Denomination insert the amount of the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations)*
8.	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date:	[●/specify/Issue Date/Not Applicable]

9.	Final Maturity Date:		[*Fixed rate – specify date/Floating rate* – Interest Payment Date falling in or nearest to [*specify month and year*]]
10.	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:		[*Fixed rate – specify date/Floating rate* – Interest Payment Date falling in or nearest to [*specify month and year*]]
11.	Interest Basis:		[Fixed Rate] [Floating Rate] (see paragraphs 17 and 18 below)
12.	Redemption/Payment Basis:		[99]/[100]/[101] per cent. of the nominal amount *(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Covered Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII will apply.)*
13.	Change of Interest Basis or Redemption/ Payment Basis:		[Not applicable]/[●]/[In accordance with paragraphs 17 and 18] *[Specify details of any provision for change of Covered Bonds into another Interest Basis or Redemption/Payment Basis]*
14.	Put/Call Options:		[Not applicable] [Investor Put] [Issuer Call] [(see paragraphs 20 and 21 below)]
15.	(a)	Status of the Covered Bonds:	Senior
	(b)	Status of Covered Bond Guarantee:	Senior
16.	Method of distribution:		[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17.	Fixed Rate Covered Bond Provisions		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate[(s)] of Interest:	[●] per cent. per annum payable [annually/semi-annually/quarterly/other (specify)] in arrear on each Interest Payment Date *(If payable other than annually, consider amending Condition 4)*
	(ii)	Interest Payment Date(s):	[[●] in each year up to and including the Final Maturity Date and Extended Due for Payment Date (if applicable)]/[*specify other*] (*NB: This will need to be amended in the case of long or short coupons*)

	(iii)	Fixed Coupon Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form see Conditions)*:*	[[●] per Calculation Amount/Not Applicable]
	(iv)	Broken Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form see Conditions)*:*	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●]/[Not Applicable]
	(v)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or [specify other]] RBA Bond Basis *specify other*] [(*NB: Actual/Actual (ICMA) is normally appropriate for Fixed Rate Covered Bonds*)]
	(vi)	Determination Date(s):	[●] in each year [Insert interest payment dates except where there are long or short periods. In these cases, insert regular interest payment dates. NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA)]/[Not Applicable]
	(vii)	Business Day Convention:	Following Business Day Convention
18.	**Floating Rate Covered Bond Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub paragraphs of this paragraph)*
	(i)	Specified Period(s)/Specified Interest Payment Date(s):	[●] and including the Final Maturity Date and the Extended Due for Payment Date (if applicable)]/[*specify other*]
	(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
	(iii)	Additional Business Centre(s):	[●]/[Not Applicable]
	(iv)	Manner in which the Rate of Interest and Interest Amount are to be determined:	[Screen Rate Determination/ISDA Determination Bank Bill Rate Determination/*specify other*]]
	(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[●]
	(vi)	Screen Rate Determination:	
		– Reference Rate and Relevant Financial Centre:	Reference Date: [●] month [●] [LIBOR] [EURIBOR] *(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*

		Relevant Financial Centre: [London]/[New York]/[Sydney] (*as defined in clause 10.2 of the Principal Agency Agreement*)
	– Interest Determination Date(s):	[●] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling LIBOR or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR and the first day of each Interest Period if BBSW)*
	– Relevant Screen Page:	[●] *(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
(vii)	ISDA Determination:	[Applicable]/[Not Applicable]
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
(viii)	Bank Bill Rate Determination: Term: *(Applicable to A$ Registered Covered Bonds only)*	[1,2,3,4,5,6, months/*specify other*]
(ix)	Linear Interpolation:	[Not Applicable/Applicable - the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(x)	Margin(s):	[+/-][●]per cent. per annum
(xi)	Minimum Rate of Interest:	[●]per cent. per annum
(xii)	Maximum Rate of Interest:	[●]per cent. per annum
(xiii)	Day Count Fraction:	[Actual/Actual (ISDA) or Actual/Actual Actual/365 (Fixed) Actual/360 30/360 *or* 360/360 *or* Bond Basis 30E/360 *or* Eurobond Basis 30E/360 (ISDA) RBA Bond Basis *Specify Other*] (*See Condition 4.3 for more options*)
(xiv)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions:	[●]

PROVISIONS RELATING TO REDEMPTION

19.	Notice periods for Condition 5.2 (*Redemption for Tax Reasons*) or Condition 5.5 (*Redemption due to Illegality*)		Minimum Period: [30] days Maximum Period: [60] days
20.	Issuer Call:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/*specify other/ see Appendix*] [*If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions*]
	(iii)	If redeemable in part:	
		Partial redemption (call)	[Applicable/Not Applicable]
		(a) Minimum Redemption Amount:	[●]
		(b) Higher Redemption Amount:	[●]
	(iv)	Notice period (if other than as set out in the Conditions):	Minimum Period: [5] days Maximum Period: [30] days *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent)*
21.	Investor Put:		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Optional Redemption Date(s):	[●]
	(ii)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[●] per Calculation Amount/specify other/ see Appendix] [*If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions*]
	(iii)	Notice period (if other than as set out in the Conditions):	Minimum Period: [30] days Maximum Period: [60] days *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements*

		which may apply, for example, as between the Issuer and the Principal Paying Agent)
22.	Final Redemption Amount:	[[●]per Calculation Amount/*specify other/see Appendix] [If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]* *(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Covered Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII will apply)*
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same:	[[●]per Calculation Amount/Early Settlement Amount/*specify other*/see Appendix] *[If applicable, include a description of any relevant market disruption or settlement disruption events and adjustment provisions]*

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

24.	Form of Covered Bonds:	[Bearer Covered Bonds: [Temporary Bearer Global Covered Bond exchangeable for a Permanent Bearer Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds [only upon an Exchange Event]] [Temporary Bearer Global Covered Bond exchangeable for Bearer Definitive Covered Bonds] [Permanent Bearer Global Covered Bond exchangeable for Bearer Definitive Covered Bonds [only after an Exchange Event]] *(N.B. The exchange upon notice should not be expressed to be applicable if the specified denomination of the Covered Bonds in paragraph 7 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000])* [Registered Covered Bonds: [Registered Covered Bonds[Restricted/Unrestricted] Global Certificate[s]] - [Euroclear/Clearstream] [Regulation S] Regulation S Global Covered Bond registered in the name of [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] [Regulation S Global Covered Bond (U.S.$[●] nominal amount) registered in the name of the common depositary for [Euroclear and Clearstream, Luxembourg]]
25.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/●] *(Note that this item relates to the place of payment and*

		not Interest Payment Dates)
26.	Talons for future Coupons to be attached to Definitive Covered Bonds (and dates on which such Talons mature):	[Yes, as Covered Bonds have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made]/[No]. *If yes, give details*
26A.	A$ Registrar	[Austraclear Services Limited ABN 28 003 284 419][*In case of A$ Registered Covered Bonds only*]

DISTRIBUTION

27.	(i)	If syndicated, names and addresses of Dealers and underwriting commitments:	[Not Applicable/[●] [*Give names, addresses and underwriting commitments*] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Dealers.*)
	(ii)	Date of [Subscription Agreement]/[Terms Agreement]:	[●]
	(iii)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*]
28.		If non-syndicated, name and address of relevant Dealer:	[Not Applicable/*give name and address*]
29.		Definitive Covered Bonds to be in ICMA or successor's format:	[Yes/No] *(If nothing is specified, Definitive Covered Bonds will be security printed and in ICMA or successor's format)*
30.		U.S. Selling Restrictions:	[Reg. S Compliance Category]
31.		Whether TEFRA D rules applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA not applicable]
32.		Additional selling restrictions:	[Not Applicable/*give details*]
33.		Additional U.S. Federal Tax or ERISA Considerations:	[Not Applicable/*give details*]

[**PURPOSE OF PRICING SUPPLEMENT**

This Pricing Supplement comprises the Pricing Supplement required for issue [and] [admission to trading on ●] of the Covered Bonds described herein] pursuant to the U.S.$30,000,000,000 CBA Covered Bond Programme of the Commonwealth Bank of Australia.]

RESPONSIBILITY

[The information contained in] [●] has been extracted from [the following source:] [●]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of **Commonwealth Bank of Australia:**

By: .....

Duly authorised

Signed on behalf of **Perpetual Corporate Trust Limited** in its capacity as trustee of the CBA Covered Bond Trust:

By: .....

Duly authorised

By: .....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

	[Application for admission to the Official List and for admission to trading [has been/is expected to be] made to [●]]/[Not Applicable.]
	[Date from which admission effective [●]]
Estimate of total expenses related to admission to trading:	[●]

2. RATINGS

Ratings:	[The Covered Bonds to be issued have not been rated by any rating agency]
	The Covered Bonds to be issued [have been]/[are expected to be] rated:
	[Fitch Australia Pty Ltd: [●]]
	[Moody's Investors Service Pty Limited:[●]]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for the fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer. The Managers and their affiliates have engaged, and may in future engage in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Covered Bond Guarantor and their affiliates.]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i)	Reasons for the offer	[●]
(ii)	Estimated net proceeds:	[●]
(iii)	Estimated total expenses:	[●] [*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".*]
		(Delete unless the Covered Bonds are derivative securities to which Annex XII of the Prospectus Directive Regulation applies in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)]

5. YIELD (Fixed Rate Covered Bonds only)

Indication of yield:	[●]
	[Calculated as [*include details of method of calculation in summary form] on the Issue Date.*]

		The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. OPERATIONAL INFORMATION

(i)	ISIN Code:	[●]
(ii)	CUSIP:	[●]
(iii)	Common Code:	[●]
(iv)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, SA and The Depository Trust Company and Austraclear and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(v)	Delivery:	Delivery [against/free of] payment
(vi)	Name and address of initial Paying Agent in relation to the Covered Bonds	[●]
(vii)	Names and addresses of additional Paying Agent(s) (if any) in relation to the Covered Bonds:	[●]
(viii)	Name and address of Calculation Agent in relation to A$ Registered Covered Bonds if other than the Issuer:	[●]
(ix)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the offer of the Covered Bonds is concluded prior to 1 January 2018, or on and after that date the Covered Bonds clearly do not constitute "packaged" products, "Not Applicable" should be specified. If the offer of the Covered Bonds will be concluded on or after 1 January 2018 and the Covered Bonds may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

TERMS AND CONDITIONS OF THE COVERED BONDS

The following are the terms and conditions (the **Conditions**) of the Covered Bonds (other than N Covered Bonds) which will be incorporated by reference into, and (as completed by the applicable Final Terms in relation to a Tranche of Covered Bonds or, in relation to an Exempt Covered Bond (as defined below) the applicable Pricing Supplement) apply to each Global Covered Bond (as defined below) and each Definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the Relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Conditions. The final terms for this Covered Bond (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Covered Bond which supplement these Conditions or, if this Covered Bond is a Covered Bond which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an **Exempt Covered Bond**), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on this Covered Bond and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Covered Bond. References to the **applicable Final Terms** are, unless otherwise stated, (i) to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Covered Bond or (ii) where this Covered Bond is an Exempt Covered Bond , to Part A (or the relevant provisions thereof) of the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Covered Bond. The expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive), to the extent implemented in the relevant Member State of the European Economic Area and includes any relevant implementing measure in the relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Commonwealth Bank of Australia (the **Issuer**) constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) dated 15 November 2011 (the **Programme Date**) made between the Issuer, Perpetual Corporate Trust Limited ABN 99 000 341 533 as trustee of the CBA Covered Bond Trust (the **Trust**) (and in such capacity, the **Covered Bond Guarantor**), Securitisation Advisory Services Pty. Limited ABN 88 064 133 946 as trust manager (the **Trust Manager**) and Deutsche Trustee Company Limited as bond trustee (in such capacity, the **Bond Trustee**, which expression will include any successor bond trustee).

Save as provided for in Conditions 9 and 10, references in these Conditions to the Covered Bonds are references to the Covered Bonds of this Series and mean:

(a) in relation to any Covered Bonds represented by a global covered bond in bearer form (a **Bearer Global Covered Bond**) or a global covered bond in registered form (a **Regulation S Global Covered Bond**), each of them a **Global Covered Bond**, units of the lowest Specified Denomination in the Specified Currency;

(b) any Global Covered Bond;

(c) any Definitive Covered Bonds in bearer form (**Bearer Definitive Covered Bonds**) issued in exchange for a Bearer Global Covered Bond; and

(d) any Definitive Covered Bonds in registered form (**Regulation S Definitive Covered Bonds**) (whether or not issued in exchange for a Regulation S Global Covered Bond).

The Covered Bonds and the Coupons (as defined below) have the benefit of a principal agency agreement (such principal agency agreement as amended and/or supplemented and/or restated from time to time the **Principal Agency Agreement**) dated on or about the Programme Date and made between the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Trust Manager and Deutsche Bank AG, London Branch as principal paying agent (in such capacity, the **Principal Paying Agent**, which expression includes any successor principal paying agent), Deutsche Bank Trust Company Americas (the **U.S. Paying Agent**, **U.S. Transfer Agent** and **U.S. Registrar**) and the other paying agents appointed pursuant to the Principal Agency Agreement (together with the Principal Paying Agent and the U.S. Paying Agent, the **Paying Agents**, which expression includes any additional or successor paying agents), Deutsche Bank, Luxembourg, S.A. as transfer agent (in such capacity,

the **Transfer Agent**, which expression includes any additional or successor transfer agent) and as registrar (in such capacity, the **Registrar**, which expression includes any successor registrar) and Deutsche Bank AG, London Branch as exchange agent (in such capacity, the **Exchange Agent**, which expression includes any additional or successor exchange agent).

The applicable Final Terms may specify any other agency agreement that applies to Covered Bonds and Coupons issued by the Issuer.

As used herein, **Agents** will mean each Paying Agent, each Exchange Agent, each Transfer Agent, each Registrar, **Principal Paying Agent** will mean, in relation to a Tranche or Series of Covered Bonds, the Principal Paying Agent or such other paying agent as the applicable Final Terms for that Tranche or Series may specify, **Registrar** will mean, in relation to a Tranche or Series of Covered Bonds, the Registrar or such other registrar as the applicable Final Terms for that Tranche or Series may specify, **Transfer Agent** will mean, in relation to a Tranche or Series of Covered Bonds, the Transfer Agent or such other transfer agent as the applicable Final Terms for that Tranche or Series may specify and **Exchange Agent** will mean, in relation to a Tranche or Series of Covered Bonds, the Exchange Agent or such other exchange agent as the applicable Final Terms for that Tranche or Series may specify.

Interest-bearing Bearer Definitive Covered Bonds have (unless otherwise indicated in the applicable Final Terms) interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference in these Conditions to Coupons or coupons will, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Covered Bonds (which include Regulation S Global Covered Bonds and/or Regulation S Definitive Covered Bonds as the case may be) and Global Covered Bonds do not have Coupons or Talons attached on issue.

The Bond Trustee acts as trustee for the holders for the time being of the Covered Bonds (the **Covered Bondholders**, which expression will, in relation to any Covered Bonds represented by a Global Covered Bond, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression, unless the context otherwise requires, includes the holders of the Talons) and for holders of each other Series of Covered Bonds in accordance with the provisions of the Bond Trust Deed.

As used in these Conditions, **Tranche** means Covered Bonds which are identical in all respects (including as to listing or admission to trading) and **Series** means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing or admission to trading) except for their respective Issue Dates, Interest Commencement Dates, Issue Prices and/or the amount of the first payment of interest (if any).

The Covered Bond Guarantor has, in the Bond Trust Deed, irrevocably and unconditionally guaranteed the due and punctual payment of Guaranteed Amounts in respect of the Covered Bonds as and when the same become due for payment on certain dates in accordance with the Bond Trust Deed (**Due for Payment**), but only after service of a Notice to Pay on the Covered Bond Guarantor following an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer or the occurrence of Covered Bond Guarantor Event of Default and service by the Bond Trustee of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer.

The security for the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee and the other Programme Documents to which it is a party has been created in and pursuant to, and on the terms set out in, a security deed governed by the laws of New South Wales, Australia (such security deed as amended and/or supplemented and/or restated from time to time, the **Security Deed**) dated on or about the Programme Date and made between the Covered Bond Guarantor, the Issuer, the Trust Manager, the Bond Trustee, P.T. Limited ABN 67 004 454 666 (the **Security Trustee**) and certain other Secured Creditors.

These Conditions include summaries of, and are subject to, the provisions of the Bond Trust Deed, the Security Deed and the Agency Agreements (as applicable).

Copies of the Bond Trust Deed, the Security Deed, the Definitions Schedule (as defined below), the Principal Agency Agreement and each of the other Programme Documents are available for inspection and collection free of charge during normal business hours at the registered office for the time being of the Bond Trustee being at the Programme Date at Winchester House, 1 Great Winchester Street, London, EC2N 2DB, United Kingdom and at the specified office of the Principal Paying Agent.

Copies of the applicable Final Terms for all Covered Bonds of each Series (including in relation to unlisted Covered Bonds of any Series) are obtainable during normal business hours at the specified office of the Paying Agents, the Registrar and the Transfer Agent. If the Covered Bonds are to be admitted to trading on the regulated market of the London Stock Exchange the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. If this Covered Bond is an Exempt Covered Bond, the applicable Pricing Supplement will only be obtainable by a Covered Bondholder holding one or more Covered Bonds and such Covered Bondholder must produce evidence satisfactory to the Issuer and the Bond Trustee or, as the case may be, the relevant Paying Agent, the Registrar or Transfer Agent as to its holding of Covered Bonds and identity. The Covered Bondholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Bond Trust Deed, the Security Deed, the Definitions Schedule (as defined below), the Principal Agency Agreement, each of the other Programme Documents and the applicable Final Terms which are applicable to them and to have notice of the Final Terms (or, in the case of Exempt Covered Bonds, the Pricing Supplement) relating to each other Series.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Conditions bear the meanings given to them in the Bond Trust Deed, the applicable Final Terms and/or the CBA Covered Bond Trust Definitions Schedule made between the parties to the Programme Documents on the Programme Date (the **Definitions Schedule**) (as the same may be amended and/or supplemented and/or restated from time to time), a copy of each of which may be obtained or inspected as described above. In the event of any inconsistency between the Bond Trust Deed and the Definitions Schedule, the Bond Trust Deed will prevail and in the event of any inconsistency between the Bond Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Covered Bonds are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of Definitive Covered Bonds (being Bearer Definitive Covered Bond(s) and/or, as the context may require, Regulation S Definitive Covered Bond(s)), serially numbered, in the Specified Currency and the Specified Denomination(s). Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination and Bearer Covered Bonds may not be exchanged for Registered Covered Bonds and vice versa.

This Covered Bond is a Fixed Rate Covered Bond or a Floating Rate Covered Bond depending upon the Interest Basis specified in the applicable Final Terms and, depending on the Redemption/Payment Basis specified in the applicable Final Terms, and subject, in each case, to confirmation from the Rating Agencies that the then current credit ratings of any outstanding Series of Covered Bonds will not be adversely affected by the issuance of this Covered Bond.

If this Covered Bond is a Bearer Definitive Covered Bond, it is issued with Coupons and, if applicable, Talons attached.

Subject as set out below, title to the Bearer Covered Bonds and the Coupons will pass by delivery and title to the Registered Covered Bonds will pass upon the registration of transfers in accordance with the provisions of the Principal Agency Agreement. The Issuer, the Covered Bond Guarantor, the Security Trustee, the Bond Trustee and each of the Agents will (except as otherwise permitted in the Bond Trust Deed and these Conditions or as ordered by a court of competent jurisdiction or as required by law or applicable regulations) deem and treat the bearer of any Bearer Covered Bond or Coupon and the registered holder of any Registered Covered Bond as the absolute owner thereof (notwithstanding any notice to the contrary and whether or not it is overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Covered Bonds are represented by a Global Covered Bond held on behalf of or, as the case may be, registered in the name of a common depositary for Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, SA (**Clearstream, Luxembourg**) or its nominee each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Covered Bonds standing to the account of any person

will be conclusive and binding for all purposes save in the case of manifest error and any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including, without limitation, Euroclear's EUCLID or Clearstream's Creation on-line system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Covered Bonds is clearly identified with the amount of such holding) will be treated by the Issuer, the Covered Bond Guarantor, the Paying Agents, the Security Trustee and the Bond Trustee as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expression **Covered Bondholder** and related expressions will be construed accordingly.

Covered Bonds which are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg will, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Bond Trustee and the Principal Paying Agent (any such clearing system, an **Alternative Clearing System**).

2. TRANSFERS OF REGISTERED COVERED BONDS

2.1 Transfers of interests in Regulation S Global Covered Bonds

Transfers of beneficial interests in Regulation S Global Covered Bonds (as defined below) (the **Regulation S Global Covered Bonds**) will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Regulation S Global Covered Bond will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Covered Bonds in definitive form or for a beneficial interest in another Regulation S Global Covered Bond only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Principal Agency Agreement.

2.2 Transfers of Regulation S Definitive Covered Bonds

A Regulation S Definitive Covered Bond may be transferred in whole or in part (in the nominal amount of the lowest Specified Denomination or any integral multiple thereof) by the deposit by the transferor of the Regulation S Definitive Covered Bond for registration of the transfer at the specified office of a Transfer Agent with the form of transfer endorsed on the Regulation S Definitive Covered Bond duly completed and executed by or on behalf of the transferor and upon the relevant Transfer Agent (after due and careful enquiry) being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer and the Transfer Agent may prescribe. Subject as provided above, the relevant Transfer Agent will, within 14 days of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), deliver at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request a new Regulation S Definitive Covered Bond of a like aggregate nominal amount to the Regulation S Definitive Covered Bond (or the relevant part of the Regulation S Definitive Covered Bond) transferred. In the case of the transfer of part only of a Regulation S Definitive Covered Bond, a new Regulation S Definitive Covered Bond in respect of the balance of the Regulation S Definitive Covered Bond not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

2.3 Partial redemption

In the event of a partial redemption of Covered Bonds under Condition 5.3, the Issuer will not be required to:

(i) register the transfer of any Regulation S Definitive Covered Bond or part of any Regulation S Definitive Covered Bond called for partial redemption; or

(ii) exchange any Bearer Definitive Covered Bond called for partial redemption.

2.4 Costs of registration

Covered Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than at the specified office of a Transfer Agent or by regular mail and except that the Issuer, any Registrar or any Transfer Agent may require the payment of a sum sufficient to cover any Taxes, including stamp duty, GST or other governmental charge that may be imposed in relation to the registration.

2.5 Principal Paying Agent, Paying Agents, Registrar, Transfer Agent and Exchange Agent

The names of the initial Registrar and other initial Transfer Agents and Exchange Agent(s) and their initial specified offices in respect of this Series of Covered Bonds are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of the Registrar or any other Transfer Agent or Exchange Agent(s) and to appoint another Registrar or additional or other Transfer Agents or Exchange Agent(s) provided that it will at all times maintain a Registrar and another Transfer Agent or Exchange Agent(s) each having a specified office which, in the case of the Registrar and so long as any Covered Bonds of this Series are admitted to the official list (the **Official List**) of the UK Listing Authority and to trading on the London Stock Exchange plc's regulated market or on another stock exchange, is in London or such other place as may be required by that stock exchange. Notice of any termination or appointment and of any changes in specified offices will be given to the holders of the Covered Bonds of this Series promptly by the Issuer in accordance with Condition 12.

The names of the initial Principal Paying Agent and the other initial Paying Agents and their initial specified offices in respect of this Series of Covered Bonds are set out below. The Issuer and (following service of a Notice to Pay but prior to the service of a Covered Bond Guarantee Acceleration Notice) the Covered Bond Guarantor may at any time vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will, so long as any of the Covered Bonds of this Series is outstanding, maintain: (a) a Principal Paying Agent, (b) a Paying Agent (which may be the Principal Paying Agent) having a specified office in a leading financial centre in Europe, (c) so long as any Covered Bonds of this Series are admitted to the Official List and to trading on the London Stock Exchange plc's market for listed securities or on another stock exchange in the European Economic Area, a Paying Agent (which may be the Principal Paying Agent) having a specified office in London or other place as may be required by that stock exchange and (d) for so long as any Exempt Covered Bonds are listed on any stock exchange not in the European Economic Area or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Covered Bonds) and a Transfer Agent (in the case of Registered Covered Bonds) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or as the case may be, other relevant authority. In addition, the Issuer must forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.4. Any such variation, termination or change may only take effect (other than in the case of insolvency, when it may be of immediate effect) after not less than 30 days' prior notice thereof has been given to the holders of the Covered Bonds of this Series in accordance with Condition 12 and provided further that neither the resignation nor the removal of the Principal Paying Agent will take effect, except in the case of insolvency as aforesaid, until a new Principal Paying Agent has been appointed. Notice of any change in or addition to the Paying Agents or their specified offices will be given by the Issuer promptly in accordance with Condition 12.

2.6 Exchanges and transfers of Registered Covered Bonds generally

Holders of Registered Covered Bonds in definitive form may exchange such Covered Bonds for interests in a Regulation S Global Covered Bond of the same type at any time.

2.7 Definitions

In these Conditions, the following expressions have the following meanings:

Regulation S means Regulation S under the Securities Act.

Regulation S Global Covered Bond means a Regulation S Global Covered Bond representing Covered Bonds sold outside the United States in reliance on Regulation S.

Securities Act means the United States Securities Act of 1933, as amended.

3. STATUS OF THE COVERED BONDS AND THE COVERED BOND GUARANTEE

3.1 Status of the Covered Bonds

The Covered Bonds of this Series and any relevant Coupons constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference or priority among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (other than any obligation preferred by mandatory provisions of applicable law) from time to time outstanding.

3.2 Changes to applicable laws may extend the debts required to be preferred by law

The applicable laws include (but are not limited to) sections 13A and 16 of the Banking Act 1959 of the Commonwealth of Australia (**Australian Banking Act**) and section 86 of the Reserve Bank Act 1959 of the Commonwealth of Australia (**Australian Reserve Bank Act**). These provisions provide that in the event that the Issuer becomes unable to meet its obligations or suspends payment, its assets in Australia are to be available to meet its liabilities to, among others, APRA, the RBA and holders of protected accounts held in Australia, in priority to all other liabilities, including the Covered Bonds.

The Covered Bonds of this Series are not protected accounts or deposit liabilities of the Issuer for the purposes of the Australian Banking Act.

In addition, the Issuer's indebtedness is not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction.

3.3 Status of the Covered Bond Guarantee

The payment of Guaranteed Amounts in respect of the Covered Bonds when the same become Due for Payment has been unconditionally and irrevocably guaranteed by the Covered Bond Guarantor (the **Covered Bond Guarantee**) as set out in the Bond Trust Deed. However, the Covered Bond Guarantor will have no obligation under the Covered Bond Guarantee to pay any Guaranteed Amounts until the occurrence of an Issuer Event of Default, service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and service by the Bond Trustee on the Covered Bond Guarantor of a Notice to Pay or, if earlier, following the occurrence of a Covered Bond Guarantor Event of Default and service by the Bond Trustee of a Covered Bond Guarantee Acceleration Notice. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following an Issuer Event of Default, service of an Issuer Acceleration Notice and service of a Notice to Pay or a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice), direct and unconditional (subject as provided in Condition 15) obligations of the Covered Bond Guarantor, which are secured as provided in the Security Deed.

Any payment made by the Covered Bond Guarantor under the Covered Bond Guarantee will (unless such obligation has been discharged as a result of the payment of Excess Proceeds to the Bond Trustee pursuant to Condition 9) discharge *pro tanto* the obligations of the Issuer in respect of such payment under the Covered Bonds and Coupons except where such payment has been declared void, voidable or otherwise recoverable in whole or in part and recovered from the Bond Trustee or the Covered Bondholders.

4. INTEREST

4.1 Interest on Fixed Rate Covered Bonds

(a) Each Fixed Rate Covered Bond bears interest from and including the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest specified in the applicable Final Terms. Interest will accrue in respect of each **Interest Period** (which expression will in these Conditions mean the period from (and including) an Interest Payment Date (or if none the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date. If a Notice to Pay is served on the Covered Bond Guarantor, the Covered Bond Guarantor will pay Guaranteed Amounts in equivalent amounts to those described above under the Covered Bond Guarantee in respect of the Covered Bonds on the applicable Original Due for Payment Dates or, if applicable, the Extended Due for Payment Date.

If the Covered Bonds are Definitive Covered Bonds and if a Fixed Coupon Amount is specified in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount or the Broken Amount (if any) so specified.

Interest will be paid subject to and in accordance with the provisions of Condition 6 (unless otherwise specified in the applicable Final Terms). Interest will cease to accrue on each Fixed Rate Covered Bond (or, in the case of the redemption of part only of a Fixed Rate Covered Bond, that part only of such Covered Bond) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event, interest will continue to accrue (as well after as before any judgment) until, but excluding, whichever is the earlier of (i) the day on which all sums due in respect of such Fixed Rate Covered Bond up to that day are received by or on behalf of the holder of such Fixed Rate Covered Bond and (ii) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 12 that it has received all sums due in respect thereof up to that date.

(b) Except in the case of Covered Bonds which are Definitive Covered Bonds where a Fixed Coupon Amount or Broken Amount, is specified in the applicable Final Terms interest must be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Covered Bonds which are Global Covered Bonds, the aggregate Calculation Amount of the Fixed Rate Covered Bonds represented by such Global Covered Bonds; or

(ii) in the case of Fixed Rate Covered Bonds which are Definitive Covered Bonds, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Covered Bond which is a Definitive Covered Bond is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond will be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In this Condition 4.1, **Day Count Fraction** has the meaning given to it in Condition 4.3.

In these Conditions, **sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

4.2 Interest on Floating Rate Covered Bonds

(a) Interest Payment Dates

Each Floating Rate Covered Bond bears interest in respect of each **Interest Period** (which expression will in these Conditions mean the period from (and including) a Specified Interest Payment Date (or if none the Interest Commencement Date) to (but excluding) the next (or first) Specified Interest Payment Date). For the purposes of this Condition 4.2, **Interest Payment Date** means either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date. If a Notice to Pay is served on the Covered Bond Guarantor, the Covered Bond Guarantor will pay Guaranteed Amounts in equivalent amounts to those described above under the Covered Bond Guarantee in respect of the Covered Bonds on the applicable Original Due for Payment Dates or, if applicable, the Extended Due for Payment Date.

(b) Interest Payments and Accrual

Interest will be paid subject to and in accordance with the provisions of Condition 6 (unless otherwise specified in the applicable Final Terms). Interest will cease to accrue on each Floating Rate Covered Bond (or, in the case of the redemption of part only of a Floating Rate Covered Bond, that part only of such Covered Bond) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before any judgment) until, but excluding, whichever is the earlier of (i) the day on which all sums due in respect of such Floating Rate Covered Bond up to that day are received by or on behalf of the holder of such Floating Rate Covered Bond and (ii) the day which is seven days after the date on which the Principal Paying Agent has notified the holder in accordance with Condition 12 that it has received all sums due in respect thereof up to that date.

(c) Rate of Interest

The Rate of Interest payable from time to time in respect of each Floating Rate Covered Bond will be determined in the manner specified in the applicable Final Terms.

(d) ISDA Determination for Floating Rate Covered Bonds

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this Condition 4.2(d), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or any other person specified in the applicable Final Terms under an interest rate swap transaction if the Principal Paying Agent or that other person were acting as calculation agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds, (the **ISDA Definitions**) and under which:

(i) the Floating Rate Option is as specified in the applicable Final Terms;

(ii) the Designated Maturity is a period specified in the applicable Final Terms; and

(iii) the relevant Reset Date is either (A) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) for a currency or on the Euro-zone inter-bank offered rate (**EURIBOR**) for calculations of payments in euro, the first day of that Interest Period or (B) in any other case, as the day specified in the applicable Final Terms.

For the purposes of this Condition 4.2(d), **Floating Rate**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

When this Condition 4.2(d), applies, in respect of each relevant Interest Period:

(i) the Rate of Interest for such Interest Period will be the rate of interest determined by the Principal Paying Agent or other person specified in the applicable Final Terms in accordance with this Condition 4.2(d); and

(ii) the Principal Paying Agent or other person specified in the applicable Final Terms will be deemed to have discharged its obligations under Condition 4.2(h) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this Condition 4.2(d).

(e) Screen Rate Determination for Floating Rate Covered Bonds

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(i) the offered quotation; or

(ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (specified in the applicable Final Terms) which appears, on the Relevant Screen Page (or such replacement page on that service which displays information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or other person specified in the applicable Final Terms. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) must be disregarded by the Principal Paying Agent or that other person for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Calculation Agency Agreement and the Principal Agency Agreement contain provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. Such provisions will apply to each Floating Rate Covered Bond where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined.

(f) [Reserved]

(g) Business Day, Interest Determination Date and Relevant Screen Page

(i) In this Condition, **Business Day** has the meaning given to it in Condition 4.3.

(ii) In this Condition, **Interest Determination Date** has the meaning set out in the applicable Final Terms.

(iii) In this Condition, **Relevant Screen Page** has the meaning set out in the applicable Final Terms.

(h) *Determination of Rate of Interest and Calculation of Interest Amount*

The Principal Paying Agent or such other person specified in the applicable Final Terms will, as soon as practicable after each time at which the Rate of Interest is set to be determined, determine the Rate of Interest and calculate the amount of interest payable in respect of each Calculation Amount (each, an **Interest Amount**) for the relevant Interest Period as soon as practicable after calculating the same.

The Interest Amount payable on the Floating Rate Covered Bonds for the relevant Interest Period will be calculated by applying the Rate of Interest to:

(i) in the case of Floating Rate Covered Bonds which are Global Covered Bonds, the aggregate Calculation Amount of the Covered Bonds represented by such Global Covered Bonds; or

(ii) in the case of Floating Rate Covered Bonds which are Definitive Covered Bonds, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Covered Bond which is Definitive Covered Bond is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Covered Bond will be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

The determination of the Rate of Interest and calculation of each Interest Amount by the Principal Paying Agent or other person specified in the applicable Final Terms will (in the absence of manifest error) be final and binding upon all parties.

(i) *Notification of Rate of Interest and Interest Amount*

The Principal Paying Agent will cause the Rate of Interest and the Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and, in the case of Floating Rate Covered Bonds which are listed on a stock exchange, that stock exchange as soon as possible but in any event not later than the second Business Day after their determination and will cause notice of such information to be given to the holders of the Covered Bonds of this Series in accordance with Condition 12 not later than the fourth Business Day after their determination. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notification as aforesaid in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to any stock exchange on which the Covered Bonds affected thereby are for the time being listed.

(j) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition by the Principal Paying Agent or other Paying Agents (if any) will (in the absence of default, bad faith or manifest error by them or any of their directors, officers, employees or agents) be binding on the Issuer, the Covered Bond Guarantor, the Principal Paying Agent the Paying Agents and all holders of the Covered Bonds of this Series and Coupons relating thereto and (in the absence of any default, bad faith or manifest error as referred to above) no liability to the Issuer or the holders of the Covered Bonds of this Series and Coupons relating thereto will attach to the Principal Paying Agent in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition.

(k) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

In these Conditions:

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate; and

Reference Rate means the relevant EURIBOR or LIBOR rate specified in the applicable Final Terms.

4.3 Day Count Fraction and Business Day Convention

(a) Day Count Fraction

Day Count Fraction means, unless otherwise specified in the applicable Final Terms:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of the Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(iv) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$\mathbf{Y_1}$ is the year, expressed as a number, in which the first day of the Interest Period falls;

$\mathbf{Y_2}$ is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$\mathbf{M_1}$ is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(v) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(vi) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (A) that day is the last day of February or (B) such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (A) that day is the last day of February but not the Final Maturity Date or (B) such number would be 31 and D_2 will be 30.

(vii) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(A) in the case of Covered Bonds where the number of days in relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period (defined below) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; or

(B) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year assuming interest was to be payable in respect of the whole of that year;

(viii) if "30/360 (Fixed)" or "30/360, unadjusted" is specified in the applicable Final Terms, the number of days in the Interest Period or the relevant period, as the case may be, (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

Determination Period means the period from (and including) a Determination Date (as specified in the applicable Final Terms) to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

(ix) if "RBA Bond Basis" is specified in the applicable Final Terms, one divided by the number of Interest Payment Dates in a year in which the Interest Period falls (a year being each 12 month period on and from the Issue Date).

(b) Business Day Convention

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then if the Business Day Convention specified is:

(i) in the case where a Specified Period is specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (A) in the case of (x) above, must be the last day that is a Business Day in the relevant month and the provisions of (ii) below will apply mutatis mutandis or (B) in the case of (y) above, must be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date (or other date) must be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date will be the last Business Day of the last month which falls in the Interest Period after the preceding applicable Interest Payment Date occurred; or

(ii) the Following Business Day Convention, such Interest Payment Date will be postponed to the next day which is a Business Day; or

(iii) the Modified Following Business Day Convention, such Interest Payment Date will be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date will be brought forward to the immediately preceding Business Day; or

(iv) the Preceding Business Day Convention, such Interest Payment Date will be brought forward to the immediately preceding Business Day.

In this Condition:

Business Day means (unless otherwise stated in the applicable Final Terms):

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Sydney and in London and, if any Additional Business Centre(s) is specified in the applicable Final Terms, in such Additional Business Centre(s); and

(ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency and which if the Specified Currency is Australian Dollars will be Sydney or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (**TARGET2**) is open.

4.4 [Reserved]

4.5 [Reserved]

4.6 [Reserved]

5. REDEMPTION AND PURCHASE

5.1 Final Redemption

Unless previously redeemed or purchased and cancelled as provided below, each Covered Bond of this Series will be redeemed at its Final Redemption Amount in the relevant Specified Currency on the Final Maturity Date (as specified in the applicable Final Terms).

Without prejudice to Condition 9, if an Extended Due for Payment Date is specified as applicable in the applicable Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the applicable Final Terms (or after expiry of the grace period set out in Condition 9.1(a) and, following the service of a Notice to Pay on the Covered Bond Guarantor by no later than the date falling one Business Day prior to the Extension Determination Date, the Covered Bond Guarantor has insufficient monies available under the Guarantee Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series of Covered Bonds on the date falling on the earlier of (a) the date which falls two Business Days after service of such Notice to Pay on the Covered Bond

Guarantor or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9.2(a)) under the terms of the Covered Bond Guarantee and (b) the Extension Determination Date, then (subject as provided below) payment of the unpaid amount by the Covered Bond Guarantor under the Covered Bond Guarantee will be deferred until the Extended Due for Payment Date, provided that the Covered Bond Guarantor may pay any amount representing the Final Redemption Amount on the relevant Final Maturity Date and any amount representing the Final Redemption Amount due and remaining unpaid on the earlier of (a) and (b) above may also be paid by the Covered Bond Guarantor on any Interest Payment Date thereafter up to (and including) the Extended Due for Payment Date. The Issuer must confirm to the Principal Paying Agent as soon as reasonably practicable and in any event at least four Business Days prior to the Final Maturity Date of a Series of Covered Bonds whether (x) payment will be made in full of the Final Redemption Amount in respect of a Series of Covered Bonds on that Final Maturity Date or (y) payment will not be made in full of the Final Redemption Amount in respect of a Series of Covered Bonds on that Final Maturity Date.

The Covered Bond Guarantor must notify the relevant Covered Bondholders (in accordance with Condition 12), the Rating Agencies, the Bond Trustee, the Security Trustee, the Principal Paying Agent and the Registrar as soon as reasonably practicable and in any event at least one Business Day prior to the dates specified in (a) and (b) of the preceding paragraph of any inability of the Covered Bond Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of a Series of Covered Bonds pursuant to the Covered Bond Guarantee. Any failure by the Covered Bond Guarantor to notify such parties will not affect the validity or effectiveness of the extension nor give rise to any rights in any such party. In such circumstances, the Covered Bond Guarantor must on the earlier of (a) the date falling two Business Days after the service of a Notice to Pay on the Covered Bond Guarantor or if later the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9.2(a)) and (b) the Extension Determination Date, under the Covered Bond Guarantee, apply the monies (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) pro rata in part payment of an amount equal to the Final Redemption Amount of each Covered Bond of the relevant Series of Covered Bonds and must pay Guaranteed Amounts constituting the Scheduled Interest in respect of each such Covered Bond on such date. The obligation of the Covered Bond Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid will be deferred as described above. Such failure to pay by the Covered Bond Guarantor will not constitute a Covered Bond Guarantor Event of Default.

Any discharge of the obligations of the Issuer as the result of the payment of Excess Proceeds to the Bond Trustee must be disregarded for the purposes of determining the amounts to be paid by the Covered Bond Guarantor under the Covered Bond Guarantee in connection with this Condition 5.1.

For the purposes of these Conditions:

Extended Due for Payment Date means, in relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Extension Determination Date.

Extension Determination Date means, in respect of a Series of Covered Bonds to which an Extended Due for Payment Date applies, the date falling two Business Days after the expiry of seven days starting on (and including) the Final Maturity Date of such Series of Covered Bonds.

Guarantee Priority of Payments means the guarantee priority of payments relating to the allocation and distribution of the Available Income Amount and Available Principal Amount following service of a Notice to Pay on the Covered Bond Guarantor, but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, as set out in clause 15.4 of the Establishment Deed.

Rating Agency means any one of Moody's Investors Service Pty Limited and Fitch Australia Pty Ltd (together, the **Rating Agencies**) or their successors, to the extent they provide ratings in respect of the Covered Bonds.

5.2 Redemption for Tax Reasons

The Covered Bonds of this Series may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Covered Bonds other than Floating Rate Covered Bonds) or on any Interest Payment Date (in the case of Floating Rate Covered Bonds), on giving not less than 30 nor more than 60 days' notice in accordance with Condition 12 which notice is irrevocable), at the Early Redemption Amount provided in, or calculated in accordance with, Condition 5.8 (as applicable) below, together with (if provided in such paragraphs) interest accrued up to, but excluding, the date fixed for redemption, if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including the manner of exercising any official discretion thereunder), which change or amendment becomes known generally or to the Issuer on or after the Issue Date (or, in the case of a second or subsequent Tranche of Covered Bonds of this Series, the Issue Date for the original Tranche) provided that no such notice of redemption may be given in respect of the Covered Bonds of this Series earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts and, for the purpose only of determining the earliest date on which such notice may be given, it will be deemed that a payment, in respect of which the Issuer would be obliged to pay such additional amounts, is due in respect of the Covered Bonds of this Series on the day on which any such change or amendment becomes effective.

5.3 Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, on any Optional Redemption Date specified in the applicable Final Terms, at its option, on giving not less than five Business Days' notice or such other notice period specified in the applicable Final Terms to the Bond Trustee, the Registrar and Covered Bondholders of a relevant Series (which notice is irrevocable and shall specify the date fixed for redemption and where any such period of notice is expressed as a specified number of business days, the expression "business day" shall have the meaning given in Condition 6.7) in accordance with Condition 12, redeem all or from time to time some only of the Covered Bonds then outstanding on the relevant Optional Redemption Date and at the Optional Redemption Amount specified in the applicable Final Terms together, if applicable, with (in the case of Fixed Rate Covered Bonds) interest accrued to, but excluding, the relevant Optional Redemption Date. In the event of a redemption of some only of such Covered Bonds, such redemption must be for an amount being equal to the Minimum Redemption Amount or a Higher Redemption Amount (if any) specified in the applicable Final Terms. In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (the **Redeemed Covered Bonds**) will be selected:

(i) individually by lot (without involving any part only of a Bearer Covered Bond), in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds; and

(ii) in the case of Redeemed Covered Bonds represented by a Global Covered Bond, in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) (or any alternative or additional clearing system as may be specified in the applicable Final Terms),

in each case, not less than 40 days prior to the date fixed for redemption. Each notice of redemption will specify the date fixed for redemption and, in the case of a partial redemption, the aggregate nominal amount, and, where some or all of the Redeemed Covered Bonds are represented by Definitive Covered Bonds, the serial numbers of the Redeemed Covered Bonds and, in each case, the aggregate nominal amount of the Covered Bonds of this Series which will be outstanding after the partial redemption. In addition, in the case of a partial redemption of a Series of Covered Bonds which includes Registered Covered Bonds, the Issuer will publish an additional notice of redemption not less than 80 nor more than 95 days before the date fixed for redemption which notice will specify the period during which exchanges or transfers of Covered Bonds may not be made as provided for in Condition 2.

5.4 Redemption at the Option of the Covered Bondholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon any Covered Bondholder giving to the Issuer in accordance with Condition 12 not less than 30 nor more than 60 days' notice (the **notice period**) as specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice redeem in whole (but not in part) the Covered Bonds the subject of the notice on the Optional Redemption Date and at the Optional Redemption Amount indicated in the applicable Final Terms together with (in the case of Fixed Rate Covered Bonds) interest accrued up to, but excluding, the Optional Redemption Date.

To exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must, if this Covered Bond is in Definitive form, deliver, at the specified office of any Paying Agent (in the case of Covered Bonds in bearer form) or the Registrar (in the case of Covered Bonds in registered form) on any business day (as defined in Condition 6.7, falling within the notice period a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or from the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 5.4. If this Covered Bond is in Definitive form, the Put Notice must be accompanied by this Covered Bond or evidence satisfactory to the Paying Agent concerned that this Covered Bond will, following delivery of the Put Notice, be held to its order or under its control.

If the Covered Bond is represented by a Global Covered Bond held through Euroclear or Clearstream, Luxembourg to exercise the right to require redemption of the Covered Bond the holder of the Covered Bond must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear or Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg, or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of a clearing system by a holder of, or the holder of a beneficial interest in, as applicable, any Covered Bond pursuant to this Condition 5.4 is irrevocable except where, prior to the due date of redemption, an Issuer Event of Default or a Covered Bond Guarantor Event of Default has occurred and is continuing and the Bond Trustee has declared the Covered Bonds to be due and payable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 5.4 and instead request or direct the Bond Trustee to declare such Covered Bond forthwith due and payable pursuant to Condition 9.

5.5 Redemption due to Illegality

The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice as specified in the applicable Final Terms to the Bond Trustee, the Principal Paying Agent, the Registrar and, in accordance with Condition 12, all the Covered Bondholders (which notice is irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that it has, or will before the next Interest Payment Date of any Covered Bond of any Series, become unlawful for the Intercompany Loan Provider and/or Demand Loan Provider to make, fund or allow to remain outstanding any Term Advance or the Demand Loan (or, in either case, any part thereof) made by the Intercompany Loan Provider or the Demand Loan Provider, as the case may be, to the Covered Bond Guarantor pursuant to the Intercompany Loan Agreement or the Demand Loan Agreement, as the case may be, as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

Covered Bonds redeemed pursuant to this Condition 5.5 will be redeemed at their Early Redemption Amount referred to in Condition 5.8 together (if appropriate) with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to Condition 5.2 and Condition 5.5, the Issuer must deliver to the Bond Trustee a certificate signed by either a Director, authorised

representative, attorney or authorised signatory stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to redeem have occurred and the Bond Trustee will be entitled to accept the certificate as sufficient evidence of the satisfaction of such conditions precedent, in which event it will be conclusive and binding on all holders of the Covered Bonds and Couponholders.

5.6 Final Terms

The applicable Final Terms indicates that either (a) this Covered Bond cannot be redeemed prior to its Final Maturity Date except as provided in Conditions 5.2 and 5.5 above or (b) that this Covered Bond will be redeemable at the option of the Issuer and/or the holder of this Covered Bond prior to such Final Maturity Date in accordance with the provisions of Conditions 5.3 and/or 5.4 an Optional Redemption Date and at an Optional Redemption Amount and in any Minimum Redemption Amount or Higher Redemption Amount indicated therein.

5.7 [Reserved]

5.8 Early Redemption Amounts

For the purposes of Condition 5.2 or Condition 5.5 above and Condition 9, unless otherwise indicated in the applicable Final Terms, Covered Bonds will be redeemed at their Early Redemption Amount, being in the case of Fixed Rate Covered Bonds or Floating Rate Covered Bonds, the Final Redemption Amount, in each case in the relevant Specified Currency together with, in the case of Fixed Rate Covered Bonds redeemed pursuant to Condition 5.2 or Condition 5.5 above, interest accrued to, but excluding, the date fixed for redemption.

5.9 [Reserved]

5.10 Purchase and Cancellation

The Issuer or any of its subsidiaries or the Covered Bond Guarantor may (subject as provided below) at any time purchase or otherwise acquire Covered Bonds of this Series (provided that, in the case of Bearer Definitive Covered Bonds, all unmatured Coupons and Talons appertaining to such Covered Bonds are attached thereto or surrendered therewith) in any manner and at any price. If purchases are made by tender, tenders must be available to all the Covered Bondholders alike. Such Covered Bonds may be held, reissued, resold or, in respect of Covered Bonds, at the option of the Issuer or the relevant subsidiary, surrendered to the Registrar and/or to any Paying Agent for cancellation (except that any Covered Bonds purchased or otherwise acquired by the Covered Bond Guarantor must immediately be surrendered to the Registrar and/or to any Paying Agent for cancellation).

5.11 [Reserved]

5.12 [Reserved]

6. PAYMENTS AND EXCHANGE OF TALONS

6.1 Payments in respect of Bearer Definitive Covered Bonds

(a) Payments of principal and interest (if any) in respect of Bearer Definitive Covered Bonds (if issued) will (subject as provided below) be made against surrender (or, in the case of part payment only, presentation and endorsement) of Bearer Definitive Covered Bonds or Coupons (which expression, in this Condition and Condition 8, will not include Talons), as the case may be, at any specified office of any Paying Agent.

(b) [Reserved]

(c) Except as otherwise provided in Condition 6.4 below, all payments of principal and interest with respect to Bearer Definitive Covered Bonds will be made outside the United States. Payments in any currency other than euro in respect of Bearer Definitive Covered Bonds will (subject as provided below) be made by transfer to an account (in the case of payment in Yen to a non-resident of Japan, a non-resident account) in the Specified Currency maintained by the payee with a bank in the principal

financial centre of the country of the Specified Currency provided that if at any time such payments cannot be so made, then payments will be made in such other manner as the Issuer may determine and notify in accordance with Condition 12.

6.2 Payments in respect of Registered Covered Bonds

Payments of principal in respect of Registered Covered Bonds (whether or not in Global form) will (subject as provided in this Condition 6.2) be made against presentation and surrender of such Registered Covered Bonds at the specified office of the Registrar by a cheque in the Specified Currency drawn on a bank in the principal financial centre of the country of the Specified Currency. Payments of interest in respect of Registered Covered Bonds will (subject as provided in this Condition 6.2) be made by a cheque in the Specified Currency drawn on a bank in the principal financial centre of the country of the Specified Currency and posted on the business day in the city in which the Registrar has its specified office immediately preceding the relevant due date to the holder (or to the first named of joint holders) of the Registered Covered Bond appearing on the register at the close of business on the 15th day before the relevant due date (the **Record Date**) at his address shown on the register on the Record Date. Upon application of the holder to the specified office of the Registrar not less than five business days in the city in which the Registrar has its specified office before the due date for any payment in respect of a Registered Covered Bond, the payment of principal and/or interest may be made (in the case of payment of principal against presentation and surrender of the relevant Registered Covered Bond as provided above) by transfer on the due date to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of the Specified Currency subject to the provisions of the following two sentences. If the Specified Currency is Yen, payment will be made (in the case of payment to a non-resident of Japan) by cheque drawn on, or by transfer to a non-resident account. If the Specified Currency is euro, payment will be made to a euro account specified by the payee.

Holders of Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any such Registered Covered Bond as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses may be charged to such Covered Bondholders by the Registrar in respect of any payment of principal or interest in respect of the Registered Covered Bonds.

None of the Issuer, the Bond Trustee, the Covered Bond Guarantor nor the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Regulation S Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.3 Payments in respect of Bearer Global Covered Bonds

(a) Payments of principal and interest (if any) in respect of Bearer Global Covered Bonds will (subject as provided below) be made in the manner specified in the Bearer Global Covered Bond against presentation and endorsement or surrender, as the case may be, of such Bearer Global Covered Bond at the specified office of any Paying Agent outside of the United States. A record of each payment made on such Bearer Global Covered Bond, distinguishing between any payment of principal and interest, will be made on such Bearer Global Covered Bond by the Paying Agent to which such Bearer Global Covered Bond is presented for the purpose of making such payment, and such record will (save in the case of manifest error) be conclusive evidence that the payment in question has been made.

(b) The holder of a Bearer Global Covered Bond (or, as provided in the Bond Trust Deed, the Bond Trustee) is the only person entitled to receive payments in respect of Covered Bonds represented by such Bearer Global Covered Bond and the Issuer or, as the case may be, the Covered Bond Guarantor will be discharged by payment to, or to the order of, the holder of such Bearer Global Covered Bond (or the Bond Trustee as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of Covered Bonds must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Covered Bond Guarantor to, or to the order of, the holder of the relevant Bearer Global Covered Bond (or as provided in the Bond Trust Deed, the Bond Trustee). No person other than the holder of a Bearer Global Covered Bond (or, as provided in the Bond Trust Deed, the Bond Trustee) will have any claim against the Issuer or, as

the case may be, the Covered Bond Guarantor in respect of any payments due on that Bearer Global Covered Bond.

6.4 Payments of interest in U.S. dollars in respect of Bearer Covered Bonds

Notwithstanding the foregoing, payments of interest in U.S. dollars in respect of Bearer Covered Bonds will only be made at the specified office of any Paying Agent in the United States (which expression, as used in these Conditions, means the United States of America (including the States and District of Columbia and its possessions)) (a) if: (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment at such specified offices outside the United States of the full amount of interest on the Bearer Covered Bonds in the manner provided above when due, (ii) payment of the full amount of such interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) such payment is then permitted under United States law and (b) at the option of the relevant holder if such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

6.5 Payments subject to applicable laws

Payments in respect of the Covered Bonds will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any IGA entered into in connection with the implementation of such Sections of the Code, and no additional amounts will be required to be paid on account of any such deduction or withholding. Any such amounts withheld or deducted will be treated as paid for all purposes under the Covered Bonds and no additional amounts will be paid on the Covered Bonds with respect to any such withholding or deduction.

6.6 Unmatured Coupons and Talons

(a) Fixed Rate Covered Bonds which are Bearer Definitive Covered Bonds (other than Long Maturity Covered Bonds (as defined in subparagraph (b))) should be presented for redemption together with all unmatured Coupons (which expression will include Coupons falling to be issued on exchange of Talons which will have matured on or before the relevant redemption date) appertaining thereto, failing which, the amounts of any missing unmatured Coupons (or, in the case of payment of principal not being made in full, that proportion of the aggregate amount of such missing unmatured Coupons that the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupons at any time in the period expiring 10 years after the Relevant Date (as defined in Condition 7) for the payment of such principal, whether or not such Coupon would otherwise have become void pursuant to Condition 8 or, if later, five years from the due date for payment of such Coupon. Upon any Fixed Rate Covered Bond which is a Bearer Definitive Covered Bond becoming due and repayable prior to its Final Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons in respect of any such Talons will be made or issued, as the case may be.

(b) Upon the due date for redemption of any Floating Rate Covered Bond or Long Maturity Covered Bond which is a Bearer Definitive Covered Bond, any unmatured Coupons or Talons relating to such Covered Bond (whether or not attached) will become void and no payment or exchange, as the case may be, will be made in respect of them. Where any such Covered Bond is presented for redemption without all unmatured Coupons or Talons relating to it, redemption will be made only against the provision of such indemnity as the Issuer may require. A **Long Maturity Covered Bond** is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond will cease to be a Long Maturity Covered Bond on the Fixed Interest Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Covered Bond.

6.7 Payments due on non-business days

If any date for payment of principal in respect of any Registered Covered Bond or any amount in respect of any Bearer Covered Bond or Coupon is not a business day, then the holder thereof will not be entitled to payment at the place of presentation of the amount due until the next following business day (unless otherwise specified in the applicable Final Terms) and will not be entitled to any interest or other sum in respect of any such postponed payment. In addition if any date for the payment of interest by transfer to an account specified by the holder in respect of any Registered Covered Bond is not a business day, then the holder will not be entitled to payment to such account until the next following business day and will not be entitled to any interest or other sum in respect of any such postponed payment. In this Condition **business day** means, subject as provided in the applicable Final Terms:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits):

(i) in the relevant place of presentation;

(ii) in the case of Registered Covered Bonds, Sydney and London; and

(iii) any Additional Financial Centre specified in the applicable Final Terms; and

(b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the places specified in paragraph (a)) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.8 Payment of accrued interest

If the due date for redemption of any interest bearing Covered Bond which is a Bearer Definitive Covered Bond is not a due date for the payment of interest relating thereto, interest accrued in respect of such Covered Bond from, and including, the last preceding due date for the payment of interest (or, if none, from the Interest Commencement Date) will be paid only against surrender (or, in the case of part payment, presentation and endorsement) of such Covered Bond.

6.9 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Paying Agent in Luxembourg (or any other Paying Agent notified by the Issuer to the Covered Bondholders in accordance with Condition 12 for the purposes of this Condition) in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to, and including, the final date for the payment of interest due in respect of the Covered Bond which is a Bearer Definitive Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 8. Each Talon will, for the purposes of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the Coupon sheet in which that Talon was included on issue matures.

6.10 Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Covered Bonds will be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertakings or covenants given in addition thereto, or in substitution therefor, pursuant to the Bond Trust Deed;

(b) the Final Redemption Amount of the Covered Bonds;

(c) the Early Redemption Amount of the Covered Bonds;

(d) the Optional Redemption Amount(s) (if any) of the Covered Bonds;

(e) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and

(f) any Excess Proceeds which may be payable by the Bond Trustee under or in respect of the Covered Bonds.

Any reference in these Conditions to interest in respect of the Covered Bonds will be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertakings given in addition thereto, or in substitution therefor, pursuant to the Bond Trust Deed.

7. TAXATION

All payments of, or in respect of, principal and interest on the Covered Bonds and/or Coupons of this Series by or on behalf of the Issuer and all payments of Guaranteed Amounts by or on behalf of the Covered Bond Guarantor, as the case may be, will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the Commonwealth of Australia or any political sub-division thereof or any authority thereof or therein having power to tax unless such taxes, duties, assessments or governmental charges are required by Australian law to be withheld or deducted. In that event, in respect of a payment made by it, the Issuer will pay such additional amounts of, or in respect of, principal and/or interest as will result (after deduction of the taxes, duties, assessments or governmental charges) in payment to the holders of the Covered Bonds of this Series and/or the Coupons relating thereto of the amounts which would otherwise have been payable in respect of the Covered Bonds of this Series or, as the case may be the Coupons relating thereto, except that no such additional amounts will be payable with respect to any Covered Bond of this Series or Coupon relating thereto presented for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges in respect of such Covered Bond or Coupon by reason of his being connected with the Commonwealth of Australia other than by reason only of the holding of the Covered Bond or Coupon or the receipt of payment thereon;

(b) by or on behalf of a holder who is an associate (as that term is defined in section 128F of the Income Tax Assessment Act 1936 (the **Australian Tax Act**)) of the Issuer and the payment being sought is not, or will not be, exempt from interest withholding tax because of section 128F(6) of the Australian Tax Act;

(c) more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the last day of such period of 30 days; or

(d) by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying with any statutory requirements in force at the present time or in the future or by making a declaration of non-residence or other claim or filing for exemption.

In addition, any amounts to be paid on the Covered Bonds will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any IGA entered into in connection with the implementation of such Sections of the Code, and no additional amounts will be required to be paid on account of any such deduction or withholding.

The **Relevant Date** in relation to any Covered Bond or Coupon of this Series means whichever is the later of:

(i) the date on which payment in respect of such Covered Bond or Coupon first becomes due and payable; or

(ii) if the full amount of the moneys payable in respect of such Covered Bond or Coupon has not been duly received by the Principal Paying Agent on or prior to such date, the date on which notice is duly given to the Covered Bondholders of this Series in accordance with Condition 12 that such moneys have been so received.

References in these Conditions to principal and interest will be deemed also to refer (as appropriate) (i) to any additional amounts which may be payable under this Condition 7 and (ii) to any premium which may be payable in respect of the Covered Bonds.

If any withholding or deduction is required by the Covered Bond Guarantor in respect of a payment of a Guaranteed Amount to be made by it, the Covered Bond Guarantor must pay the Guaranteed Amounts net of such withholding or deduction and must account to the appropriate Tax Authority for the amount required to be withheld or deducted. The Covered Bond Guarantor will not be obliged to pay any additional amount to the Bond Trustee or any holder of Covered Bonds and/or Coupons in respect of the amount of such withholding or deduction.

8. PRESCRIPTION

Claims for payment of principal under the Covered Bonds (whether in bearer or registered form) will be prescribed upon the expiry of 10 years, and claims for payment of interest (if any) in respect of the Covered Bonds (whether in bearer or registered form) will be prescribed upon the expiry of five years, in each case from the Relevant Date (as defined in Condition 7) therefor subject to the provisions of Condition 6. There may not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6 or any Talon which would be void pursuant to Condition 6.

9. EVENTS OF DEFAULT AND ENFORCEMENT

9.1 Issuer Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose or the purpose of any Extraordinary Resolution referred to in this Condition 9.1 means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Bond Trust Deed) then outstanding, as if they were a single Series (with the Principal Amount Outstanding of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Swap Rate) or, if so directed by an Extraordinary Resolution of the Covered Bondholders, must (but in the case of the happening of any of the events mentioned in subparagraphs (b) and (c) below, only if the Bond Trustee has certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series) (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (an **Issuer Acceleration Notice**) in writing to the Issuer that as against the Issuer (but not, for the avoidance of doubt, as against the Covered Bond Guarantor under the Covered Bond Guarantee) each Covered Bond of each Series is, and each such Covered Bond will, unless such event has been cured by the Issuer prior to the Issuer's receipt of the notice in writing from the Bond Trustee, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Bond Trust Deed if any of the following events (each an **Issuer Event of Default**) occurs and is continuing:

(a) default is made by the Issuer in the payment of any principal or interest when due, in respect of any Covered Bonds and such default continues for a period of 14 days; or

(b) the Issuer defaults in performance or observance of or compliance with any of its other undertakings set out in the Covered Bonds which default is incapable of remedy or which, if capable of remedy, is not remedied within 30 days after notice of such default has been given to the Issuer by the Bond Trustee; or

(c) the Issuer becomes insolvent or it is unable to pay its debts as they mature or the Issuer applies for or consents to or suffers the appointment of a liquidator or receiver of the Issuer or the whole or substantially the whole of the undertaking, property, assets or revenues of the Issuer or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or

makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors; or

(d) any law is passed the effect of which is to dissolve the Issuer or the Issuer ceases to carry on a general banking business in the Commonwealth of Australia or the Issuer ceases to be authorised to carry on a general banking business within the Commonwealth of Australia; or

(e) if an Asset Coverage Test Breach Notice is served and not deemed to be revoked in accordance with the terms of the Establishment Deed on or before the next Determination Date to occur following the service of such Asset Coverage Test Breach Notice; or

(f) if the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached during the Pre-Maturity Test Period and the amount standing to the credit of the Pre-Maturity Ledger of the GIC Account is less than the aggregate Australian Dollar Equivalent of the Required Redemption Amount for each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached, on the earlier to occur of:

(A) the later of:

I. the date that is 10 Local Business Days from the date that the Seller is notified of that breach; and

II. the date that is six months prior to the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds; and

(B) the Final Maturity Date of that Series of Hard Bullet Covered Bonds.

Notwithstanding any other provision of this Condition 9.1, no Issuer Event of Default in respect of the Covered Bonds shall occur solely on account of any failure by the Issuer to perform or observe any of its obligations in relation to, or the taking of any proceeding or the making or entering into of any assignment, arrangement or composition in respect of, any share, note or other security or instrument constituting Tier 1 Capital or Tier 2 Capital (each as defined by APRA from time to time).

Upon the Covered Bonds becoming immediately due and repayable against the Issuer pursuant to this Condition 9.1, the Bond Trustee must immediately serve a notice to pay (the **Notice to Pay**) on the Covered Bond Guarantor pursuant to the Covered Bond Guarantee and the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts when the same become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may or must take such proceedings or other action or step against the Issuer in accordance with Condition 9.3.

The Bond Trust Deed provides that all monies received by or on behalf of the Bond Trustee following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice and a Notice to Pay, from the Issuer or any receiver, liquidator, administrator, receiver and manager, statutory manager or other similar official appointed in relation to the Issuer (the **Excess Proceeds**), must be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the Covered Bond Guarantor for its own account, as soon as practicable, and must be held by the Covered Bond Guarantor in the GIC Account and the Excess Proceeds will thereafter form part of the Security and must be used by the Covered Bond Guarantor in the same manner as all other monies from time to time standing to the credit of the GIC Account pursuant to the Security Deed and the Establishment Deed. Any Excess Proceeds received by the Bond Trustee will discharge *pro tanto* the obligations of the Issuer in respect of the payment of the amount of such Excess Proceeds under the Covered Bonds and Coupons (as applicable and to the extent of the amount so received and subject to restitution of the same if such Excess Proceeds are required to be repaid by the Covered Bond Guarantor) (but will be deemed not to have done so for the purposes of subrogation rights of the Covered Bond Guarantor contemplated by the Bond Trust Deed). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and a Notice to Pay or if earlier, service of a Covered Bond Guarantee Acceleration Notice) unconditional

and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds and payment to the Covered Bond Guarantor of such Excess Proceeds will not reduce or discharge any of such obligations.

By subscribing for Covered Bond(s), each Covered Bondholder will be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the Covered Bond Guarantor in the manner as described above.

9.2 Covered Bond Guarantor Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose and the purpose of any Extraordinary Resolution referred to in this Condition 9.2 means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Bond Trust Deed) then outstanding as if they were a single Series (with the Principal Amount Outstanding of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Swap Rate) or, if so directed by an Extraordinary Resolution of all the Covered Bondholders, must (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), but in the case of the happening of any of the events described in paragraph (b) or (c), only if the Bond Trustee has certified in writing to the Issuer and the Covered Bond Guarantor that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series, give notice (the **Covered Bond Guarantee Acceleration Notice**) in writing to the Issuer and to the Covered Bond Guarantor, that (x) each Covered Bond of each Series is, and each Covered Bond of each Series will as against the Issuer (if not already due and repayable against it following an Issuer Event of Default), thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest and (y) all amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee will thereupon immediately become due and payable at the Guaranteed Amount corresponding to the Early Redemption Amount for each Covered Bond of each Series together with accrued interest, in each case as provided in the Bond Trust Deed and thereafter the Security will become enforceable if any of the following events (each a **Covered Bond Guarantor Event of Default**) has occurred and is continuing:

(a) default is made by the Covered Bond Guarantor for a period of 14 days or more in the payment of any Guaranteed Amounts when Due for Payment in respect of the Covered Bonds of any Series except in the case of the payments of a Guaranteed Amount when Due for Payment on the Extended Due for Payment Date under Condition 5.1 where the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts which relate to the Final Redemption Amount and which are Due for Payment on the Extended Due for Payment Date; or

(b) if default is made by the Covered Bond Guarantor in the performance or observance of any other obligation, condition or provision binding on it (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds of any Series) under the Bond Trust Deed, the Security Deed or any other Programme Document to which the Covered Bond Guarantor is a party (other than the Programme Agreement, the U.S Distribution Agreement or any Subscription Agreement) and, except where such default is or the effects of such default are, in the opinion of the Bond Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required, such default continues for 30 days (or such longer period as the Bond Trustee may permit) after written notice thereof has been given by the Bond Trustee to the Covered Bond Guarantor requiring the same to be remedied; or

(c) the Covered Bond Guarantor retires or is removed, or is required to retire or be removed as trustee of the Trust in accordance with the Establishment Deed and another trustee is not appointed as trustee of the Trust in accordance with the Establishment Deed within 60 days of the occurrence of that event; or

(d) a failure to satisfy the Amortisation Test (as set out in the Establishment Deed) on any Determination Date following service of a Notice to Pay on the Covered Bond Guarantor; or

(e) the Covered Bond Guarantee is not, or is claimed by the Covered Bond Guarantor not to be, in full force and effect.

Following the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, each of the Bond Trustee and the Security Trustee may or must take such proceedings or steps in accordance with the first and third paragraphs, respectively, of Condition 9.3 and the Bond Trustee will have a claim against the Covered Bond Guarantor, under the Covered Bond Guarantee, for an amount equal to the Early Redemption Amount for each Covered Bond of each Series together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 7 as provided in the Bond Trust Deed in respect of each Covered Bond).

9.3 Enforcement

The Bond Trustee may at any time, at its discretion and without further notice, following service of an Issuer Acceleration Notice (in the case of the Issuer) or, if earlier, following service of a Covered Bond Guarantee Acceleration Notice (in the case of the Covered Bond Guarantor) take such proceedings or other action or step as it may think fit against or in relation to the Issuer and/or the Covered Bond Guarantor, as the case may be, and/or any other person as it may think fit to enforce the provisions of the Bond Trust Deed, the Covered Bonds and the Coupons or any other Programme Document, but it will not be bound to take any such enforcement proceedings or other action or step in relation to the Bond Trust Deed, the Covered Bonds or the Coupons or any other Programme Document unless (i) it has been so directed by an Extraordinary Resolution of the Covered Bondholders of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and converted into Australian Dollars at the relevant Swap Rate as aforesaid) or so requested in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and converted into Australian Dollars at the relevant Swap Rate as aforesaid) and (ii) it has been indemnified and/or secured and/or prefunded to its satisfaction.

In exercising any of its powers, trusts, authorities and discretions the Bond Trustee must only have regard to the interests of the Covered Bondholders of all Series equally or, if only applicable to one Series, the Covered Bondholders of the relevant Series, and must not have regard to the interests of any other Secured Creditors.

The Bond Trustee may at any time, following service of a Covered Bond Guarantee Acceleration Notice at its discretion and without further notice, direct the Security Trustee to take such actions, steps or proceedings against the Covered Bond Guarantor and/or any other person as it may think fit to enforce the provisions of the Security Deed or any other Programme Document and may, at any time after the Security has become enforceable, direct the Security Trustee to take such steps as it may think fit to enforce the Security, but it will not be bound to give any such direction and the Security Trustee or the Bond Trustee will not be bound to take any such proceedings, steps or actions unless: (i) the Bond Trustee has been so directed by an Extraordinary Resolution of the Covered Bondholders of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and converted into Australian Dollars at the relevant Swap Rate as aforesaid) or so requested in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and converted into Australian Dollars at the relevant Swap Rate as aforesaid); and (ii) the Bond Trustee has been indemnified and/or secured and/or prefunded to its satisfaction. In exercising any of its powers, trusts, authorities and discretions under this paragraph each of the Bond Trustee and the Security Trustee must only have regard to the interests of the Covered Bondholders of all Series equally or, if only applicable to one Series, the Covered Bondholders of the relevant Series, and must not have regard to the interests of any other Secured Creditors.

No Covered Bondholder or Couponholder will be entitled to institute proceedings directly against the Issuer or the Covered Bond Guarantor or to take any step or action with respect to the Bond Trust Deed, the Covered Bonds, the Coupons, or the Security unless the Bond Trustee or the Security Trustee, as applicable, having become bound so to proceed, fails so to do within a reasonable time and such failure is continuing in which event any Covered Bondholder or Couponholder may itself institute such proceedings and/or prove in the winding up, administration or liquidation of the Issuer or the Covered Bond Guarantor to the same extent and in the same jurisdiction (but not further or otherwise

than the Bond Trustee would have been entitled to do so in respect of the Covered Bonds and Coupons and/or the Bond Trust Deed).

9.4 Directions of Security Trustee by Bond Trustee

The Security Trustee will not be obliged to take any steps under any of the Programme Documents or exercise any of its powers, rights, trusts, authorities, duties, functions or discretions under any of the Programme Documents to which the Security Trustee is a party without first taking instructions from the Bond Trustee (provided that the Security Trustee will never be entitled to seek or receive instructions from the Bond Trustee in relation to clause 21 of the Security Deed or in relation to investing in Authorised Investments) and having been indemnified and/or secured to its satisfaction as aforesaid and provided always that the Security Trustee will not be bound to take any enforcement proceedings which may, in the opinion of the Security Trustee in its absolute discretion, result in the Security Trustee failing to receive any payment to which it is or would be entitled. The Security Trustee may exercise a right, power or discretion without receiving any instructions from the Bond Trustee if the Covered Bondholders or, if there are none, the Security Trustee reasonably believes that it is in the best interests of the Secured Creditors that it does so.

In the event that the Bond Trustee is (i) requested by the Security Trustee, or (ii) required by the holders of the Covered Bonds, to provide the Security Trustee with instructions, the Bond Trustee must do so (save where expressly provided otherwise), in relation to (i) only, in its absolute discretion subject to and in accordance with these presents or, in relation to both (i) and (ii) if so requested in writing by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Covered Bonds then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Swap Rate) or directed by an Extraordinary Resolution of the holders of the Covered Bonds then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Swap Rate) subject in each case to the Bond Trustee being indemnified and/or secured and/or prefunded to its satisfaction prior to it giving any instructions to the Security Trustee. The Bond Trustee will be entitled to request the Covered Bondholders (voting as aforesaid) to direct it in relation to any matter in relation to which the Security Trustee has requested instructions, the Bond Trustee will have no obligation to monitor the performance of the Security Trustee and will have no liability to any person for the performance or non-performance of the Security Trustee. In no circumstances will the Bond Trustee be required to indemnify, secure or prefund the Security Trustee.

An Extraordinary Resolution passed at a meeting of Covered Bondholders duly convened and held in accordance with the Bond Trust Deed is binding upon the Security Trustee and all the Secured Creditors whether present or not present at such meeting and each of such Secured Creditors and, subject to the provisions of the Security Deed, the Security Trustee is bound to give effect to the Extraordinary Resolution. The Security Trustee is not required to do or omit to do any act if, in the opinion of the Security Trustee, this might cause it to breach a law, a Programme Document, a fiduciary duty or an obligation owed to another person.

10. MEETINGS OF COVERED BONDHOLDERS, MODIFICATION, WAIVER, SUBSTITUTION AND RATINGS AGENCIES

Covered Bondholders Couponholders and other Secured Creditors should note that the Issuer, the Covered Bond Guarantor and the Principal Paying Agent may without their consent or the consent of the Bond Trustee or the Security Trustee agree to modify any provision of any Final Terms or any Pricing Supplement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of law.

10.1 Meetings

The Bond Trust Deed contains provisions for convening meetings of the Covered Bondholders of any Series to consider any matter affecting their interests, including the modification of these Conditions or the provisions of the Bond Trust Deed. The quorum at any such meeting in respect of the Covered Bonds of any Series for passing an Extraordinary Resolution (other than in respect of a Series Reserved

Matter) is one or more persons holding or representing not less than a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing the Covered Bondholders of such Series whatever the Principal Amount Outstanding of the Covered Bonds of such Series so held or represented, except that at any meeting the business of which includes any Series Reserved Matter, the quorum for any such meeting will be one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding or at any adjourned meeting, the business of which includes any Series Reserved Matter, the quorum will be one or more persons holding or representing not less than one-third of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding. The expression Extraordinary Resolution when used in these Conditions means: (i) a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the Bond Trust Deed by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three-fourths of the votes cast on such poll; or (ii) a resolution in writing signed by or on behalf of Covered Bondholders holding not less than three-fourths in Principal Amount Outstanding of the Covered Bonds then outstanding, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Covered Bondholders; or (iii) a resolution passed by way of electronic consents given by holders through the relevant clearing system(s) (in a form satisfactory to the Bond Trustee) by or on behalf of the Covered Bondholders of not less than three-fourths in Principal Amount Outstanding for the time being outstanding of the Covered Bonds (of the relevant Series or all Series, as applicable). An Extraordinary Resolution passed at any meeting of the Covered Bondholders of a Series will, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Couponholders in respect of such Series of Covered Bonds. Pursuant to the Bond Trust Deed, the Bond Trustee may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Bond Trustee there is no conflict between the respective interests of such Covered Bondholders, in which event the provisions of this paragraph will apply thereto *mutatis mutandis*.

Notwithstanding the provisions of the immediately preceding paragraph, any Extraordinary Resolution to direct the Bond Trustee to accelerate the Covered Bonds pursuant to Condition 9.1 or to give a Covered Bond Guarantee Acceleration Notice pursuant to Condition 9.2 or to direct the Bond Trustee or the Security Trustee or to direct the Bond Trustee to direct the Security Trustee to take any enforcement action or to direct the Bond Trustee to determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such for the purposes of the Bond Trust Deed (each a **Programme Resolution**) and will only be capable of being passed at a single meeting of the Covered Bondholders of all Series then outstanding. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the Covered Bond Guarantor or the Bond Trustee or by the Covered Bondholders of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing at least a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding or at any adjourned such meeting one or more persons holding or representing Covered Bonds whatever the Principal Amount Outstanding of the Covered Bonds of any Series so held or represented. A Programme Resolution passed at any meeting of the Covered Bondholders of all Series will be binding on all the Covered Bondholders of all Series, whether or not they are present at the meeting, and on all related Couponholders.

In connection with any meeting of the holders of Covered Bonds of more than one Series where such Covered Bonds are not denominated in Australian Dollars, the Principal Amount Outstanding of the Covered Bonds of any Series not denominated in Australian Dollars must be converted into Australian Dollars at the relevant Swap Rate.

10.2 Modification and waiver

The Bond Trustee may, without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent or sanction of the other Secured Creditors (other than any Secured Creditor who is party to the relevant document), at any time and from time to

time, concur with the Issuer, the Covered Bond Guarantor (acting on the directions of the Trust Manager) or any other party and/or direct the Security Trustee to concur with the Issuer, the Covered Bond Guarantor (acting on the directions of the Trust Manager) or any other party in making:

(i) any modification (other than in relation to a Series Reserved Matter) to the Covered Bonds of one or more Series, the related Coupons or any Programme Document which in the opinion of the Bond Trustee is not materially prejudicial to the interests of the Covered Bondholders of any Series; or

(ii) any modification to the Covered Bonds of one or more Series, the related Coupons or any Programme Document which is in the opinion of the Bond Trustee is (A) of a formal, minor or technical nature, (B) made to correct a manifest error or (C) made to comply with mandatory provisions of law (and for the purpose of this item (C), the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter).

In forming its opinion as to whether the Covered Bonds or any one or more Series, the related Coupons or any Programme Document is subject to a manifest error, the Bond Trustee may have regard to any evidence which it considers reasonably to rely on (including a certificate from the Issuer as to certain matters and a Rating Affirmation Notice issued by the Issuer).

Notwithstanding the above the Bond Trustee will not be obliged to agree to any amendment, which, in the sole opinion of the Bond Trustee, would have the effect of: (x) exposing the Bond Trustee, to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or (y) increasing the obligations or duties, or decreasing the protections, of the Bond Trustee, in the Programme Documents and/or the Conditions.

The Bond Trustee may without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent of any other Secured Creditor and without prejudice to its rights in respect of any subsequent breach, Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default from time to time and at any time but only if in so far as in its opinion the interests of the Covered Bondholders of any Series will not be materially prejudiced thereby, waive or authorise, or direct the Security Trustee to waive or authorise, any breach or proposed breach by the Issuer or the Covered Bond Guarantor or any other person of any of the covenants or provisions contained in the Bond Trust Deed, the other Programme Documents or the Conditions or determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such for the purposes of the Bond Trust Deed, PROVIDED ALWAYS THAT the Bond Trustee must not exercise any powers conferred on it in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 9.1 or 9.2 but so that no such direction or request will affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, will be binding on the Covered Bondholders, the related Couponholders and, if, but only if, the Bond Trustee requires, must be notified by the Issuer or the Trust Manager (on behalf of the Covered Bond Guarantor) (as the case may be) to the Covered Bondholders in accordance with Condition 12 and each Rating Agency as soon as practicable thereafter.

Subject to as provided below, the Bond Trustee will be bound to waive or authorise, or direct the Security Trustee to waive or authorise, any breach or proposed breach by the Issuer or the Covered Bond Guarantor or any other person of any of the covenants or provisions contained in the Bond Trust Deed, the other Programme Documents or the Conditions or determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such for the purposes of the Bond Trust Deed if it is: (i) in the case of such waiver or authorisation, (a) so directed by an Extraordinary Resolution of the Covered Bondholders of the relevant one or more Series (with the Covered Bonds of all such Series taken together as a single Series in the circumstances provided in the Bond Trust Deed and, if applicable, converted into Australian Dollars at the relevant Swap Rate); or (b) requested to do so in writing by the holders of not less than 25 per cent. of the Principal Amount Outstanding of the Covered Bonds of the relevant one or more Series (with the Covered Bonds of all such Series taken together as a single Series in the circumstances provided in the Bond Trust Deed and, if applicable,

converted into Australian Dollars at the relevant Swap Rate); or (ii), in the case of any such determination, (a) so directed by an Extraordinary Resolution of the Covered Bondholders of all Series then outstanding with the Covered Bonds of all Series taken together as a single Series and, if applicable, converted into Australian Dollars at the relevant Swap Rate); or (b) requested to do so in writing by the holders of not less than 25 per cent. of the Principal Amount Outstanding of the Covered Bonds of all Series then outstanding with the Covered Bonds of all Series taken together as a single Series and, if applicable, converted into Australian Dollars as aforesaid), and at all times then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

The Security Trustee may, without the consent of the Covered Bondholders and/or Couponholders of any Series and without the consent of the other Secured Creditors and without prejudice to their rights in respect of any subsequent breach, Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default from time to time and at any time, but only if (for so long as any Covered Bonds are outstanding) it is instructed by the Bond Trustee in accordance with the Bond Trust Deed or (if no Covered Bonds are outstanding) it is instructed by the Majority Secured Creditors, authorise or waive any breach or proposed breach of any of the covenants or provisions contained in the Covered Bonds of any Series or any Programme Document or determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such for the purposes of the Security Deed. Any such authorisation, waiver or determination will be binding on the Covered Bondholders and/or Couponholders and the other Secured Creditors and, unless the Bond Trustee otherwise agrees, must be notified by the Issuer or the Covered Bond Guarantor (acting on the directions of the Trust Manager) (as the case may be) to the Covered Bondholders in accordance with Condition 12 and each Rating Agency as soon as practicable thereafter.

Any such modification, waiver, authorisation or determination will be binding on all the Covered Bondholders of all Series of Covered Bonds for the time being outstanding, the related Couponholders and the other Secured Creditors, and unless the Bond Trustee otherwise agrees, any such modification must be notified by the Issuer, to the Covered Bondholders of all Series of Covered Bonds in accordance with Condition 12 and to the Rating Agencies as soon as practicable thereafter.

Where in connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Bond Trustee and the Security Trustee are required to have regard to the general interests of the Covered Bondholders of each Series as a class (but must not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders whatever their number) and, in particular but without limitation, must not have regard to the consequences of any such exercise for individual Covered Bondholders, the related Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Bond Trustee and the Security Trustee will not be entitled to require, nor will any Covered Bondholder or Couponholder be entitled to claim, from the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders and/or Couponholders, except to the extent already provided for in Condition 7 and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 7 pursuant to the Bond Trust Deed.

The Bond Trustee and Security Trustee must concur in and effect any modifications to the Programme Documents that are requested by the Issuer, the Covered Bond Guarantor or the Trust Manager to (a) accommodate the accession of a new Servicer, new Swap Provider, new Trust Manager, new Account Bank, new Agent or new Cover Pool Monitor to the Programme provided that (i) each of the Swap Providers provide written confirmation to the Security Trustee and the Bond Trustee consenting to such modification of those documents to which they are a party (such consent not to be unreasonably withheld); (ii) the Trust Manager has certified to the Security Trustee and the Bond Trustee in writing that such modifications are required in order to accommodate the addition of the new Servicer, new Swap Provider, new Trust Manager, new Account Bank, new Agent or new Cover Pool Monitor to the Programme; (iii) the Trust Manager has certified to the Security Trustee and the Bond Trustee that all

other conditions precedent to the accession of the new Servicer, new Swap Provider, new Trust Manager, new Account Bank, new Agent or new Cover Pool Monitor to the Programme set out in the Programme Documents have been satisfied at the time of the accession; (b) take into account any changes in the covered bonds ratings criteria of the Rating Agencies where, absent such modifications, the Issuer is reasonably satisfied following discussions with the relevant Rating Agency (and has provided a certificate in writing to the Bond Trustee and the Security Trustee to that effect) that the rating assigned by the relevant Rating Agency to one or more Series of Covered Bonds may be subject to a downgrade, qualification or withdrawal and even if such changes are, or may be, prejudicial or materially prejudicial to the interests of the Covered Bondholders of any Series; (c) allow a Swap Provider to transfer securities as Swap Collateral under a relevant Swap Agreement Credit Support Annex, including to appoint a custodian to hold such securities in a custody account pursuant to a custody agreement; or (d) ensure compliance of the Programme or the Issuer, as applicable, with, or ensure that the Issuer may benefit from, any existing, new or amended legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including APRA) in relation to covered bonds provided that the Trust Manager has certified to the Bond Trustee and the Security Trustee in writing that such modifications are required in order to comply with or benefit from such legislation, regulation, directive, prudential standard or prudential guidance note, as the case may be.

10.3 Substitution

The Bond Trust Deed provides that in connection with any scheme of amalgamation or reconstruction of the Issuer not involving the bankruptcy or insolvency of the Issuer and (A) where the Issuer does not survive the amalgamation or reconstruction or (B) where all or substantially all of the assets and business of the Issuer will be disposed of to, or succeeded to, by another entity (whether by operation of law or otherwise), the Bond Trustee will, if requested by the Issuer, be obliged, without the consent or sanction of the Covered Bondholders or Couponholders, at any time to agree to the substitution in the place of the Issuer (or of the previous substitute) as principal debtor under the Bond Trust Deed (the **Substituted Debtor**) being the entity with and into which the Issuer amalgamates or the entity to which all or substantially all of the business and assets of the Issuer is transferred, or succeeded to, pursuant to such scheme of amalgamation or reconstruction (whether by operation of law or otherwise), subject to:

(i) the Substituted Debtor entering into a supplemental trust deed or some other form of undertaking in form and manner satisfactory to the Bond Trustee agreeing to be bound by the Bond Trust Deed with any consequential amendments which the Bond Trustee may deem appropriate as fully as if the Substituted Debtor had been named in the Bond Trust Deed as principal debtor in place of the Issuer;

(ii) the Substituted Debtor acquiring or succeeding to pursuant to such scheme of amalgamation or reconstruction all or substantially all of the assets and business of the Issuer;

(iii) each stock exchange or market on which the Covered Bonds are listed confirming in writing that following the proposed substitution of the Substituted Debtor the Covered Bonds will continue to be listed on such stock exchange or market;

(iv) the supplemental trust deed containing a warranty and representation by the Substituted Debtor that (A) the Substituted Debtor has obtained all necessary governmental and regulatory approvals and consents necessary for or in connection with the assumption by the Substituted Debtor of liability as principal debtor in respect of, and of its obligations under, the supplemental trust deed and the Covered Bonds; (B) such approvals and consents are at the time of substitution in full force and effect; and (C) the obligations assumed by the Substituted Debtor under the supplemental trust deed are legal, valid and binding in accordance with their respective terms;

(v) confirmations being received by the Bond Trustee from each Rating Agency that the substitution will not adversely affect the then current rating of the Covered Bonds;

(vi) where the Substituted Debtor is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of a territory other than or in addition to Australia, undertakings or covenants in form and manner satisfactory to the Bond Trustee being given by the Substituted

Debtor in terms corresponding to the provisions of Condition 7 with the substitution for (or, as the case may be, the addition to) the references to Australia of references to that other or additional territory in which the Substituted Debtor is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject and (where applicable) Condition 5.2 being modified accordingly;

(vii) without prejudice to the rights of reliance of the Bond Trustee under the immediately following paragraph, the Bond Trustee being satisfied that the relevant transaction is not materially prejudicial to the interests of the Covered Bondholders;

(viii) if two directors of the Substituted Debtor (or other officer acceptable to the Bond Trustee) certifying that the Substituted Debtor is solvent both at the time at which the relevant transaction is proposed to be effected and immediately thereafter (which certificate the Bond Trustee may rely on absolutely without liability to any person) and the Bond Trustee must not have regard to the financial condition, profits or prospects of the Substituted Debtor or compare the same with those of the Issuer;

(ix) the Issuer and the Trust Manager, delivering to the Bond Trustee legal opinions obtained from lawyers of international repute in (a) England and Wales and (b) the jurisdiction of incorporation of the Substituted Debtor in form and substance satisfactory to the Bond Trustee; and

(x) the Covered Bond Guarantee remaining in place or being modified to apply *mutatis mutandis* and continuing in full force and effect in relation to any Substituted Debtor.

Any such supplemental trust deed or undertaking will, if so expressed, operate to release the Issuer or in either case the previous substitute as aforesaid from all of its obligations as principal debtor under the Bond Trust Deed.

In addition, subject as further provided in the Bond Trust Deed, the Bond Trustee may without the consent or sanction of the Covered Bondholders or Couponholders at any time agree to the substitution in place of the Issuer (or any previous substitute under this Condition) as the principal debtor under the Covered Bonds, Coupons and the Bond Trust Deed or any other corporation subject to certain other conditions set out in the Bond Trust Deed being complied with.

Any substitution pursuant to this Condition 10.3 will be binding on the Covered Bondholders and must be notified in a form previously approved by the Bond Trustee by the new Issuer to the Covered Bondholders not later than 14 days after any such substitution in accordance with Condition 12.

10.4 Rating Agencies

If:

(i) a confirmation or affirmation of rating or other response by a Rating Agency is a condition to any action or step under any Programme Document; and

(ii) the Issuer has delivered to the Covered Bond Guarantor (copied to the Seller and each Rating Agency) written confirmation that it has notified the Rating Agencies of the action or step and that the Trust Manager is satisfied, following discussions with the Rating Agencies, that the action or step, as applicable, will not result in a reduction, qualification or withdrawal of the ratings then assigned by the Rating Agencies and the Rating Agency does not consider such confirmation necessary,

the parties will be entitled to assume that the then current rating of the Covered Bonds from that Rating Agency will not be downgraded, qualified or withdrawn by such Rating Agency as a result of such action or step.

The Bond Trustee will be entitled to treat as conclusive a certificate signed by an Authorised Officer of the Issuer or the Covered Bond Guarantor as to any matter referred to in (ii) above and the Bond Trustee will not be responsible for any Liability that may be caused as a result.

For the purposes of this Condition 10:

Potential Issuer Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default;

Potential Covered Bond Guarantor Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Covered Bond Guarantor Event of Default; and

Series Reserved Matter in relation to Covered Bonds of a Series means any proposal:

(i) to amend the dates of maturity or redemption of the Covered Bonds, or any date for payment of interest or Interest Amounts on the Covered Bonds or the obligation of the Issuer to pay additional amounts pursuant to Condition 7, (ii) to reduce or cancel the Principal Amount Outstanding of, or any premium payable on redemption of, the Covered Bonds, (iii) to reduce the rate or rates of interest in respect of the Covered Bonds or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Covered Bonds (other than any variation arising from the discontinuation of any interest rate benchmark used to determine the amount of any payment in respect of the Covered Bonds), (iv) if a Minimum and/or a Maximum Rate of Interest, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount is set out in the applicable Final Terms, to reduce any such amount, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or Specified Denomination of the Covered Bonds, (vii) to take any steps that as specified in the applicable Final Terms may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Covered Bondholders or the majority required to pass the Extraordinary Resolution, (ix) to amend the Covered Bond Guarantee or the Security Deed (other than any amendment that the Bond Trustee may consent to without the consent of the Covered Bondholders under the Bond Trust Deed); and (x) to alter this proviso or the quorum requirements for an adjourned meeting of Covered Bondholders for the transaction of business comprising any Series Reserved Matter or the alteration of this definition.

11. REPLACEMENT OF COVERED BONDS, COUPONS AND TALONS AND EXCHANGE OF TALONS

Should any Covered Bond, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced subject to applicable laws, regulations and listing authority, stock exchange and/or quotation system regulations at the specified office of the Principal Paying Agent in London (in the case of Bearer Covered Bonds, Coupons or Talons) or the specified office of the Registrar (in the case of Registered Covered Bonds), or any other place approved by the Bond Trustee of which notice has been published in accordance with Condition 12 upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Covered Bond, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Covered Bonds, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Covered Bonds, Coupons or Talons must be surrendered before replacements will be issued.

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Bearer Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 8.

12. NOTICES

All notices regarding the Bearer Covered Bonds will be valid if published in a leading English language daily newspaper of general circulation in London. It is expected that any such newspaper publication will be made in the *Financial Time*s in London. The Issuer must also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Covered Bonds are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers or where published in such newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Bond Trustee may approve.

All notices regarding the Registered Covered Bonds will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Covered Bonds are admitted to trading on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any Definitive Covered Bonds are issued, there may, so long as the Covered Bonds are represented in their entirety by any Global Covered Bonds held on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Covered Bondholders and, in addition, for so long as any Covered Bonds are listed on a stock exchange or admitted to trading by any other relevant authority and the rules of that stock exchange, or as the case may be, other relevant authority so require, such notice or notices will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice will be deemed to have been given to the Covered Bondholders on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Covered Bondholder must be in writing and given by lodging the same, together (in the case of any Covered Bond in Definitive form) with the relative Covered Bond or Covered Bonds, with the Agent (in the case of the Bearer Covered Bonds) or the Registrar (in the case of Registered Covered Bonds). Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of a Covered Bond to the Principal Paying Agent or the Registrar through Euroclear, Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar, Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

13. FURTHER ISSUES

The Issuer will be at liberty from time to time without the consent of the Covered Bondholders or the Couponholders to create and issue further bonds having terms and conditions the same as the Covered Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same can be consolidated and form a single Series with, and will be fungible for United States federal tax purposes with, the outstanding Covered Bonds of such Series.

14. INDEMNIFICATION OF THE BOND TRUSTEE AND THE SECURITY TRUSTEE AND THE BOND TRUSTEE AND SECURITY TRUSTEE CONTRACTING WITH THE ISSUER AND/OR THE COVERED BOND GUARANTOR

If, in connection with the exercise of its powers, trusts, authorities or discretions the Bond Trustee is of the opinion that the interests of the Covered Bondholders of any one or more Series would be materially prejudiced thereby, the Bond Trustee must not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders of the relevant Series by Extraordinary Resolution or by a direction in writing of such Covered Bondholders of at least 25 per cent. of the

Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding or as otherwise required under the Programme Documents.

The Bond Trust Deed and the Security Deed contain provisions for the indemnification of the Bond Trustee and the Security Trustee and for their relief from responsibility, including provisions relieving them from taking any action unless indemnified and/or secured and/or prefunded to their satisfaction.

The Bond Trust Deed and the Security Deed also contain provisions pursuant to which each of the Bond Trustee and Security Trustee, respectively, is entitled, inter alia: (i) to enter into business transactions with the Issuer, the Covered Bond Guarantor and/or any of their respective Subsidiaries and affiliates and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Covered Bond Guarantor and/or any of their respective Subsidiaries and affiliates; (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Covered Bondholders or Couponholders or the other Secured Creditors and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Neither the Bond Trustee nor the Security Trustee will be responsible for any loss, expense or liability which may be suffered as a result of any Mortgage Loan Rights or any Charged Property, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons whether or not on behalf of the Bond Trustee and/or the Security Trustee. Neither the Bond Trustee nor the Security Trustee will be responsible for inter alia: (i) supervising the performance by the Issuer or any other party to the Programme Documents of their respective obligations under the Programme Documents and the Bond Trustee and the Security Trustee will be entitled to assume, until they each have written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Programme Documents under the Programme Documents; (iii) monitoring the Mortgage Loan Rights forming part of the Assets of the Trust, including whether the Asset Coverage Test is satisfied or otherwise or the Amortisation Test is satisfied or otherwise; (iv) monitoring whether Mortgage Loans are Eligible Mortgage Loans or (v) monitoring whether the Issuer is in breach of the Pre-Maturity Test. Neither the Bond Trustee nor the Security Trustee will be liable to any Covered Bondholder or other Secured Creditor for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent secured creditor in relation to the Security and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Programme Documents.

The Bond Trustee may refrain from taking any action or exercising any right, power, authority or discretion vested in it relating to the transactions contemplated in the Programme Documents until it has been indemnified and/or secured and/or prefunded to its satisfaction against any and all actions, charges, claims, costs, damages, demands, expenses, liabilities, losses and proceedings which might be sustained by it as a result and will not be required to do anything which may cause it to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights, powers, authorities or discretions if it has reasonable grounds for believing that repayment of such funds or adequate indemnity, security or prefunding against such liability is not assured to it.

15. LIMITED RECOURSE AND NON-PETITION

15.1 Only the Security Trustee may pursue the remedies available under the general law or under the Security Deed to enforce the Security and no Transaction Party will be entitled to proceed directly against the Covered Bond Guarantor to enforce the Security. In particular, each Transaction Party (other than the Covered Bond Guarantor and the Security Trustee) has agreed with and acknowledges to each of the Covered Bond Guarantor and the Security Trustee, and the Security Trustee agreed with and acknowledged to the Covered Bond Guarantor, that:

(a) none of the Transaction Parties (nor any person on their behalf, other than the Security Trustee where appropriate) is entitled, otherwise than as permitted by the Programme Documents, to direct the

Security Trustee to enforce the Security or take any proceedings against the Covered Bond Guarantor to enforce the Security;

(b) none of the Transaction Parties (other than the Security Trustee) will have the right to take or join any person in taking any steps against the Covered Bond Guarantor for the purpose of obtaining payment of any amount due from the Covered Bond Guarantor to any of such Transaction Parties;

(c) until the date falling two years after the Vesting Date none of the Transaction Parties nor any person on their behalf may initiate or join any person in initiating an Insolvency Event in relation to the Trust other than a Receiver appointed under clause 15 of the Security Deed; and

(d) none of the Transaction Parties is entitled to take or join in the taking of any corporate action, legal proceedings or other procedure or step which would result in the Priorities of Payments not being complied with.

15.2 The Covered Bondholders agree with and acknowledge to each of the Covered Bond Guarantor and the Security Trustee, and the Security Trustee has agreed with and acknowledged to the Covered Bond Guarantor, that notwithstanding any other provision of any Programme Document, all obligations of the Covered Bond Guarantor to such party including, without limitation, the Secured Obligations, are limited in recourse to the Covered Bond Guarantor as set out below:

(a) it will have a claim only in respect of the Charged Property and will not have any claim, by operation of law or otherwise, against, or recourse to, any of the Covered Bond Guarantor's other assets;

(b) sums payable to each party in terms of the Covered Bond Guarantor's obligations to such party will be limited to the lesser of (a) the aggregate amount of all sums due and payable to such party and (b) the aggregate amounts received, realised or otherwise recovered and immediately available for payment by or for the account of the Covered Bond Guarantor in respect of the Charged Property whether pursuant to enforcement of the Security or otherwise, net of any sums which are payable by the Covered Bond Guarantor in accordance with the Priorities of Payments in priority to or *pari passu* with sums payable to such party; and

(c) upon the Security Trustee giving written notice to the relevant party that it has determined in its opinion, and the Servicer having certified to the Security Trustee, that there is no reasonable likelihood of there being any further realisations in respect of the Charged Property (whether arising from an enforcement of the Security or otherwise) which would be available to pay unpaid amounts outstanding under the relevant Programme Document, the relevant party will have no further claim against the Covered Bond Guarantor in respect of any such unpaid amounts and the obligations to pay such unpaid amounts will be discharged in full,

save that this limitation will not apply to a liability of the Covered Bond Guarantor to the extent it results from the Covered Bond Guarantor's fraud, negligence or wilful default.

15.3 The Covered Bondholders agree with and acknowledge to the Security Trustee that the Security Trustee enters into each Programme Document to which it is a party only in its capacity as trustee of the Security Trust and in no other capacity and that the Security Trustee will have no liability under or in connection with this deed or any other Programme Document (whether to the Secured Creditors, the Covered Bond Guarantor or any other person) other than to the extent to which the liability is able to be satisfied out of the property of the Security Trust from which the Security Trustee is actually indemnified for the liability. This limitation will not apply to a liability of the Security Trustee to the extent it results from the Security Trustee's fraud, negligence or wilful default.

15.4 To the extent permitted by law, no recourse under any obligation, covenant, or agreement of any person contained in the Programme Documents may be had against any shareholder, officer, agent or director of such person as such, by the enforcement of any assessment or by any legal proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the Programme Documents are corporate obligations of each person expressed to be a party thereto and no personal liability will attach to or be incurred by the shareholders, officers, agents or directors of such person as such, or any of them, under or by reason of any of the obligations, covenants or agreements of such person contained in the Programme Documents, or implied therefrom, and that any and all personal liability for breaches

by such person of any of such obligations, covenants or agreements, either under any applicable law or by statute or constitution, of every such shareholder, officer, agent or director is expressly waived by each person expressed to be a party thereto as a condition of and consideration for execution of the Programme Documents.

16. DISAPPLICATION OF CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of any Covered Bond but this does not affect any right or remedy of any person which exists or is available apart from that Act.

17. GOVERNING LAW

The Bond Trust Deed (including the Covered Bond Guarantee), the Principal Agency Agreement, the Covered Bonds, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law unless specifically stated to the contrary (in this regard, the covenant to pay made by the Issuer to the Bond Trustee in respect of the Covered Bonds, (but only, in respect of such provisions, to the extent that they relate to any A$ Registered Covered Bonds) in the Bond Trust Deed, the provisions relating to the issuance of A$ Registered Covered Bonds and the maintenance of the A$ Register in respect of the A$ Registered Covered Bonds in the Bond Trust Deed and the provisions relating to limiting recourse to the Covered Bond Guarantor and the Security Trustee in the Bond Trust Deed, the Principal Agency Agreement and the A$ Registered Covered Bonds are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia).

18. JURISDICTION

18.1 Each of the Issuer and the Covered Bond Guarantor hereby irrevocably submits to the jurisdiction of the English courts in any action or proceeding arising out of or related to the Covered Bonds. The courts of England and (in the case of any action involving the Issuer or the Covered Bond Guarantor) the Commonwealth of Australia are to have jurisdiction to settle any dispute (including a dispute relating to any non-contractual obligations arising out of or in connection with the Covered Bonds), and each party hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English or the Commonwealth of Australia courts (as applicable) are an inconvenient forum for the maintenance or hearing of such action or proceeding. Each party may take any suit, action or proceeding arising out of or in connection with the Covered Bonds (including any proceedings relating to any non-contractual obligations arising out of or in connection with the Covered Bonds) against any of the Issuer and the Covered Bond Guarantor in any other court of competent jurisdiction and concurrent proceedings in any number of jurisdictions.

18.2 Each of the Issuer and the Covered Bond Guarantor:

(a) agrees that the process by which any proceedings in England are begun may be served on it by delivery to the General Manager, Europe being at the date hereof at 60 Ludgate Hill, London EC4M 7AW;

(b) agrees to procure that, so long as any of the Covered Bonds issued or guaranteed by it (as the case may be) remains liable to prescription, there will be in force an appointment of such a person approved by the Bond Trustee with an office in London with authority to accept service as aforesaid;

(c) agrees that a failure by any such person to give notice of such service or process to the Issuer or the Covered Bond Guarantor will not impair the validity of such service or of any judgment based thereon; and

(d) agrees that nothing in these Conditions will affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Covered Bonds by the Issuer will be used for the general purposes of the Issuer and its subsidiaries.

COMMONWEALTH BANK OF AUSTRALIA

Commonwealth Bank of Australia (the **Bank**) is a public company with an ordinary share capital of A$34,971 million at 30 June 2017. The Bank is governed by, and operates in accordance with, its Constitution, the Australian Corporations Act and the Listing Rules of the Australian Securities Exchange (which constitute the corporate governance regime of Australia), and certain provisions of the Australian Banking Act. The objectives of the Bank include providing integrated financial services including retail, business and institutional banking, superannuation, life insurance, general insurance, funds management, broking services and finance company activities.

The Bank was incorporated as a public company on 17 April 1991 in the Australian Capital Territory and has Australian Business Number 48 123 123 124. Its registered office is Ground Floor, Darling Park, Tower 1, 201 Sussex Street, Sydney NSW Australia, 2000, telephone number +61 2 9118 1339. The Bank and its subsidiaries together provide a wide range of banking, financial and related services in Australia.

At 30 June 2017, the Bank and its consolidated subsidiaries had total assets of A$976,374 million, deposits and other public borrowings of A$626,655 million and total regulatory capital of A$62,076 million. Net profit after income tax (statutory basis), for the year ended 30 June 2017 was A$9,928 million.

As at the date of this Prospectus, the Bank has been rated AA- by Standard & Poor's (Australia) Pty Ltd, Aa3 by Moody's and AA- by Fitch.

History and Recent Developments

Commonwealth Bank of Australia was established in 1911 by a Commonwealth Act of Parliament to conduct commercial and savings banking business. Its functions were later expanded to encompass those of a central bank. Subsequent legislative amendment in 1959 created a separate Reserve Bank of Australia to take over the central bank functions.

In December 1990, the Commonwealth Banks Restructuring Act 1990 was passed, which provided for:

(i) the conversion of the Bank into a public company with a share capital, governed by its then Memorandum and Articles of Association but subject to certain overriding provisions of the Australian Banking Act – this conversion occurred on 17 April 1991;

(ii) Commonwealth Bank of Australia to become the successor in law of the State Bank of Victoria – this occurred on 1 January 1991; and

(iii) the issue of shares in the Bank to the Australian public.

The Bank was fully privatised in three stages from July 1991 to July 1996.

An offer of just under 30% of the issued shares in the Bank was made to members of the Australian public and staff of the Bank in July 1991, to strengthen the Bank's capital base following its acquisition of State Bank of Victoria and to provide a sound foundation for further development of the Bank's business. The offer closed on 14 August 1991 and was fully subscribed.

In October 1993, the Australian Government sold a portion of the Commonwealth of Australia's shareholding in the Bank, reducing its shareholding to 50.4 per cent. of the total number of issued voting shares.

In June/July 1996, the Australian Government made a public offer of its remaining 50.4% shareholding in the Bank. The offer was fully subscribed. In conjunction with this offer, the Bank, pursuant to a buy-back agreement between the Bank and the Commonwealth of Australia, agreed to buy back 100 million shares in the Bank from the Commonwealth of Australia. The public offer and buy-back were effected on 22 July 1996.

On 13 June 2000, the Bank and Colonial Limited completed their merger.

On 22 August 2000, the Bank purchased the 25% non-controlling interest in ASB Holdings Limited (formerly known as ASB Group Limited) in New Zealand for NZD560 million (A$430 million), giving the Bank a 100% interest in ASB Bank Limited and its subsidiaries (the **ASB Group**).

The Bank became the successor in law to the State Bank of New South Wales (known as Colonial State Bank) and to all the assets and liabilities of State Bank of New South Wales effective on 4 June 2001 pursuant to legislation passed by the State of New South Wales.

On 19 December 2008, the Bank acquired 100 per cent. of Bank of Western Australia Ltd (**Bankwest**) from HBOS plc.

In relation to the Commonwealth of Australia's statutory guarantee of the Bank's liabilities, transitional arrangements for the phasing out of that guarantee commenced on 19 July 1996.

Under these arrangements, section 117(1) of the Australian Banking Act provided for the Commonwealth of Australia to guarantee the due payment of the following amounts:

(a) any amount that was payable by the Bank before the end of the day on 19 July 1999 in respect of a demand deposit made with the Bank;

(b) any amount that is payable by the Bank at any time in respect of a term deposit made with the Bank before the end of the day on 19 July 1999; and

(c) any amount that:

  (i) is not in respect of a demand deposit or a term deposit; and

  (ii) is payable by the Bank under a contract that was entered into, or any other instrument that was executed, issued, endorsed or accepted before 7.00 a.m. (Sydney time) on 19 July 1996 by the Bank.

Accordingly, Covered Bonds issued from the date of this Prospectus are not guaranteed on a statutory basis by the Commonwealth of Australia.

Business Overview

The Bank, with a full-time equivalent staff of 45,614 at 30 June 2017, provides a comprehensive range of integrated financial services, including retail banking, premium banking, business banking, institutional banking, funds management, superannuation, insurance investment and share broking products and services primarily in Australia and New Zealand. It also has operations throughout Asia and in the United Kingdom, Malta and the United States. The fact that as at 30 September 2017, the Bank was Australia's largest bank in terms of housing loans and retail (household) deposits is sourced from APRA monthly Banking Statistics September 2017 (issued 31 October 2017) (Tables 2 and 4). The Bank confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by APRA, no facts have been omitted which would render the reproduced information inaccurate or misleading.

On 13 June 2000, the Bank acquired 100% of Colonial, significantly increasing its wealth management capabilities.

The Bank began originating and servicing residential mortgage loans in 1946 and is currently Australia's largest home mortgage lender. As at 30 June 2017, the Bank and its Australian subsidiaries acted as the primary servicer on approximately 1.8 million residential mortgage loans having an aggregate unpaid balance of approximately A$436 billion.

The Bank conducts its operations primarily through the following business units:

Retail Banking Services

Retail Banking Services provides home loan, consumer finance and retail deposit products and servicing to all retail bank customers and non-relationship managed small business customers. In addition, commission is received for the distribution of Wealth Management products through the retail distribution network.

Business and Private Banking

Business and Private Banking provides specialised banking services to relationship managed business and Agribusiness customers, private banking to high net worth individuals and margin lending and trading through CommSec.

Institutional Banking and Markets

Institutional Banking and Markets services the Group's major corporate, institutional and government clients using a relationship management model based on industry expertise and local insights. The client offering includes debt raising, financial and commodities price risk management and transactional banking capabilities. Institutional Banking and Markets has international operations in London, New York, Houston, Japan, Singapore, Malta, Hong Kong, New Zealand, Beijing and Shanghai.

Wealth Management

Wealth Management includes Global Asset Management (including operations in Asia and Europe), Platform Administration and Financial Advice and Life and General Insurance businesses of the Australian operations.

New Zealand

New Zealand includes the Banking, Funds Management and Insurance businesses operating in New Zealand (excluding the international business of Institutional Banking and Markets).

Bankwest

Bankwest is active in all domestic market segments, with lending diversified between the business, rural, housing and personal markets, including a full range of deposit products.

International Financial Services and Other Divisions

The International Financial Services incorporates the Asian retail and business banking operations (India, China, Indonesia and Vietnam), associate investments in two Chinese banks and one Vietnamese bank, a Chinese life insurance business, the life insurance operations in Indonesia and a financial services technology business in South Africa. It does not include the Business and Private Banking, Institutional Banking and Markets and Colonial First State Global Asset Management businesses in Asia.

The Corporate Centre includes the results of unallocated Bank support functions such as Investor Relations, Group Strategy, Secretariat and Treasury. Group wide-eliminations/unallocated includes intra-group elimination entries arising on consolidation, centrally raised provisions and other unallocated revenue and expenses.

Share Capital

The Bank is a public company with an ordinary share capital at 30 June 2017 of A$34,971 million divided into 1,726,013,398 ordinary shares at an average issue price of A$20.26 each.

Audit Committee

The Audit Committee of the Bank consists of Brian J Long (Chairman), Shirish Apte, Catherine Livingstone and Wendy Stops. The Audit Committee assists the Board in discharging its responsibilities on matters relating to:

- the external reporting of financial information for the Issuer and its subsidiaries (**Group**);
- the internal control environment of the Group;
- the Group's internal auditor, internal audit function and the external auditors; and
- the Group's Risk Management Framework, in conjunction with the Risk Committee.

The Audit Committee consists solely of independent non-executive directors who are financially literate. Its members will have the accounting and financial expertise and sufficient understanding of the financial services industry to be able to fulfil their responsibilities.

The Audit Committee will consist of at least four (4) independent non-executive directors and the current number of Committee members is four (4). Meetings are chaired by an independent non-executive director who is not the Chairman of the Board. The Risk Committee Chairman is a member of the Audit Committee and vice-versa to assist with the flow of relevant information between the two Committees.

The external auditor and the Group's internal auditor are invited to attend all Audit Committee meetings. Meetings are held from time to time with the external auditor and internal auditor without management present.

The Audit Committee has free and unfettered access to senior management and any other relevant external and internal party (and vice versa) and information.

The Committee may make any necessary enquiries to fulfil its responsibilities.

The Committee may obtain independent advice at the Bank's expense, including by engaging and receiving advice and recommendations from appropriate independent experts.

Prior to approval of the Group's financial statements for the 2017 financial half and full year, the Chief Executive Officer (**CEO**) and the Chief Financial Officer (**CFO**) gave the Board a declaration that, in their opinion, the financial records of the Group had been properly maintained in accordance with section 286 of the Corporations Act, that the financial statements and notes comply with the accounting standards and give a true and fair view of the financial position and performance of the Group, and that their opinion had been formed on the basis of a sound system of risk management and internal control which was operating effectively (in the case of the half year declaration, in all material respects).

Recent Developments

AUSTRAC Civil Penalty Proceedings, APRA prudential inquiry and Shareholder Class Action

The Group is currently subject to civil penalty proceedings brought by AUSTRAC in the Federal Court of Australia on 3 August 2017 relating to alleged past and ongoing contraventions by the Group of the Act, the Shareholder Class Action and may in the future be subject to additional regulatory actions, litigation, investigations and governmental proceedings emanating from the conduct that AUSTRAC alleges occurred, which could result in penalties and costs, reputational damage, contractual damage claims, class actions or other claims by impacted stakeholders of the Bank. While the Bank does not currently consider the AUSTRAC proceedings and the Shareholder Class Action to be material in the context of the Group's financial position, the proceedings and other potential consequential actions and impacts, including potential reputational damage, could have a material adverse effect on the Bank's business, reputation, results of operations and financial condition (see "*Risk Factors – The Bank is subject to risk arising from civil penalty proceedings by AUSTRAC and a related Shareholder Class Action*" for further information).AUSTRAC's statement of claim relates to alleged past and ongoing contraventions of four provisions of the Act. Specifically, AUSTRAC asserts that:

- The Bank failed to comply with its Anti-Money Laundering/Counter-Terrorism Financing (**AML/CTF**) Program, as required by the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (the **Rules**), in connection with the roll out in May 2012 of Intelligent Deposit Machines (**IDMs**), a type of ATM that accepts deposits in both cash and checks. AUSTRAC alleges that the Bank failed to carry out a money laundering and financing of terrorism risk assessment before introducing the IDMs in accordance with its AML/CTF Program. Further, AUSTRAC asserts that the Bank has not introduced appropriate risk-based systems and controls to mitigate and manage the higher money laundering and financing of terrorism risks faced by providing designated services through the IDMs. AUSTRAC alleges that the Bank has failed to comply with its AML/CTF Program on nine occasions.

- The Bank failed to provide threshold transaction reports (**TTRs**) within the timeframe required by the Act. A TTR is a report of a transaction involving the transfer of physical currency in the amount of A$10,000 or more (a **threshold transaction**). Reporting entities, like the Bank, are required to submit a TTR to AUSTRAC within 10 business days after a threshold transaction occurs. AUSTRAC alleges that

approximately 53,000 TTRs were lodged late and that each failure to submit on a timely basis constitutes a separate contravention of the Act.

- The Bank failed to provide suspicious matter reports (**SMRs**), either on time or at all, as required by the Act, on 174 occasions and AUSTRAC alleges that each failure to submit on a timely basis constitutes a separate contravention of the Act. Reporting entities, like the Bank, are required to submit an SMR to AUSTRAC within three business days after providing a person with a designated service if the reporting entity forms a suspicion on reasonable grounds that it holds information that may be relevant to the investigation or prosecution of an offence.

- The Bank failed to monitor customers in relation to the provision of designated services with a view to identifying, mitigating and/or managing money laundering and terrorism financing risks reasonably faced, as required by the Act, with respect to 71 customers.

During the relevant period, the alleged contraventions carried a penalty of up to A$18 million for each contravention, other than one alleged contravention which carried a penalty of up to A$21 million.

The Bank is reviewing the allegations in AUSTRAC's statement of claim and at this time it is not possible to reliably estimate its possible financial impact on the Group. Accordingly, no loss provision has been made. While the Bank does not currently consider the AUSTRAC proceedings to be material in the context of the Group's financial position, AUSTRAC's claims could result in substantial penalties and costs and the proceedings and other potential consequential actions and impacts described below, including potential reputational damage, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition.

The Bank takes the allegations made by AUSTRAC very seriously and intends to file a defence in relation to this matter by December 2017, with AUSTRAC's response expected to be filed by March 2018. The Bank can provide no assurance with respect to whether it will be able to successfully defend the allegations made in the proceedings.

The Board has established a committee of four directors to oversee the response to AUSTRAC's statement of claim and the ongoing execution of a "program of action", which consolidates a range of previously established and newly formed initiatives focussed on strengthening the Bank's policies and processes relating to its obligations under the Act and under anti-money laundering and counter-terrorism financing laws in other jurisdictions in which the Bank has operations. Since the second half of the 2015 calendar year, when the alleged issues relating to TTRs in connection with the use of IDMs were brought to the attention of the Board, the Bank believes that it has made progress on the program of action by:

- Fixing the coding error relating to the IDM TTRs;

- Changing senior leadership in relevant key roles;

- Recruiting more than fifty financial crime compliance professionals;

- Strengthening the Bank's Know Your Customer (**KYC**) processes, with a specialist hub providing what the Bank believes is consistent and high quality on-boarding of customers;

- Upgrading the financial crime technology used to monitor accounts and transactions for suspicious activity. The new technology is expected to be fully delivered over the next twelve months; and

- Commencing the upgrade of additional fraud monitoring technology for use by the team that provides further security assurance to customers by identifying fraudulent activity.

Although the Bank provides updates to AUSTRAC and the Group's other regulators on the program of action, there is no assurance that AUSTRAC or the Group's other regulators will agree that the Group's program of action will be adequate or that the program of action will effectively enhance the Group's compliance programs.

Recently, ASIC announced that it was investigating the Bank for potential violations of its continuous disclosure and financial reporting obligations under the Corporations Act relating to the allegations raised in AUSTRAC's statement of claim. Further, on 28 August 2017, APRA announced its intention to establish an independent

prudential inquiry into the Group focusing on governance, culture and accountability frameworks and practices within the Group. The goal of the prudential inquiry is to provide the Group with a set of recommendations for organisation and cultural changes. The prudential inquiry will be conducted by an independent panel, appointed by APRA. On 8 September 2017, APRA confirmed that it has appointed Dr John Laker AO, Professor Graeme Samuel AC, and Jillian Broadbent AO to undertake the inquiry. The panel will provide a final public report containing its recommendations to APRA by 30 April 2018, with a progress report due on 31 January 2018. The Group will bear the costs of this prudential inquiry.

The Shareholder Class Action was filed by law firm Maurice Blackburn on behalf of shareholders who acquired an interest in the Bank's ordinary shares between 1 July 2015 and 1:00 p.m. (Australian Eastern Standard Time) on 3 August 2017 (the **Relevant Period**), and who suffered loss or damage as alleged in the Shareholder Class Action (the **Group Members**).

The Shareholder Class Action alleges that the Bank, whose ordinary shares are publicly traded on the Australian Securities Exchange (**ASX**), breached its obligations under the Australian Corporations Act and ASX Listing Rules to disclose information concerning the Bank that a reasonable person would expect to have a material effect on the price or value of the Bank's ordinary shares to the ASX (**Continuous Disclosure Obligation**). Specifically, the Shareholder Class Action alleges that the Bank should have disclosed on and from 1 July 2015 certain of the matters that form the basis of the AUSTRAC proceedings. The Shareholder Class Action further alleges that during the Relevant Period the Bank made misleading or deceptive public statements regarding compliance with its obligations under applicable anti-money laundering laws and its Continuous Disclosure Obligation in violation of applicable Australian laws.

The Shareholder Class Action alleges this conduct caused the Bank's ordinary shares to trade at prices higher than they would have otherwise traded during the Relevant Period and sets forth various bases for how any losses could be calculated. The Shareholder Class Action notes that the particulars of the alleged losses or damages of the Group Members are not currently known and cannot be known until after the determination of identified common issues at an initial trial.

The Bank intends to vigorously defend the Shareholder Class Action. At this time it is not possible to reliably estimate its possible financial impact on the Group. Accordingly, no loss provision has been made.

While the Bank is not aware of any other investigation or action by other domestic or foreign regulators relating to the allegations raised by AUSTRAC (or similar matters) as of the date of this Prospectus, there can be no assurance that the Bank will not be subject to such investigations or actions in the future. Any settlement or adverse judgment in connection with the proceedings launched by AUSTRAC or the Shareholder Class Action, or any other formal or informal proceeding or investigation by other government or regulatory agencies (domestic or foreign), may result in additional litigation, investigations or proceedings by other regulators or private parties. Additionally, the Group is a party to various contractual arrangements. In some of the Group's contractual arrangements, the Bank provides representations and warranties regarding its compliance with the Act and other applicable anti-money laundering and counter-terrorism rules and regulations. Because of the recent allegations contained in AUSTRAC's statement of claim, the Group may be exposed to potential claims from its contractual counterparties to the extent such counterparties believe that the Group has breached the applicable representations and warranties contained in the Group's contractual arrangements with them and have suffered loss as a result of any such breach . While the Group is not aware of any such claims as of the date of this Prospectus, such claims could arise in the future. Such investigations, actions, claims or proceedings, including the recent investigation announced by ASIC and the prudential inquiry announced by APRA, could result in penalties, fines and costs, reputational harm, remediation costs and other losses that, individually or collectively, could have a material adverse effect on the Group's business, reputation, results of operations and financial condition.

Chief Executive Succession Process and changes to the Board

Managing Director and Chief Executive Officer, Ian Narev, will retire by the end of the 2018 financial year, with the exact timing dependent on the outcome of an ongoing comprehensive internal and external search process.

Non-executive Directors, Launa Inman and Harrison Young, retired from the Board at the conclusion of the Annual General Meeting held on 16 November 2017 (**2017 AGM**). Non-executive Director, Andrew Mohl was

re-elected as a Director at the 2017 AGM and will serve one more year on the Board. Robert Whitfield was appointed to the Board as a non-executive Director effective from 4 September 2017 and was also re-elected at the 2017 AGM.

Divestment of Australian and New Zealand life insurance businesses

On 21 September 2017, the Bank announced the sale of 100% of its life insurance businesses in Australia and New Zealand to AIA Group Limited (**AIA**) for A$3.8 billion (the **Transaction**). The sale agreement also includes a 20-year partnership with AIA for the provision of life insurance products to customers in Australia and New Zealand. The Transaction is expected to be completed in the 2018 calendar year, subject to the satisfaction of certain conditions and regulatory approvals.

Directors of the Bank

As at the date of this Prospectus, the board of the Bank consists of nine directors including the Chairman (who is an independent non-executive director), one executive director and seven independent non-executive directors with wide financial and commercial knowledge and experience (the **Board**). The Board has in place procedures to declare and manage any potential conflicts of interest, including between Directors' duties to the Bank and their private interests or other duties. These procedures provide that a Director with a material personal interest in a matter being considered by the Board will not receive papers dealing with the matter and will not be present during the discussion or decision on the matter and will not vote on the matter. Accordingly, there are no potential conflicts of interest between the private interests or other duties of the Directors and their duties to the Bank which are not managed in accordance with these procedures. The business address of the directors of the Bank is Ground Floor, Darling Park, Tower 1, 201 Sussex Street, Sydney, NSW, Australia, 2000.

As at the date of this Prospectus, the members of the Board are:

Catherine Livingstone AO, Chairman

Ms Livingstone has been a Director since March 2016 and was appointed Chairman of the Bank on 1 January 2017. She is Chairman of the Nominations Committee and a member of the Risk Committee, the Audit Committee and the Remuneration Committee.

Ms Livingstone is a former Chairman of Telstra Corporation Limited and of the CSIRO, and was Managing Director and Chief Executive Officer of Cochlear Limited. She has served on the Boards of Macquarie Group Limited, Goodman Fielder Limited and Rural Press Limited and has contributed to the work of the Innovation and Productivity Council for the New South Wales Government. She is a former President of the Business Council of Australia. In 2008, Ms Livingstone was awarded Officer of the Order of Australia.

Other Directorships and Interests: WorleyParsons Ltd, Saluda Medical Pty Ltd, University of Technology Sydney (Chancellor) and Australian Museum Trust (President).

Qualifications: BA (Accounting) (Hons), FCA, FTSE, FAICD, FAA.

Ms Livingstone is a resident of New South Wales. Age 62.

Ian M Narev, Managing Director and Chief Executive Officer

Mr Narev has been a Director since December 2011. He was appointed Managing Director and Chief Executive Officer on 1 December 2011.

Mr Narev joined the Group in May 2007 as Group Head of Strategy, responsible for corporate strategy development, mergers and acquisitions and major cross business strategic initiatives.

In January 2009, Mr Narev was appointed as Group Executive, Business and Private Banking.

Prior to joining the Bank, Mr Narev was a partner of McKinsey's New York, Sydney and Auckland offices. He became a global partner in 2003, and from 2005 until his departure in 2007 was head of McKinsey's New Zealand office. Prior to joining McKinsey, he was a lawyer specialising in mergers and acquisitions.

Other Directorships and Interests: Sydney Theatre Company Ltd (Chairman), Business Council of Australia, The Financial Markets Foundation for Children and Institute of International Finance.

Qualifications: BA LLB (Hons) (Auck), LLM (Cantab), LLM (NYU).

Mr Narev is a resident of New South Wales. Age 50.

Shirish Apte

Mr Apte has been a Director since June 2014. He is Chairman of the Risk Committee and a member of the Audit Committee.

Mr Apte has more than 32 years' experience with Citi having held various senior roles, including Co-Chairman of Citi Asia Pacific Banking, Chief Executive Officer of Citi Asia Pacific, Chief Executive Officer of Central & Eastern Europe, Middle East & Africa and Country Manager and Deputy President of Citibank Handlowy, where he is now Vice Chairman of the Supervisory Board.

Mr Apte is a former Director of Crompton Greaves Ltd.

Other Directorships and Interests: IHH Healthcare Bhd (including two of its subsidiaries), AIG Asia Pacific Pte Ltd, Clifford Capital Pte Ltd, Pierfront Capital Mezzanine Fund Pte Ltd (Chairman) and Supervisory Board of Citibank Handlowy (Vive Chairman).

Qualifications: CA, B.Com (Calc), MBA (LondBus).

Mr Apte is a resident of Singapore. Age 64.

Sir David H Higgins

Sir David Higgins has been a Director since September 2014. He is Chairman of the Remuneration Committee and a member of the Risk Committee.

Sir David is Chairman of Gatwick Airport Ltd, which operates Gatwick Airport in the UK and Chairman of High Speed Two (HS2) Ltd, the company responsible for developing and promoting the UK's new high speed rail network. Sir David is a senior advisor to Global Infrastructure Partners in the US and to Lone Star Funds.

Previously, he was Chief Executive Officer of Network Rail Infrastructure Ltd, Chief Executive Officer of the Olympic Delivery Authority for the London 2012 Olympic Games, Chief Executive Officer of English Partnerships and Managing Director and Chief Executive Officer of Lend Lease.

Other Directorships and Interests: Gatwick Airport Ltd (Chairman) and High Speed Two (HS2) Ltd (Chairman).

Qualifications: BE (Civil), (USyd), Diploma (Securities Institute of Australia).

Sir David is a resident of London, United Kingdom. Age 63.

Brian J Long

Mr Long has been a Director since September 2010. He is Chairman of the Audit Committee and a member of the Risk Committee and the Nominations Committee.

He retired as a partner of Ernst & Young on 30 June 2010. Until that time he was the Chairman of both the Ernst & Young Global Advisory Council and the Oceania Area Advisory Council. He was one of the firm's most experienced audit partners with over 30 years' experience in serving as audit signing partner on major Australian public companies including those in the financial services, property, insurance and media sectors.

Other Directorships and Interests: Brambles Limited, Cantarella Bros Pty Ltd, University of New South Wales (Council Member) and Centennial Park and Moore Park Trust (Trustee).

Qualifications: FCA.

Mr Long is a resident of New South Wales. Age 71.

Andrew M Mohl

Mr Mohl has been a Director since July 2008. He is a member of the Risk Committee and Remuneration Committee.

He has over 40 years' financial services experience. He was Managing Director and Chief Executive Officer of AMP Limited from October 2002 until December 2007.

Mr Mohl's previous roles at AMP included Managing Director, AMP Financial Services and Managing Director and Chief Investment Officer, AMP Asset Management.

Previously, Mr Mohl was the Group Chief Economist, Chief Manager, Retail Banking and Managing Director, ANZ Funds Management at ANZ Banking Group. Mr Mohl commenced his career at the Reserve Bank of Australia where his roles included Senior Economist and Deputy Head of Research.

Other Directorships and Interests: ASIC External Advisory Panel (Member) and CEDA Board of Governors (Member).

Qualifications: BEc (Hons), Monash.

Mr Mohl is a resident of New South Wales. Age 62.

Mary Padbury

Ms Padbury has been a Director since June 2016. She is a member of the Remuneration Committee and the Nominations Committee.

Ms Padbury is a pre-eminent intellectual property lawyer with over 30 years' experience. She is a partner and the Vice Chairman of Ashurst, having been the Chairman of Ashurst Australia for eight years prior to the firm's full merger with Ashurst LLP in 2013. Ms Padbury spent a number of years in the UK with boutique firm, Bristows, and as resident partner of Ashurst Australia. She has undertaken intellectual property work for Australian and multinational corporations in a range of technology areas and has extensive international, legal and governance experience.

Other Directorships and Interests: Ashurst (Vice Chairman), Trans-Tasman IP Attorneys Board (Chairman), The Macfarlane Burnet Institute for Medical Research and Public Health Ltd, Chief Executive Women (Member) and Victorian Legal Admissions Board (Member).

Qualifications: BA LLB (Hons) (Melb) GAICD.

Ms Padbury is a resident of Victoria. Age 59.

Wendy Stops

Ms Stops has been a Director since March 2015. She is a member of the Audit Committee and the Remuneration Committee.

Ms Stops was Senior Managing Director, Technology – Asia Pacific for Accenture Limited from 2012 until June 2014. Her career at Accenture spanned some 32 years in which she held various senior positions, including Global Managing Director, Technology Quality & Risk Management, Global Managing Director, Outsourcing Quality & Risk Management and Director of Operations, Asia Pacific.

She also served on Accenture's Global Leadership Council from 2008 until her retirement.

Other Directorships and Interests: Fitted for Work Ltd, University of Melbourne (Council Member) and Chief Executive Women (Member), serving on Scholarships and Marketing & Communications Committees.

Qualifications: BAppSc (Information Technology), GAICD.

Ms Stops is a resident of Victoria. Age 56.

Robert Whitfield

Mr Whitfield has been a Director since September 2017.

He is a member of the Risk Committee and the Nominations Committee.

Mr Whitfield has significant banking and finance and senior management experience in the private and public sectors. He is a Director of New South Wales Treasury Corporation and was previously its Chairman. He is a former Secretary of NSW Treasury and NSW Industrial Relations.

Prior to NSW Treasury, Mr Whitfield had a 30 year career with Westpac Banking Corporation and held various senior management positions, including Chief Executive Officer of the Institutional Bank, Chief Risk Officer, Group Treasurer and Chairman of the Asia Advisory Board. At Westpac, Mr Whitfield developed a deep knowledge of equity and capital markets and was instrumental in developing Westpac's risk management function and strategies. He is a former Deputy Chair of the Australian Financial Markets Association.

Other Directorships and Interests: New South Wales Treasury Corporation.

Qualifications: BCom (UNSW), Grad Dip Banking, Grad Dip Fin, AMP (Harvard), SF Fin, FAICD.

Mr Whitfield is a resident of New South Wales. Age 53.

FINANCIAL STATEMENTS OF COMMONWEALTH BANK OF AUSTRALIA

Financial Condition and Operating Results

The following table sets out certain consolidated summary financial data relating to the Group. This data has been extracted without material adjustment from the published consolidated financial statements of the Group for the financial year ended 30 June 2017.

	As at year ended 30 June[1]		
	2017	**2016**	**2015**
Balance Sheet		*(in million A$)*	
Total assets	976,374	933,001	873,489
Lending assets [2]	732,225	696,829	641,206
Deposits and other public borrowings	626,655	588,045	543,231
Shareholders' equity attributable to Equity holders of the Bank	63,170	60,014	52,431
Profit and Loss Account			
Net interest income	17,600	16,935	15,823
Other operating income	8,521	7,643	7,845
Operating Expenses	(11,082)	(10,473)	(10,078)
Impairment Expense	(1,095)	(1,256)	(988)
Net profit before income tax	13,944	12,849	12,602
Income tax	(3,992)	(3,606)	(3,528)
Net profit after income tax	9,952	9,243	9,074
Non-controlling interests	(24)	(20)	(21)
Net profit attributable to Equity holders of the Bank	9,928	9,223	9,053

Notes:

(1) Comparative information has been restated to conform to presentation in the current year.

(2) Includes loans, bills discounted and other receivables. Includes bank acceptances.

THE CBA COVERED BOND TRUST

The CBA Covered Bond Trust (**Trust**) is a special purpose trust established by the Establishment Deed under the law of New South Wales, Australia on 13 November 2011. Perpetual Corporate Trust Limited is the trustee of the Trust (in such capacity, the Covered Bond Guarantor).

The Covered Bond Guarantor's principal office is at Level 18, 123 Pitt Street, Sydney NSW 2000, Australia. The telephone number of the Covered Bond Guarantor's principal office is +61 2 9229 9000.

The Covered Bond Guarantor is dependent on the Trust Manager and the Servicer (amongst others) to provide certain management and administrative services to it, on the terms of the Establishment Deed and the other Programme Documents.

The principal activities of the Trust are set out in the Establishment Deed and include the acquisition, management and sale of, amongst other things, Mortgage Loan Rights, the borrowing of moneys to fund the acquisition of such assets, the hedging of risks associated with such assets and such funding, the acquisition, management and sale of Substitution Assets and Authorised Investments, the giving of guarantees in respect of the Covered Bonds (including the Covered Bond Guarantee), the granting of security to secure repayment of any Covered Bonds and other liabilities and any purpose which is ancillary or incidental to the activities set out above. The Assets of the Trust comprise principally Mortgage Loan Rights, Substitution Assets, Authorised Investments, Trust Accounts and rights of the Covered Bond Guarantor under the Programme Documents.

The Trust has not engaged since its establishment, and will not engage whilst the Covered Bonds or the Term Advances remain outstanding, in any material activities other than activities incidental to its establishment, activities contemplated under the Programme Documents to which the Covered Bond Guarantor is or will be a party and other matters which are incidental or ancillary to the foregoing.

Unitholders

The Income Unitholder of the Trust as at the date of this Prospectus is the Bank.

The Capital Unitholder of the Trust as at the date of this Prospectus is the Bank.

Covered Bond Guarantor

Perpetual Corporate Trust Limited ABN 99 000 341 533 was incorporated in New South Wales on 27 October 1960 as T.E.A. Nominees (N.S.W.) Ltd under the Companies Act 1936 of New South Wales. The name was changed to Perpetual Corporate Trust Limited on 18 October 2006 and Perpetual Corporate Trust Limited now operates as a limited liability public company under the Australian Corporations Act. Perpetual Corporate Trust Limited is registered in New South Wales and its registered office is at Level 18, 123 Pitt Street, Sydney NSW 2000, Australia.

Perpetual Corporate Trust Limited has 10,010,000 ordinary shares issued with a paid amount of A$1.00 per share. Perpetual Corporate Trust Limited is a wholly owned subsidiary of Perpetual Limited, a publicly listed company on the Australian Securities Exchange.

The principal activities of Perpetual Corporate Trust Limited are the provision of trustee and other commercial services. Perpetual Corporate Trust Limited (ABN 99 000 341 533) has obtained an Australian Financial Services Licence under Part 7.6 of the Australian Corporations Act (AFSL No. 392673). Perpetual Corporate Trust Limited and its related companies provide a range of services including custodial and administrative arrangements to funds management, superannuation, property, infrastructure and capital markets. Perpetual Corporate Trust Limited and its related companies are leading trustee companies in Australia.

The name and function of each of the Directors of Perpetual Corporate Trust Limited are listed below. Unless otherwise stated, the business address of each Director is Level 18, 123 Pitt Street Sydney NSW 2000 Australia.

- Gillian Larkins, Director;
- Christopher Green, Director; and

- Eleanor Padman, Director.

As at the date of this Prospectus, no potential conflicts or conflicts of interest exist between any duties owed to the Covered Bond Guarantor by the members of its Board of Directors listed above and their private interests and/or other duties in respect of their management roles.

Trust Manager

At the date of this Prospectus, the Trust Manager is Securitisation Advisory Services Pty. Limited ABN 88 064 133 946. The registered office of the Trust Manager is Ground Floor, Darling Park, Tower 1, 201 Sussex Street, Sydney NSW 2000, Australia.

Pursuant to the Establishment Deed, the Trust Manager will act as manager of the Trust and will provide certain administrative services required by the Covered Bond Guarantor pursuant to the Programme Documents. As compensation for the performance of the Trust Manager's obligations under the Programme Documents and as reimbursement for its related expenses, the Trust Manager will be entitled to a fee, which will be paid in accordance with the applicable Priority of Payments.

Directors

The directors of Securitisation Advisory Services Pty. Limited, the business address of each of whom should be regarded for the purposes of this Prospectus as being Ground Floor, Darling Park, Tower 1, 201 Sussex Street, Sydney, NSW, 2000, Australia and their principal outside activities, where significant, are as follows:

S.R.D. (Simon) Maidment

Mr Maidment is General Manager Group Treasury at the Bank. He is a director of the following other Group companies:

Colonial First State Asset Management (Australia) Limited
Homepath Pty Limited
Residential Mortgage Group Pty Ltd

T. (Tracy) Harvey

Ms Harvey is General Manager Institutional Banking & Markets Finance Centre at the Bank. She is a director of the following other Group companies:

CBA International Finance Pty. Limited
CBA Markets Limited

J. (Jean) Olivier

Mr Olivier is Head of Group Finance at the Bank. He is a director of the following other Group companies:

CBA Funding (NZ) Limited
CBA Funding Holdings Pty Ltd
CBFC Leasing Pty. Limited
CBFC Limited
CMG Asia Pty Ltd
Commonwealth Development Bank of Australia Pty Limited
Commwealth International Holdings Pty Limited
Emerald Holding Company Pty Limited
GT USD Funding Pty Limited

P.P. (Pierre) Katerdjian

Mr Katerdjian is Managing Director Global Fixed Income & Rates at the Bank. He is a director of the following other Group company:

CBA Markets Limited

As at the date of this Prospectus, no potential conflicts of interest exist between any duties owed to Securitisation Advisory Services Pty. Limited by the members of its Board of Directors listed above and their private interests and/or other duties in respect of their management roles.

Delegation by the Trust Manager

The Trust Manager may, in performing its functions under the Establishment Deed and the other Programme Documents, delegate to any service provider the performance of any of its functions and appoint any person to be delegate or sub-delegate, in each case subject to and in accordance with the provisions of the Establishment Deed and the Management Agreement, as the case may be.

OVERVIEW OF THE PRINCIPAL DOCUMENTS

Bond Trust Deed

The Bond Trust Deed, entered into between the Issuer, the Trust Manager, the Covered Bond Guarantor and the Bond Trustee, is the principal agreement governing the Covered Bonds.

The Bond Trust Deed contains provisions relating to:

(a) the constitution of the Covered Bonds and the terms and conditions of the Covered Bonds (as set out under the section "*Terms and Conditions of the Covered Bonds*" in this Prospectus);

(b) the covenants of the Issuer and the Covered Bond Guarantor;

(c) the terms of the Covered Bond Guarantee (as described below);

(d) the enforcement procedures relating to the Covered Bonds and the Covered Bond Guarantee; and

(e) the appointment, powers and responsibilities of the Bond Trustee and the circumstances in which the Bond Trustee may resign, retire or be removed.

The Bond Trust Deed (other than certain provisions of the Bond Trust Deed under which the Issuer covenants to the Bond Trustee to repay principal and to pay interest in respect of the Covered Bonds (but only, in respect of such provisions, to the extent they relate to any A$ Registered Covered Bonds), certain provisions of the Bond Trust Deed constituting the A$ Registered Covered Bonds and certain provisions of the Bond Trust Deed limiting recourse to the Covered Bond Guarantor and the Security Trustee) and any non-contractual obligations arising out of or in connection with it are governed by English law. Those provisions of the Bond Trust Deed noted above which are not governed by English law, are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia.

The Covered Bond Guarantee

The Covered Bond Guarantee

The Covered Bond Guarantor has guaranteed to the Bond Trustee, for the benefit of Covered Bondholders, the prompt performance by the Issuer of its obligations to pay the Guaranteed Amounts.

Following the occurrence of an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer (copied to the Covered Bond Guarantor) and a Notice to Pay on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee), the Covered Bond Guarantor must, as principal obligor, pay or procure to be paid on each Scheduled Payment Date (or on such later date provided for in the Bond Trust Deed) irrevocably and unconditionally to or to the order of the Bond Trustee (for the benefit of the Covered Bondholders), an amount equal to those Guaranteed Amounts which have become Due for Payment in accordance with the terms of the Bond Trust Deed (or which would have become Due for Payment but for any variation, release or discharge of the Guaranteed Amounts) but which have not been paid by the Issuer to the relevant Covered Bondholder and/or Couponholders on the relevant date for payment, provided that no Notice to Pay may be so served on the Covered Bond Guarantor until an Issuer Acceleration Notice has been served by the Bond Trustee on the Issuer.

Following the occurrence of a Covered Bond Guarantor Event of Default and the service by the Bond Trustee of a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor (copied to the Trust Manager), in respect of the Covered Bonds of each Series which have become immediately due and repayable (or which would have become Due for Payment but for any variation, release or discharge of the Guaranteed Amounts), the Covered Bond Guarantor must, as principal obligor, pay or procure to be paid to or to the order of the Bond Trustee (for the benefit of itself and the Covered Bondholders) in the manner described in the Bond Trust Deed) the Guaranteed Amounts.

Subject to the grace periods specified in Condition 9.2(a) of the Programme Conditions, failure by the Covered Bond Guarantor to pay the Guaranteed Amounts when Due for Payment will constitute a Covered Bond Guarantor Event of Default.

Covered Bond Guarantor not obliged to pay additional amounts

All payments of Guaranteed Amounts by or on behalf of the Covered Bond Guarantor will be made without withholding or deduction for, or on account of, any present or future tax, duties, assessment or other governmental charges of whatever nature, imposed or levied by or on behalf of Australia or any political sub-division thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law or regulation or administrative practice of any jurisdiction. If any such withholding or deduction is required, the Covered Bond Guarantor must pay the Guaranteed Amounts net of such withholding or deduction and must account to the appropriate Tax Authority for the amount required to be withheld or deducted. The Covered Bond Guarantor will not be obliged to pay any additional amount to the Bond Trustee or any holder of Covered Bonds and/or Coupons in respect of the amount of such withholding or deduction.

See "*Taxation*" for further information.

Guarantor and Covered Bond Guarantor as principal debtor and not merely as surety

The Covered Bond Guarantor has agreed that its obligations under the Covered Bond Guarantee will be:

(a) as if it were principal debtor and not merely as surety or guarantor and will be absolute; and

(b) (following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice) unconditional; and

(c) irrespective of, and unaffected by, any invalidity, irregularity, illegality or unenforceability of, or defect in, any provisions of the Bond Trust Deed or any other Programme Document, or in the absence of any action to enforce the same or the waiver, modification or consent by the Bond Trustee, any of the Covered Bondholders or Couponholders in respect of any provisions of the same or the obtaining of any judgment or decree against the Issuer or any action to enforce the same or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of a guarantor,

and the Covered Bond Guarantee will not be discharged nor shall the liability of the Covered Bond Guarantor under the Bond Trust Deed be affected by any act, thing or omission or means whatsoever whereby its liability would not have been discharged if it had been the principal debtor.

Excess Proceeds

Following the occurrence of an Issuer Event of Default and the delivery of the Issuer Acceleration Notice and Notice to Pay, any Excess Proceeds must be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the Covered Bond Guarantor, as soon as practicable, and must be held by the Covered Bond Guarantor in the GIC Account, and the Excess Proceeds will thereafter form part of the Charged Property and must be used by the Covered Bond Guarantor in the same manner as all other monies from time to time standing to the credit of the GIC Account pursuant to the Security Deed and the Establishment Deed. Any Excess Proceeds received by the Bond Trustee and held by it or under its control will discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds and Coupons (as applicable and to the extent of the amount so received and subject to restitution of the same if such Excess Proceeds are to be required to be repaid by the Covered Bond Guarantor) (but will be deemed not to have so discharged the Issuer's obligations for the purposes of subrogation rights of the Covered Bond Guarantor contemplated by the Covered Bond Guarantee and the Bond Trust Deed). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and Notice to Pay or, if earlier, service of a Covered Bond Guarantee Acceleration Notice) unconditional and irrevocable, and the receipt by, or on behalf of, the Bond Trustee of any Excess Proceeds will not reduce or discharge any such obligations.

By subscribing for Covered Bonds, each Covered Bondholder will be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the Covered Bond Guarantor in the manner described above.

For the avoidance of doubt, any payments by the Covered Bond Guarantor to the Covered Bondholders out of the Excess Proceeds will reduce the Guaranteed Amounts *pro tanto*.

Intercompany Loan Agreement

Under the Intercompany Loan Agreement, the Intercompany Loan Provider has agreed to make available to the Covered Bond Guarantor a multi-currency credit facility under which the Intercompany Loan Provider may make Term Advances to the Covered Bond Guarantor.

On each Issue Date, the Intercompany Loan Provider will make a Term Advance to the Covered Bond Guarantor in an amount equal to either (i) if a Non-Forward Starting Covered Bond Swap is entered into on the relevant Issue Date, the Principal Amount Outstanding on the Issue Date of the relevant Series or, as applicable, Tranche of Covered Bonds in the Specified Currency of the relevant Series or Tranche of Covered Bonds or (ii) if a Forward Starting Covered Bond Swap is entered into on the relevant Issue Date, the Australian Dollar Equivalent of the Principal Amount Outstanding on the Issue Date of the relevant Series or, as applicable, Tranche of Covered Bonds, and for a matching term. The Covered Bond Guarantor may only use the proceeds of the Term Advances received under the Intercompany Loan Agreement from time to time (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Non-Forward Starting Covered Bond Swap): (i) to fund (in whole or in part) the Consideration for any Mortgage Loan Rights to be acquired from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or (ii) acting in accordance with the Establishment Deed, to invest in Substitution Assets in an amount not exceeding the prescribed limit, to the extent required to meet the Asset Coverage Test; and thereafter or otherwise the Covered Bond Guarantor may use such proceeds (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Non-Forward Starting Covered Bond Swap) (subject to complying with the Asset Coverage Test): (A) if an existing Series or Tranche or part of an existing Series or Tranche of Covered Bonds is being refinanced by the issue of a further Series or Tranche of Covered Bonds to which the Term Advance relates, to repay the Term Advance(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Term Advance(s) being repaid, if necessary); and/or (B) to make a repayment of the Demand Loan, provided that the Trust Manager has determined the outstanding balance of the Demand Loan by calculating the Asset Coverage Test as at the Intercompany Loan Drawdown Date having taken into account such repayment and the Trust Manager has confirmed that the Asset Coverage Test will continue to be met after giving effect to such repayment; and/or (C) subject to the terms of the Establishment Deed, to make a deposit of all or part of the proceeds into the GIC Account (including, without limitation, to fund the Reserve Fund). If the Intercompany Loan Provider is also the Seller, to the extent that the proceeds of a Term Advance are to be applied to the payment of the Consideration for any Mortgage Loan Rights to be acquired from the Seller, the Intercompany Loan Provider may, in satisfaction of its obligation to make the Term Advance in accordance with the Intercompany Loan Agreement on the applicable Intercompany Loan Drawdown Date, set-off the amount of the Term Advance against the Consideration for the relevant Mortgage Loan Rights.

The Issuer will not be relying on repayment of any Term Advance in order to meet its repayment obligations under the Covered Bonds. The Covered Bond Guarantor (acting on the instructions of the Trust Manager) will pay amounts due in respect of Term Advances in accordance with the Intercompany Loan Agreement and the relevant Priority of Payments. Prior to the service of a Notice to Pay on the Covered Bond Guarantor or the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, amounts due in respect of each Term Advance will be paid by the Covered Bond Guarantor to, or as directed by, the Intercompany Loan Provider on each Intercompany Loan Interest Payment Date, subject to paying all higher ranking amounts in the Pre-Acceleration Income Priority of Payments or, as applicable, the Pre-Acceleration Principal Priority of Payments. Any failure by the Covered Bond Guarantor to pay any amounts due on the Term Advances will not affect the liability of the Issuer to pay the relevant amount due on the Covered Bonds.

Any amounts owing by the Intercompany Loan Provider (as Issuer of a particular Tranche or Series of Covered Bonds) to the Covered Bond Guarantor in respect of amounts paid by the Covered Bond Guarantor under the Covered Bond Guarantee in relation to the particular Covered Bonds or the purchase of the particular Covered Bonds by the Covered Bond Guarantor, as applicable, will be set-off automatically (and without any action being required by the Covered Bond Guarantor, the Trust Manager, the Intercompany Loan Provider, the Demand Loan Provider or the Security Trustee) against any amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement in relation to the Term Advance corresponding to the relevant Covered Bonds (and, in accordance with paragraph (d) below, against any amounts payable by the Covered Bond Guarantor to the Demand Loan Provider under the Demand Loan Agreement). The amount set-off will be the amount of the relevant payment made by the Covered Bond Guarantor under the Covered Bond Guarantee in relation to the relevant Covered Bonds (or the Australian Dollar Equivalent of such amount if the related Term

Advance is denominated in Australian Dollars and the relevant Covered Bonds are not denominated in Australian Dollars) or the Principal Amount Outstanding of any relevant Covered Bonds purchased or otherwise acquired and cancelled in accordance with Condition 5.10 of the Programme Conditions and Condition 4 of the N Covered Bond Conditions (as applicable) (or the Australian Dollar Equivalent of such amount if the related Term Advance is denominated in Australian Dollars and the relevant Covered Bonds are not denominated in Australian Dollars), as applicable, which amount must be applied to reduce amounts payable under the Intercompany Loan Agreement in relation to the Term Advance corresponding to the relevant Covered Bonds (and, in accordance with paragraph (d) below, against any amounts payable by the Covered Bond Guarantor to the Demand Loan Provider under the Demand Loan Agreement) in the following order of priority:

(a) *first*, to reduce and discharge interest (including accrued interest) due and unpaid on the outstanding principal balance of such Term Advance;

(b) *second*, to reduce and discharge the outstanding principal balance of such Term Advance;

(c) *third*, to reduce and discharge any other amounts due and payable by the Covered Bond Guarantor to the Intercompany Loan Provider under the Intercompany Loan Agreement; and

(d) *fourth*, to reduce and discharge amounts due and payable by the Covered Bond Guarantor to the Demand Loan Provider under the Demand Loan Agreement (see below).

The Intercompany Loan Agreement is governed by and is to be construed in accordance with the laws applying in the State of New South Wales, Australia.

Demand Loan Agreement

Under the Demand Loan Agreement, the Demand Loan Provider has agreed to make available to the Covered Bond Guarantor an Australian Dollar revolving credit facility under which the Demand Loan Provider may make Demand Loan Advances to the Covered Bond Guarantor. Each Demand Loan Advance will be denominated in Australian Dollars. The interest rate on the Demand Loan will be equal to the 30 day Bank Bill Rate plus a spread to be determined by the Demand Loan Provider. The balance of the Demand Loan will fluctuate over time, as described below.

The proceeds of each Demand Loan Advance may only be used by the Covered Bond Guarantor: (a) to fund the Consideration (in whole or part) for the acquisition of Mortgage Loan Rights from the Seller on a Closing Date where the aggregate of the proceeds of a Term Advance (if any) made on that date and/or (subject to paragraph (c) of the Pre-Acceleration Principal Priority of Payments as set out in the section "*Cashflows*" in this Prospectus) any Available Principal Amount available to acquire Mortgage Loan Rights is not sufficient to pay the Consideration for the relevant Mortgage Loan Rights to be acquired; (b) to repay a Term Advance on the date on which the Series of Covered Bonds corresponding to such Term Advance matures (subject to paragraph (f) of the Pre-Acceleration Principal Priority of Payments as set out in the section "*Cashflows*" in this Prospectus); (c) to rectify a failure to meet the Asset Coverage Test; (d) to rectify a breach of the Pre-Maturity Test; (e) to rectify an Interest Rate Shortfall; (f) to make a deposit to the OC Account in accordance with the Demand Loan Agreement; or (g) for any other purpose whatsoever as may be agreed from time to time between the Covered Bond Guarantor (acting on the directions of the Trust Manager) and the Demand Loan Provider (including, without limitation, to fund the Reserve Fund if required).

At any time prior to an Issuer Event of Default and provided the relevant conditions precedent have been satisfied, the Trust Manager may direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must upon receiving that direction, re-borrow any amount of the Demand Loan repaid by the Covered Bond Guarantor in accordance with the Demand Loan Agreement and the relevant Priority of Payments. Unless otherwise agreed by the Demand Loan Provider, no further Demand Loan Advances will be made to the Covered Bond Guarantor under the Demand Loan Facility following an Issuer Event of Default or Covered Bond Guarantor Event of Default.

The Covered Bond Guarantor must repay the Demand Loan in the following circumstances:

(a) by way of set-off by application of the proceeds of any Term Advance as described in "*Intercompany Loan Agreement*" above;

(b) following the Demand Loan Provider requesting repayment of all or part of the Demand Loan in accordance with the Demand Loan Agreement;

(c) after the service of a Covered Bond Guarantee Acceleration Notice in accordance with the Post-Enforcement Priority of Payments; and

(d) after the Covered Bonds of each Series and Tranche have been repaid in full and the Issuer has confirmed to the Trust Manager that no additional Covered Bonds will be issued under the Programme Documents in accordance with the applicable Priority of Payments.

Repayment following a demand by the Demand Loan Provider

Any repayment amount which is the subject of a demand made as described in paragraph (b) above must (if so elected by the Demand Loan Provider) be paid within one Local Business Day of the demand (such date, a **Demand Loan Repayment Date**) or, where no such election is made, on the next Distribution Date immediately following such demand.

If a demand for repayment of all or part of the Demand Loan is made as described in paragraph (b) above, then subject to the applicable Priority of Payments (other than in the case of repayment on a Demand Loan Repayment Date) and the following paragraphs, the principal amount of the Demand Loan must be repaid by an amount equal to the lesser of: (a) the amount requested to be repaid by the Demand Loan Provider; (b) the maximum amount (as calculated by the Trust Manager) that may be repaid provided that the Asset Coverage Test is satisfied after giving effect to such repayment; and (c) in the case of the repayment of the Demand Loan on a Demand Loan Repayment Date, the amount standing to the credit of the OC Account. No repayment of the Demand Loan may be made in these circumstances on any Distribution Date or any Demand Loan Repayment Date if the Asset Coverage Test will be breached after giving effect to the repayment.

In satisfaction of the repayment obligation in respect of the Demand Loan in accordance with paragraph (e) of the Pre-Acceleration Principal Priority of Payments, paragraph (g) of the Guarantee Priority of Payments, paragraph (f) of the Post-Enforcement Priority of Payments and on a Demand Loan Repayment Date (i) first, the Demand Loan Provider (in its capacity as Account Bank in respect of the OC Account) must set-off the amount standing to the credit of the OC Account against the amount payable in respect of the Demand Loan in accordance with the relevant Priority of Payments or on the Demand Loan Repayment Date and (ii) second, other than on a Demand Loan Repayment Date, the Trust Manager must direct the Covered Bond Guarantor to and the Covered Bond Guarantor must (in the case of the Pre-Acceleration Principal Priority of Payments and the Guarantee Priority of Payments) or the Security Trustee must (in the case of the Post-Enforcement Priority of Payments) distribute Mortgage Loan Rights of the Trust in specie (the aggregate value of which will be determined by reference to the Current Principal Balance plus arrears of interest and accrued interest thereon in respect of the corresponding Mortgage Loan calculated as at the date of the in specie distribution) (the **In Specie Mortgage Loan Rights**) in accordance with the applicable Priority of Payments. Any In Specie Mortgage Loan Rights must be selected by the Trust Manager (in the case of a distribution in accordance with the Pre-Acceleration Principal Priority of Payments and the Guarantee Priority of Payments) or the Security Trustee (in the case of the Post-Enforcement Priority of Payments), on a basis that is representative of the Mortgage Loan Rights forming part of the Assets of the Trust at the date of the in specie distribution to the Demand Loan Provider.

For the avoidance of doubt, if the Covered Bond Guarantor (acting on the directions of the Trust Manager) or the Security Trustee, as applicable, fails (as determined by the Demand Loan Provider) for any reason whatsoever to distribute Mortgage Loan Rights as an in specie distribution in accordance with the Demand Loan Agreement and the applicable Priority of Payments (an **In Specie Failure**), such In Specie Failure will not discharge the repayment obligation in respect of the Demand Loan and such repayment obligation will be payable in accordance with the applicable Priority of Payments and the Demand Loan Agreement from the amount available to be applied in accordance with the relevant Priority of Payments.

An In Specie Failure does not constitute a Covered Bond Guarantor Event of Default, Trust Manager Default and/or a Covered Bond Guarantor Termination Event other than, in the case of a Trust Manager Default or a Covered Bond Guarantor Termination Event, where the Covered Bond Guarantor or Trust Manager, as applicable, has been fraudulent, negligent or in wilful default in connection with the In Specie Failure.

Ranking of repayments under the Demand Loan

Where repayment of the principal amount owing under the Demand Loan is made by way of a set-off against the amount standing to the credit of the OC Account and/or by an in specie distribution of Mortgage Loan Rights as described above, such repayment will rank in priority to amounts owing by the Covered Bond Guarantor under the Covered Bond Guarantee or under the Intercompany Loan Agreement, as applicable, in accordance with the applicable Priority of Payments (unless such repayment is being made on a Demand Loan Repayment Date). Otherwise (including as a result of an In Specie Failure), repayment of the principal amount owing under the Demand Loan will be subordinated to amounts owed by the Covered Bond Guarantor under the Intercompany Loan Agreement and under the Covered Bond Guarantee, as applicable, in accordance with the applicable Priority of Payments (and repayment of such amounts may also be satisfied by an in specie distribution of Mortgage Loan Rights (determined in the manner described above), at the discretion of the Trust Manager or, in the case of the Post-Enforcement Priority of Payments, the Security Trustee).

Other than to the extent the principal on the Demand Loan is repaid by way of a set-off against the OC Account and/or by an in specie distribution of Mortgage Loan Rights, the Covered Bond Guarantor will repay the principal on the Demand Loan on a Distribution Date in accordance with the applicable Priority of Payments and the terms of the Demand Loan Agreement and the Establishment Deed, using (i) funds in the applicable Trust Accounts (other than the OC Account); and/or (ii) proceeds from the sale of Substitution Assets and/or Authorised Investments; and/or (iii) the proceeds of a Term Advance pursuant to the terms of the Intercompany Loan Agreement (see the section "*Cashflows*" in this Prospectus).

The Australian Dollar Equivalent of any amounts owing by the Intercompany Loan Provider (as Issuer) to the Covered Bond Guarantor in respect of amounts paid by the Covered Bond Guarantor under the Covered Bond Guarantee in relation to particular Covered Bonds or the purchase of particular Covered Bonds by the Covered Bond Guarantor, as applicable, which are not set-off in accordance with the order of priority contained in the Intercompany Loan Agreement (set out above) will be set-off automatically (and without any action being required by the Covered Bond Guarantor, the Trust Manager, the Demand Loan Provider or the Security Trustee) against any amounts payable by the Covered Bond Guarantor under the Demand Loan Agreement in the following order of priority:

(A) *first*, to reduce and discharge interest (including accrued interest) due and unpaid on the Demand Loan;

(B) *second*, to reduce and discharge the outstanding principal balance of the Demand Loan; and

(C) *third*, to reduce and discharge any other amounts due and payable by the Covered Bond Guarantor to the Demand Loan Provider under the Demand Loan Agreement.

The Demand Loan Agreement is governed by and is to be construed in accordance with the laws applying in the State of New South Wales, Australia.

Mortgage Sale Agreement

Sale by the Seller of Mortgage Loan Rights

Mortgage Loan Rights have been, and will be, sold to the Covered Bond Guarantor from time to time on a fully serviced basis pursuant to the terms of the Mortgage Sale Agreement entered into on or about the Programme Date between the Bank (in its capacity as Seller, Issuer, Servicer and beneficiary of the CBA Trust), the Covered Bond Guarantor (in its capacity as trustee of the Trust and as trustee of the CBA Trust), the Trust Manager and the Security Trustee.

The types of Mortgage Loans forming part of the Assets of the Trust will vary over time provided that, at the time the relevant Mortgage Loan is sold to the Covered Bond Guarantor, the Mortgage Loan is an Eligible Mortgage Loan (as described below) on the relevant Cut-Off Date. Accordingly, Mortgage Loan Rights sold by the Seller to the Covered Bond Guarantor on a Closing Date may have characteristics that differ from Mortgage Loan Rights already forming part of the Assets of the Trust as at that date.

Prior to the occurrence of an Issuer Event of Default or a Covered Bond Guarantor Event of Default, the Covered Bond Guarantor will acquire Mortgage Loan Rights from the Seller in the four circumstances described below:

(a) *first*, in connection with a proposed issue of a Series or Tranche of Covered Bonds or the prudent maintenance of the Mortgage Loan Rights forming part of the Assets of the Trust, the proceeds of a Demand Loan and/or a Term Advance (after being swapped into Australian Dollars at the applicable Swap Rate if the Term Advance is not denominated in Australian Dollars), together with (if applicable) the Available Principal Amount available for that purpose, may be applied in whole or in part by the Covered Bond Guarantor to acquire Mortgage Loan Rights from the Seller on the relevant Closing Date;

(b) *second*, if at any time prior to the service of an Asset Coverage Test Breach Notice (which has not been deemed to have been revoked) and prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice, part of the Available Principal Amount is available to be applied under paragraph (g) of the Pre-Acceleration Principal Priority of Payments and the Trust Manager notifies the Seller and requests the Seller to offer to sell Mortgage Loan Rights to the Covered Bond Guarantor, the Seller will use all reasonable endeavours to offer to sell such Mortgage Loan Rights to the Covered Bond Guarantor and such Mortgage Loan Rights will be purchased by the Covered Bond Guarantor using that part of the Available Principal Amount (provided that the Seller will not be obliged to sell to the Covered Bond Guarantor and the Covered Bond Guarantor will not be obliged to acquire Mortgage Loan Rights if, in the reasonable opinion of the Seller, the sale of such Mortgage Loan Rights would materially adversely affect the business or financial condition of the Seller);

(c) *third*, the Trust Manager is required to ensure that the Adjusted Aggregate Mortgage Loan Amount is maintained at all times in compliance with the Asset Coverage Test (as determined by the Trust Manager on each Determination Date). If on any Determination Date the Adjusted Aggregate Mortgage Loan Amount is less than the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds, the Seller will use all reasonable endeavours to offer to sell sufficient Mortgage Loan Rights to the Covered Bond Guarantor so the Asset Coverage Test is satisfied on the immediately following Determination Date (provided that the Seller will not be obliged to sell to the Covered Bond Guarantor and the Covered Bond Guarantor will not be obliged to acquire Mortgage Loan Rights if, in the reasonable opinion of the Seller, the sale of such Mortgage Loan Rights would materially adversely affect the business or financial condition of the Seller); and

(d) *fourth*, if there is an Interest Rate Shortfall, and the Trust Manager notifies the Servicer and the Seller, having regard to the obligations of the Covered Bond Guarantor and the amount of that Interest Rate Shortfall, that further Mortgage Loan Rights should be offered by the Seller to the Covered Bond Guarantor pursuant to the Mortgage Sale Agreement to rectify the Interest Rate Shortfall, the Seller will use all reasonable endeavours to offer to sell in accordance with the Mortgage Sale Agreement sufficient Mortgage Loan Rights to the Covered Bond Guarantor to ensure that there will not be an Interest Rate Shortfall on the next Determination Date and the Trust Manager must request a Demand Loan Advance to the extent required to pay the Consideration in relation to such Mortgage Loan Rights (provided that the Seller will not be obliged to sell to the Covered Bond Guarantor and the Covered Bond Guarantor will not be obliged to acquire Mortgage Loan Rights if, in the reasonable opinion of the Seller, the sale of such Mortgage Loan Rights would materially adversely affect the business or financial condition of the Seller).

In exchange for the sale of the Mortgage Loan Rights to the Covered Bond Guarantor, the Seller will receive a payment of the Consideration for the Mortgage Loan Rights in accordance with the applicable Priority of Payments.

The Seller may set-off any amount payable on the Closing Date by it as Intercompany Loan Provider and/or Demand Loan Provider under the Intercompany Loan Agreement and/or the Demand Loan Agreement, as applicable, against the Consideration for any new Mortgage Loan Rights. The Consideration for Mortgage Loan Rights acquired by the Covered Bond Guarantor will be paid on the applicable Closing Date.

The Seller will be required to repurchase Mortgage Loan Rights sold to the Covered Bond Guarantor in the circumstances described under "*Repurchase by the Seller following breach of Representations and Warranties*" below.

Eligible Mortgage Loans

The Seller gives certain representations and warranties in respect of each Mortgage Loan, which include that the Mortgage Loan is an Eligible Mortgage Loan as at the relevant Cut-Off Date. An Eligible Mortgage Loan is a Mortgage Loan that satisfies the following conditions:

(a) it has a stated term remaining to maturity as at the Cut-Off Date not exceeding 30 years;

(b) the Mortgage Loan is regarded as "prime" loan not a "low-doc" loan;

(c) the Borrower in respect of the Mortgage Loan is not an employee of the Seller who is paying a concessional rate of interest under the Mortgage Loan as a result of such employment;

(d) it was advanced in, and is repayable in, Australian Dollars;

(e) as at the Cut-Off Date no payment due from the Borrower under the Mortgage Loan is in arrear by more than 30 days;

(f) it is a first ranking mortgage;

(g) it is secured by a Mortgage over Land which was erected on or within it a residential dwelling or unit; and

(h) it is or has been fully drawn.

On each Cut-Off Date, the Representations and Warranties (described below in "*Representations and Warranties*") will be given by the Seller in respect of the Mortgage Loan Rights sold by the Seller to the Covered Bond Guarantor on that Closing Date.

Transfer of Title to the Mortgage Loan Rights to the Covered Bond Guarantor

Mortgage Loan Rights will be sold by the Seller to the Covered Bond Guarantor by way of statutory assignment. Notice of the sale will not be initially provided to the Borrowers. Mortgages will be sold by the Seller to the Covered Bond Guarantor by way of equitable assignment.

Each of the following events is a **Perfection of Title Event**:

(a) the occurrence of an Issuer Event of Default that is subsisting and the service on the Issuer and the Covered Bond Guarantor of an Issuer Acceleration Notice and the service on the Covered Bond Guarantor of a Notice to Pay, unless the Seller has notified the Covered Bond Guarantor that it will accept the offer set out in a Selected Mortgage Loan Rights Offer Notice within the prescribed time in relation to the Mortgage Loan Rights specified in the Selected Mortgage Loan Rights Offer Notice; or

(b) at the request of the Covered Bond Guarantor (acting on the directions of the Trust Manager) following the acceptance of an offer to sell the Selected Mortgage Loan Rights (in accordance with the Programme Documents) to any person who is not the Seller; or

(c) the Seller and/or the Covered Bond Guarantor being required to perfect legal title to the Mortgage Loan Rights by law or by an order of a court of competent jurisdiction; or

(d) the Security under the Security Deed or any material part of the Security being in the opinion of the Security Trustee (acting on the directions of (if any Covered Bonds are outstanding) the Bond Trustee or (if no Covered Bonds are outstanding) the Majority Secured Creditors in jeopardy and the Security Trustee being directed by the Bond Trustee (if any Covered Bonds are outstanding and subject to the provisions of the Bond Trust Deed) or, if there are no Covered Bonds outstanding, the Majority Secured Creditors, to take that action to reduce that jeopardy; or

(e) the termination of the Bank's role as Servicer under the Servicing Deed unless: (i) at the relevant date of termination any Substitute Servicer is a member of the Group; or (ii) the Security Trustee otherwise consents (such consent to be given if a Rating Affirmation Notice has been issued by the Issuer to the

Covered Bond Guarantor and the Security Trustee in respect of the termination of the Bank's role as Servicer); or

(f) the Seller requesting at its absolute discretion the perfection of a sale of Mortgage Loan Rights by giving notice in writing to the Covered Bond Guarantor and the Security Trustee; or

(g) the occurrence of an Insolvency Event in relation to the Seller; or

(h) the Seller's unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's or BBB- by Fitch (or, if Fitch has placed the Seller on ratings watch negative at the relevant time, below BBB by Fitch) (or such other rating in respect of the Seller as is agreed between the Trust Manager and the Seller and in respect of which the Issuer has issued a Rating Affirmation Notice in respect of each Rating Agency).

Following the occurrence of a Perfection of Title Event that is subsisting, the Covered Bond Guarantor may only take any action:

(a) in the case of the Perfection of Title Event referred to in paragraph (a), in respect of all Mortgage Loans forming part of the Assets of the Trust other than any Selected Mortgage Loan Rights specified in a Selected Mortgage Loan Rights Offer Notice given by the Covered Bond Guarantor to the Seller which has been accepted by the Seller within the prescribed time;

(b) in the case of the Perfection of Title Event referred to in paragraph (b), in respect of the relevant Selected Mortgage Loan Rights only;

(c) in the case of the Perfection of Title Event referred to in paragraph (c), in respect of affected Mortgage Loan Rights only; and

(d) in the case of any other Perfection of Title Event, in respect of all Mortgage Loan Rights forming part of the Assets of the Trust,

in each case, the **Affected Mortgage Loan Rights**.

If a Perfection of Title Event of which the Covered Bond Guarantor is actually aware is subsisting, the Covered Bond Guarantor must, as soon as reasonably practicable, by notice in writing to the Seller, Servicer, Trust Manager, Security Trustee and each Rating Agency, declare that a Perfection of Title Event has occurred unless the Issuer issues a Rating Affirmation Notice prior to such declaration.

The Seller agrees (to the extent that any of the following is vested in it) to hold all right, title, interest and benefit (both present and future) in and under: (i) the Mortgage Loan Rights following the acquisition of such Mortgage Loan Rights by the Covered Bond Guarantor; and (ii) any sums that are or may become due in respect thereof, on trust for the Covered Bond Guarantor (excluding from such trust any Mortgage Loans cease to be Assets of the Trust).

At least three Local Business Days before the first Closing Date, the Seller must deliver powers of attorney in registrable form in each Australian jurisdiction appointing the Covered Bond Guarantor as its attorney to, amongst other things: (1) execute, deliver and lodge any Mortgage Transfer relating to any Mortgage Loans forming part of the Assets of the Trust and any other documents referred to in a Mortgage Transfer which are ancillary to them or contemplated by them with any land titles office in any relevant Australian jurisdiction; (2) give effect to the transactions contemplated by any Mortgage Transfer; (3) exercise any rights of the Seller to vary by notice to the Borrower the rate or amount of any interest or fees payable by the Borrower under the related Mortgage Loan; and/or (4) do anything incidental to or conducive to the effective and expeditious exercise of its rights under the powers of attorney (the **Seller Powers of Attorney**). The Seller Powers of Attorney will not be exercisable by the Covered Bond Guarantor until the occurrence of a Perfection of Title Event.

If, and only if, the Covered Bond Guarantor makes a declaration of a Perfection of Title Event as discussed above, the Covered Bond Guarantor and the Trust Manager must as soon as practicable: (i) take all necessary steps to perfect in the name of the Covered Bond Guarantor the Covered Bond Guarantor's legal title to the Mortgages in respect of the Affected Mortgage Loan Rights then forming part of the Assets of the Trust

(including lodgement of Mortgage Transfers (where necessary, executed under a Seller Power of Attorney) with the land titles office of the appropriate jurisdiction to achieve registration of the Mortgages in respect of the Affected Mortgage Loan Rights then forming part of the Assets of the Trust); (ii) notifying the Borrowers of the sale of Mortgage Loans and Mortgages in respect of the Affected Mortgage Loan Rights then forming part of the Assets of the Trust including informing them (where appropriate) that they should make payment to the Trust Account specified to them by the Covered Bond Guarantor; and (3) taking possession of all Loan Files (subject to the Privacy Act and the Seller's duty of confidentiality to its customers under general law or otherwise). Prior to any such declaration, the Seller will retain legal title to the Mortgage Loan Rights and custody of the mortgage title documents.

The Seller indemnifies the Covered Bond Guarantor from and against any Liabilities incurred by the Covered Bond Guarantor in perfecting the Covered Bond Guarantor's legal title to the Mortgages then forming part of the Assets of the Trust in accordance with the Mortgage Sale Agreement.

Representations and Warranties

The Covered Bond Guarantor has not made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Mortgage Loan Rights to be sold to the Covered Bond Guarantor. Instead, each will rely entirely on the Representations and Warranties made by the Seller and contained in the Mortgage Sale Agreement. As at the relevant Cut-Off Date, the Seller makes the following Representations and Warranties in relation to each Mortgage Loan sold or to be sold to the Covered Bond Guarantor:

(a) at the time that the Seller entered into the Mortgage relating to the Mortgage Loan, each Mortgage, Loan Agreement and Collateral Security complied in all material respects with applicable laws (including applicable Consumer Credit Code laws and the National Consumer Credit Protection Laws, as applicable) and, as at the Cut-Off Date, the Seller is not aware of any failure by it to comply with the National Consumer Credit Protection Laws (if applicable) in relation to the Mortgage Loan;

(b) at the time that the Seller entered into the Mortgage Loan, it did so in good faith;

(c) at the time that the Seller entered into the Mortgage Loan, the Mortgage Loan was originated in the ordinary course of the Seller's business and since that time the Seller has dealt with the Mortgage Loan in accordance with the Servicing Guidelines and the Servicing Standards;

(d) at the time that the Seller entered into the Mortgage Loan, all necessary steps were taken in respect of each Mortgage created in connection with the Mortgage Loan so that each Mortgage complied with the legal requirements applicable at that time to ensure that each 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 otherwise, 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 in the jurisdiction in which the relevant Land is located subject to stamping and registration of each relevant Mortgage in due course;

(e) where there is a second or other mortgage in existence over Land the subject of a Mortgage in relation to the Mortgage Loan and the Seller is not the mortgagee of that second or other mortgage, the Seller has ensured (by way of a Priority Agreement with the subsequent mortgagee or otherwise) that the Mortgage will rank ahead in priority to the second or other mortgage on enforcement for an amount not less than the principal amount (plus accrued but unpaid interest) outstanding on the Mortgage Loan plus such extra amount determined in accordance with the Servicing Guidelines;

(f) at the time that the Mortgage Loan was approved, the Seller had not received any notice of the insolvency or the bankruptcy of the corresponding Borrowers or that the corresponding Borrowers did not have the legal capacity to enter into the corresponding Mortgage;

(g) the Seller is the sole legal and beneficial owner of the Mortgage Loan and the related Mortgages and First Layer of Collateral Securities (other than the Insurance Policies) and to its knowledge, subject to paragraph (d) above) no prior ranking Security Interest exists in relation to its right, title and interest in that Mortgage Loan and the related Mortgages and First Layer of Collateral Securities;

(h) each of the Mortgage Documents (other than the Insurance Policies in respect of Land) relating to the Mortgage Loan which is required to be stamped with stamp duty has been duly stamped;

(i) the Mortgage Loan has not been satisfied, cancelled, discharged or rescinded and the property relating to each relevant Mortgage has not been released from the security of that Mortgage;

(j) the Seller holds, in accordance with the Servicing Standards, all documents which, pursuant to the Servicing Standards, it should hold to enforce the provisions of, and the security created by, the corresponding Mortgage and the First Layer of Collateral Securities;

(k) other than the relevant Mortgage Documents, there are no documents entered into between the Seller and the Borrower or any other relevant party in relation to the Mortgage Loan which would qualify or vary the terms of the Mortgage Loan except as permitted by the Servicing Standards (including any variations of a Mortgage Loan which may be made by notice to the Borrower from the Seller) and recorded in a written instrument forming part of the mortgage documentation applicable to the Mortgage Loan and any documentation relating to any corresponding Interest Off-Set Account;

(l) 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 any corresponding Mortgage;

(m) the Seller holds all consents, licences, approvals, authorisations and exemptions from any Governmental Agency required as at the Cut-Off Date for, or in connection with, performance and enforceability in respect of the Mortgage Loan which, in accordance with the Servicing Standards, it should hold in relation to the Mortgage Loan as at the Cut-Off Date;

(n) the Mortgage Loan is an Eligible Mortgage Loan as at the Cut-Off Date;

(o) except in respect of a Mortgage Loan subject to a fixed rate of interest (or a rate of interest which can be converted into a fixed rate of interest or a fixed margin relative to a benchmark) and except as may be provided by applicable laws (including the Consumer Credit Code and the National Consumer Credit Protection Laws, as applicable), any Binding Provision or any Competent Authority or as may be provided in the corresponding Mortgage Documents, the interest rate payable on a Mortgage Loan is not subject to any limitation and no consent, additional memoranda or other writing is required from the relevant Borrower to give effect to a change in the interest rate payable on the Mortgage Loan and, subject to the foregoing, any change in the interest rate may be set at the sole discretion of the Servicer and is effective no later than when notice is given to the Borrower in accordance with the terms of the relevant Mortgage Loan;

(p) the Seller is lawfully entitled to sell and assign its interests in the corresponding Mortgage Loan Rights and to transfer valid and beneficial title to the Covered Bond Guarantor free from all Security Interests (other than as described in paragraph (d) above);

(q) it is not aware of anything in relation to the sale of the Mortgage Loan Rights to the Covered Bond Guarantor which might cause a court to hold that the sale constitutes an under-value transfer, a fraudulent conveyance or a voidable preference under any law relating to insolvency;

(r) the sale, transfer and assignment of the Seller's interest in the Mortgage Loan Rights will not constitute a breach of its obligations or a default under any Security Interest binding on the Seller or its property;

(s) the terms of the Loan Agreement relating to the Mortgage Loan require payments in respect of that Mortgage Loan to be made to the Seller free of set-off, unless prohibited by law; and

(t) the Borrower in respect of the Mortgage Loan has made at least one Mortgage Loan Scheduled Payment.

CBA Trust

The Mortgage in respect of a Mortgage Loan forming part of the Assets of the Trust may constitute an "all money mortgage" in that such Mortgage purports to secure the repayment of indebtedness which a Borrower owes, or may owe, to the Seller, as applicable, from time to time that is not assigned to the Covered Bond

Guarantor (such as business loans) as well as securing the repayment of the Mortgage Loan (each, an **Other Loan**). Pursuant to a trust to be established upon entry into the Mortgage Sale Agreement (the **CBA Trust**), the Covered Bond Guarantor (as trustee of the CBA Trust) will hold all of its right, title and interest in:

(a) each Other Loan;

(b) the balance of the Mortgages, the Mortgage Documents, the First Layer of Collateral Securities and the Mortgage Receivables (after taking into account so much of any Mortgage Loan, the First Layer of Collateral Securities, the Mortgage Receivables and the Mortgage Documents (including the proceeds of enforcement in relation to such Mortgage Loan)) as is necessary to enable the full and final repayment of all amounts owing in respect of the Mortgage Loan; and

(c) the Second Layer of Collateral Securities,

which are assigned to the Covered Bond Guarantor by the Seller for the benefit of the Seller.

Where:

(a) a Mortgage Loan forms part of the Assets of the Trust; and

(b) an Other Loan forms part of the CBA Trust; and

(c) a Collateral Security which is part of the First Layer of Collateral Securities or a Mortgage which secures the Mortgage Loan also secures the Other Loan,

then:

(i) where the Seller in relation to the Mortgage Loan is the Servicer, the Servicer is entitled to enforce that Collateral Security or Mortgage (as the case may be) upon a default occurring in respect of the Other Loan provided that the enforcement proceeds are paid to the Covered Bond Guarantor. Upon receipt of such proceeds the Covered Bond Guarantor must:

(A) treat as Collections the amount of such proceeds as is equal to all amounts outstanding under the relevant Mortgage Loan; and

(B) pay the excess (if any) of such proceeds to the Seller (as beneficiary of the CBA Trust) in respect of amounts outstanding under the Other Loan; or

(ii) where the Seller in relation to a Mortgage Loan is not the Servicer, the Servicer must enforce that Collateral Security or Mortgage (as the case may be) upon receipt of a direction to do so from the Seller (as beneficiary of the CBA Trust) which states that the relevant Other Loan is in default. Upon receipt of the enforcement proceeds in respect of that Collateral Security or Mortgage (as the case may be) the Servicer must pay to the Covered Bond Guarantor all such proceeds and the Covered Bond Guarantor must:

(A) treat as Collections the amount of such proceeds as is equal to all amounts outstanding under the relevant Mortgage Loan; and

(B) pay the excess (if any) of such proceeds to the Seller (as beneficiary of the CBA Trust) in respect of amounts outstanding under the Other Loan.

If a Mortgage Loan has been repaid in full or is treated as having been repaid in full in accordance with the Mortgage Sale Agreement and the Mortgage Loan is not discharged, then, from the date of repayment or treated repayment in full of the Mortgage Loan, automatically by virtue of the Mortgage Sale Agreement and without the necessity for any further act or instrument or other thing to be done or brought into existence:

(a) if Perfection of Title has not occurred in respect of that Mortgage Loan, the Covered Bond Guarantor's entire right, title and interest in that Mortgage Loan and in the Mortgage Loan Rights in relation to that Mortgage Loan then forming part of the Assets of the Trust and any Other Loan in respect of that Mortgage Loan will be extinguished in favour of the Seller with respect to those Mortgage Loan Rights and that Other Loan with immediate effect; or

(b) if Perfection of Title has occurred in respect of that Mortgage Loan, the Covered Bond Guarantor will hold the benefit of its right, title and interest in and to:

(i) that Mortgage Loan;

(ii) any Mortgages and the First Layer of Collateral Securities, held in respect of that Mortgage Loan;

(iii) any Mortgage Documents held in relation to that Mortgage Loan; and

(iv) the Mortgage Receivables held in relation to that Mortgage Loan,

as trustee of the CBA Trust.

If the Mortgages, First Layer of Collateral Securities, Mortgage Documents, Mortgage Receivables or Other Loans referred to above apply to more than one Mortgage Loan forming part of the Assets of the Trust, the holding of the Covered Bond Guarantor's interest in such as trustee of the CBA Trust occurs only upon repayment in full of all such Mortgage Loans secured by such Mortgages, First Layer of Collateral Securities, Mortgage Documents, Mortgage Receivables and Other Loans.

Repurchase by the Seller following breach of Representations and Warranties

If the Trust Manager, the Seller or the Covered Bond Guarantor become actually aware that a Representation or Warranty was materially breached or materially incorrect when given in respect of a Mortgage Loan forming part of the Assets of the Trust it must give notice, in the case of the Trust Manager and the Seller, to the other parties to the Mortgage Sale Agreement and in the case of the Covered Bond Guarantor, to the Trust Manager and the Seller, within five Local Business Days of the relevant party becoming so aware. If that breach is not remedied to the Covered Bond Guarantor's satisfaction within five Local Business Days of the Seller or the Trust Manager giving or receiving such notice, then the Seller must pay to the Covered Bond Guarantor the Current Principal Balance of the relevant Mortgage Loan plus the arrears of interest and any accrued interest (in each case, as at the date of delivery of the notice referred to above) and on receipt of such payment by the Covered Bond Guarantor, the relevant Mortgage Loan will be treated as having been repaid in full.

Further drawings under the Mortgage Loans

The Seller will be solely responsible for funding the advance to the relevant Borrowers of all further drawings, if any, in respect of Mortgage Loans forming part of the Assets of the Trust (including, but not limited to, Trust Further Advances).

Further Advances

A Mortgage Loan forming part of the Assets of the Trust will be subject to a Further Advance when the Seller agrees to an advance of further money to the relevant Borrower following the making of the initial advance of monies in respect of such Mortgage Loan which is secured by the same Mortgage as the initial advance and is recorded on the same account as the initial advance.

The Seller has an absolute right to agree to or refuse to grant a Further Advance and the Seller will be solely responsible for funding any such Further Advance to a Borrower.

If the Seller makes an advance to a Borrower and:

(a) the Seller opens a separate account in its records in relation to the advance, the advance is considered for the purposes of the Mortgage Sale Agreement to be an Other Loan and upon creation, the Covered Bond Guarantor will automatically by virtue of the Mortgage Sale Agreement, and without the necessity for any further act or thing to be done or brought into existence, hold the benefit of its right, title and interest in such Other Loan for the Seller as trustee of the CBA Trust and the Covered Bond Guarantor will hold any Mortgage and any First Layer of Collateral Securities in respect of such Other Loan and any Second Layer of Collateral Securities in respect of such Other Loan in accordance with the Mortgage Sale Agreement;

(b) the Seller records the advance as a debit to the account in its records for an existing Mortgage Loan forming part of the Assets of the Trust notwithstanding whether the advance leads to the Scheduled Balance in respect of that Mortgage Loan (prior to the approval of the advance) being exceeded by more than one Mortgage Loan Scheduled Payment or not, the advance is treated as a Further Advance for the purposes of the Mortgage Sale Agreement and the rights to repayment of such will be a Mortgage Loan Right forming part of the Assets of the Trust unless the Seller elects, in its absolute discretion to pay to the Covered Bond Guarantor an amount equal to the Current Principal Balance (before the advance was made) plus the arrears of interest and any accrued interest in respect of the relevant Mortgage Loan (which amount must be deposited into the GIC Account) and on such payment the Mortgage Loan is, for the purposes of the Mortgage Sale Agreement only, treated as having been repaid in full.

If the Seller makes a Further Advance and the Seller has not elected to remove the Mortgage Loan in respect of which such Further Advance was made (and the related Mortgage Loan Rights) from the Assets of the Trust (a **Trust Further Advance**) and, in accordance with the Servicing Deed, notifies the Trust Manager of the amount of that Trust Further Advance:

(a) if the Seller is the Servicer, the Seller may apply an amount of Principal Collections held by it prior to deposit in the GIC Account; or

(b) if the Seller is not the Servicer or if the Seller notifies the Trust Manager that it cannot, or chooses not to, apply Principal Collections as described in paragraph (a), the Trust Manager must direct the Covered Bond Guarantor to pay the Seller that amount from Principal Collections held by the Covered Bond Guarantor in the GIC Account,

in each case, in reimbursement of such Trust Further Advance, provided that Principal Collections may only be applied in accordance with paragraphs (a) and (b) above if there are sufficient Principal Collections to be able to make the reimbursement and the Trust Manager has confirmed to the Covered Bond Guarantor that it is satisfied on a reasonable basis that the estimated Principal Collections for the Collection Period in which the day of application falls exceeds the aggregate of the amount of that reimbursement and any other reimbursement made to the Seller during that Collection Period. If the Covered Bond Guarantor receives a direction from the Trust Manager in accordance with paragraph (b) above, the Covered Bond Guarantor must pay the Seller the amount so directed and will be entitled to assume that the Trust Manager has complied with its obligations described in this paragraph in giving that direction.

Defaulted Mortgage Loans

If a Mortgage Loan becomes a Defaulted Mortgage Loan, then that Mortgage Loan will be attributed a zero value in the calculation of the Asset Coverage Test, the Amortisation Test and the Legislated Collateralisation Test on the relevant Determination Date.

General ability to repurchase

The Seller may, at any time prior to the occurrence of an Issuer Event of Default, by serving a Seller Mortgage Loan Repurchase Notice on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee), offer to repurchase Mortgage Loan Rights from the Covered Bond Guarantor for an amount equal to the Current Principal Balance plus arrears of interest and any accrued interest in respect of the Mortgage Loans relating to such Mortgage Loan Rights. The Covered Bond Guarantor will be under no obligation whatsoever to accept such an offer and any such decision will be made by the Trust Manager. In no circumstances will the Trust Manager direct the Covered Bond Guarantor to (and the Covered Bond Guarantor will not) accept any such offer unless the Trust Manager confirms to the Covered Bond Guarantor that, after giving effect to the sale of the Mortgage Loan Rights, the Asset Coverage Test will be satisfied.

Timing of repurchase and payment

Subject as provided in "*General ability to repurchase*" above, the Covered Bond Guarantor (acting on the directions of the Trust Manager) may accept an offer by the Seller to repurchase Mortgage Loan Rights in writing (including by email) to the Seller. If the Covered Bond Guarantor so accepts an offer made by the Seller, the Seller must pay to the Covered Bond Guarantor an amount equal to the Current Principal Balance plus the arrears of interest and any accrued interest in respect of the Mortgage Loans the subject of the Seller Mortgage

Loan Repurchase Notice and on receipt of such amount by the Covered Bond Guarantor the Mortgage Loans will be treated as having been repaid in full. Such payment must be allocated by the Covered Bond Guarantor to the GIC Account of the Trust.

A repurchase of the right, title and interest in any Mortgage Loan Rights in the circumstances described under "*General ability to repurchase*" will take place on a date agreed by the Seller and the Covered Bond Guarantor (acting on the directions of the Trust Manager).

Right of pre-emption

Under the terms of the Mortgage Sale Agreement, the Seller will have a right of pre-emption in respect of any sale, in whole or in part, of Selected Mortgage Loan Rights. The Covered Bond Guarantor may be required to sell selected Mortgage Loan Rights in the circumstances described in "*Establishment Deed – Sale of Selected Mortgage Loan Rights if the Pre-Maturity Test is breached*" and "*Establishment Deed – Sale of Selected Mortgage Loan Rights following service of a Notice to Pay*" below.

In connection with the sale of Mortgage Loan Rights, the Covered Bond Guarantor will serve on the Seller a Selected Mortgage Loan Rights Offer Notice offering to sell those Selected Mortgage Loan Rights for the best price reasonably available, but in any event: (a) following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay), for an amount not less than the Current Principal Balance of the Mortgage Loans relating to the Selected Mortgage Loan Rights plus the arrears of interest and any accrued interest; and (b) following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor, for an amount not less than the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds. If the Seller accepts the Covered Bond Guarantor's offer to sell the relevant Selected Mortgage Loan Rights in accordance with the foregoing, the Seller must, within 10 Local Business Days of service of the Selected Mortgage Loan Rights Offer Notice on the Seller, countersign and return to the Covered Bond Guarantor the relevant Selected Mortgage Loan Rights Offer Notice. The Seller's right to accept the offer (and therefore exercise its right of pre-emption) will be conditional upon the Covered Bond Guarantor, the Trust Manager and Security Trustee (each acting reasonably) being satisfied that no Insolvency Event has occurred in respect of the Seller. Upon receipt by the Covered Bond Guarantor of a countersigned Selected Mortgage Loan Rights Offer Notice, the Mortgage Loans identified in the Selected Mortgage Loan Rights Offer Notice will be treated as having been repaid in full by the payment by the Seller to the Covered Bond Guarantor of an amount equal to the repurchase price referred to above and specified in the relevant Selected Mortgage Loan Rights Offer Notice. Such payment must be allocated by the Covered Bond Guarantor to the GIC Account.

Completion of such repurchase (by payment of the repurchase price by the Seller (or other Purchaser nominated by the Seller)) will take place on such date as the Covered Bond Guarantor (acting on the directions of the Trust Manager) and the Seller may agree (provided that such date shall not be later than the earlier to occur of the date which is (i) 10 Local Business Days after receipt by the Covered Bond Guarantor of the Selected Mortgage Loan Rights Offer Notice countersigned by the Seller or (ii) the Final Maturity Date of the Earliest Maturing Covered Bonds).

If the Seller rejects the Covered Bond Guarantor's offer or fails to accept it in accordance with the foregoing, the Covered Bond Guarantor will offer to sell the Selected Mortgage Loan Rights to other Purchasers (as described under "*Establishment Deed – Method of Sale of Selected Mortgage Loan Rights*" below).

For the purposes of the above:

Adjusted Required Redemption Amount means in relation to a Series of Covered Bonds:

(i) the Australian Dollar Equivalent of the Required Redemption Amount; plus or minus

(ii) the Australian Dollar Equivalent of any swap termination amounts payable under the Covered Bond Swaps corresponding to the Series to or by the Covered Bond Guarantor less (where applicable) amounts standing to the credit of (i) the Pre-Maturity Ledger, (ii) the GIC Account (excluding amounts standing to the credit of the Pre-Maturity Ledger) and (iii) the principal balance of any Substitution Assets and Authorised Investments (excluding all amounts to be applied on the next following Distribution Date to repay higher ranking amounts in the relevant Priority of Payments and those amounts that are required to repay

any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); plus or minus

(iii) the Australian Dollar Equivalent of any swap termination amounts payable to or by the Covered Bond Guarantor under the Interest Rate Swap.

The Mortgage Sale Agreement is governed by and is to be construed in accordance with the laws applying in the State of New South Wales, Australia.

Servicing Deed

Pursuant to the terms of the Servicing Deed entered into on or about the Programme Date between the Covered Bond Guarantor (in its capacity as trustee of the Trust and as trustee of the CBA Trust), the Bank (in its capacity as Servicer and Seller), the Trust Manager and the Security Trustee, the Servicer has agreed to administer and service on behalf of the Covered Bond Guarantor the Mortgage Loan Rights sold by the Seller to the Covered Bond Guarantor.

The Servicer must ensure that the servicing of the Mortgage Loan Rights which from time to time form part of the Assets of the Trust (including the exercise of the express powers set out in the Servicing Deed) is:

(a) at all times, conducted in the best interests of the Covered Bond Guarantor;

(b) in compliance with the express limitations of the Servicing Deed (unless the prior written consent of the Trust Manager and the Covered Bond Guarantor is obtained); and

(c) to the extent the Servicing Deed does not provide otherwise, in accordance with the Servicing Standards.

The function of servicing the Mortgage Loans Rights forming part of the Assets of the Trust is vested in the Servicer to be exercised on behalf, and in the best interests, of the Covered Bond Guarantor, however the parties to the Servicing Deed acknowledge and agree that the Servicer is an independent contractor and not the agent of the Covered Bond Guarantor in the exercise and performance of its duties under the Servicing Deed.

The Servicer's actions in servicing the Mortgage Loan Rights are binding on the Covered Bond Guarantor, whether or not such actions or any omissions are in compliance with the Servicing Deed. The Servicer may appoint an agent or delegate for the purposes of carrying out and performing its duties and obligations under the Servicing Deed provided that it meets the conditions as set out in the Servicing Deed in relation to such appointment. The Servicer at all times remains liable for its agents and delegates insofar as the act or omissions of any such person constitute a breach by the Servicer of its obligations under the Servicing Deed and in respect of payment of fees to any such person.

Undertakings of the Servicer

Pursuant to the terms of the Servicing Deed, the Servicer must, in servicing the Mortgage Loan Rights forming part of the Assets of the Trust, exercise its powers and discretions under the Servicing Deed, the Servicing Guidelines and the relevant Mortgage Documents to which it is a party in accordance with the standards and practices suitable for a prudent lender in the business of making retail home loans and in the best interests of the Covered Bond Guarantor following such collection procedures it follows with respect to comparable mortgage loans owned and serviced by it.

Under the Servicing Deed, the Servicer undertakes to, among other things:

(a) promptly ensure that any Mortgage Loan Document in relation to a Mortgage Loan following any amendment, consolidation, supplementation, novation or substitution of a Mortgage, is duly stamped (if liable to stamp duty) and duly registered (where registration is required) with the relevant land titles office to constitute, in the case of a Mortgage, a subsisting first-ranking registered mortgage over the relevant property;

(b) promptly notify the Covered Bond Guarantor, the Trust Manager and the Security Trustee of any material breach of the Servicing Guidelines by the Servicer in relation to the servicing of the Mortgage Loan Rights then forming part of the Assets of the Trust;

(c) upon receiving notice that a Borrower desires to repay a Mortgage Loan in full, prepare and make available documentation and make such calculations as are necessary to enable repayment of a Mortgage Loan and discharge of the corresponding Mortgage and any other Collateral Securities (provided that the Servicer is not required to discharge a Mortgage or any Collateral Security if it also secures another Mortgage Loan which is an Asset of the Trust);

(d) if a Perfection of Title Event occurs promptly deliver or procure delivery to the Covered Bond Guarantor of all Loan Files not otherwise provided to the Covered Bond Guarantor or the Trust Manager in accordance with the Mortgage Sale Agreement;

(e) if the Seller makes any Further Advance or otherwise provides further financial accommodation to a Borrower, ensure that any further stamp duty which becomes payable on the relevant Mortgage Documents as a result of such Further Advance or provision of financial accommodation is duly paid promptly in accordance with any applicable laws;

(f) duly and punctually perform its material obligations under the Servicing Deed and each of the Mortgage Documents and Programme Documents to which it is a party;

(g) assist and co-operate with the Covered Bond Guarantor and the Trust Manager in the Covered Bond Guarantor obtaining legal title to any Mortgage Loan Rights (to the extent not already held by it) forming part of the Assets of the Trust following a Perfection of Title Event;

(h) where any material amount of a Mortgage Loan has been written off as uncollectible in accordance with the Servicing Guidelines and the Servicing Deed, ensure that the documentation relevant to that Mortgage Loan is examined to determine whether the Representations and Warranties in respect of that Mortgage Loan were correct at the relevant Cut-Off Date and notify the Covered Bond Guarantor if they were incorrect;

(i) give the Covered Bond Guarantor or make available to the Covered Bond Guarantor by posting such Financial Reports to the Servicer's website, the audited Financial Reports of the Servicer for each financial year of the Servicer within 120 days of the end of that year;

(j) keep proper and adequate books of account (which may be kept electronically) for the Mortgage Loan Rights;

(k) subject to the provisions of the Privacy Act and the Servicer's duty of confidentiality to its clients under general law or otherwise, promptly make available to the Covered Bond Guarantor, the Trust Manager, the Auditor and the Security 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 Assets of the Trust from time to time or with respect to of the performance by the Servicer of its obligations under the Programme Documents;

(l) notify the Trust Manager and the Covered Bond Guarantor promptly if it becomes actually aware that any material representation or warranty made or taken to be made by or on behalf of the Seller or the Servicer in connection with a Programme Document is incorrect when made or taken to be made;

(m) within five Local Business Days of a request from the Covered Bond Guarantor, the Trust Manager or the Security Trustee, provide the Covered Bond Guarantor, the Trust Manager or the Security Trustee (as the case may be) with a certificate from the Servicer signed by two Authorised Officers of the Servicer on its behalf which states whether to the best of the Servicer's knowledge and belief a Servicer Default or, if the Servicer is the Seller, a Perfection of Title Event has occurred (provided that such a request may only be made once in each six calendar month period, unless the Covered Bond Guarantor, the Trust Manager or the Security Trustee (as the case may be) when making the request sets out reasonable grounds for believing that a Servicer Default or a Perfection of Title Event is subsisting);

(n) notify the Covered Bond Guarantor, the Trust Manager and the Security Trustee promptly after the Servicer becomes actually aware of any Servicer Default or the occurrence of any Perfection of Title Event and at the same time or as soon as possible thereafter provide full details thereof;

(o) comply with the requirements of any relevant laws in carrying out its obligations under the Programme Documents including the Consumer Credit Code and the National Consumer Credit Protection Laws;

(p) obtain and maintain all authorisations, filings and registrations necessary to properly service the Mortgage Loans;

(q) not merge or consolidate into another entity, unless the surviving entity assumes its rights and obligations as Servicer and (for so long as the Servicer is the Seller) the Seller under the Programme Documents and each Rating Agency is notified;

(r) subject to the provisions of the Australian Banking Act, not present any application or pass any resolution for the liquidation of the Servicer, or, subject to paragraph (q), enter into any scheme of arrangement, merger or consolidation with any other person or enter into any other scheme under which the Servicer ceases to exist, the assets or liabilities of the Servicer are vested in or assumed by any other person or either of those events occur;

(s) duly and punctually file all returns in respect of Tax which are required to be filed and pay, or procure payment when due, all Taxes and other outgoings payable by it as and when the same respectively become due and payable other than outgoings which are being contested in good faith and promptly pay or cause to be paid those contested outgoings after the final determination or settlement of such contest;

(t) not, without the prior consent of the Covered Bond Guarantor and the Security Trustee, apply, transfer or set off the whole or any part of any amount payable or owed to the Servicer or to which the Servicer is entitled under any Programme Document towards satisfaction of any obligation which is owed by the Servicer to the Covered Bond Guarantor or the Trust Manager under any other Programme Document, other than as contemplated under any other Programme Document;

(u) other than as a Secured Creditor, not claim any Security Interest, lien or other possessory right in any of the Assets of the Trust;

(v) following receipt of actual notice of a claim by a third party with respect to a challenge to the sale and/or assignment to the Covered Bond Guarantor of any Mortgage Loan Rights forming part of the Assets of the Trust, promptly give notice in writing of such action or claim to the Covered Bond Guarantor, the Security Trustee and the Trust;

(w) not transfer, assign, exchange or otherwise grant a Security Interest over the whole or any part of its right, title and interest in and to any Mortgage Loan Rights forming part of the Assets of the Trust;

(x) use reasonable efforts to cause all information provided by it to each Rating Agency in relation to the Trust to be complete and accurate in all material respects;

(y) upon being directed to do so by the Covered Bond Guarantor or the Trust Manager following the occurrence of a Perfection of Title Event, promptly take all action required or permitted by law to assist the Covered Bond Guarantor and the Trust Manager to perfect the Covered Bond Guarantor's legal title to the Mortgage Loan Rights forming part of the Assets of the Trust in accordance with the requirements of the Servicing Deed and the other Programme Documents;

(z) comply with all other undertakings given by the Servicer in the Servicing Deed and the other Programme Documents;

(aa) make reasonable efforts to collect all moneys due under the terms and provisions of the Mortgage Loan Rights of the Trust and, to the extent such efforts will be consistent with the Servicing Deed and the other Programme Documents, follow such normal collection procedures as it deems necessary and advisable;

(bb) if a Mortgage Loan forming part of the Assets of the Trust is a Defaulted Mortgage Loan, take such action on such basis as the Covered Bond Guarantor and the Servicer may agree (in accordance and in conjunction with the Servicer's normal enforcement procedures) to enforce such Mortgage Loan and any related Mortgage Loan Rights (but only to the extent that the Servicer determines that enforcement

proceedings should be taken) so as to maximise the return to the Covered Bond Guarantor, taking into account, inter alia, the timing of any enforcement proceedings provided that the Servicer will not be required to institute or continue litigation with respect to collection of any payment if there are reasonable grounds for believing:

(i) the provisions of such Mortgage Loan and any related Mortgage Loan Rights under which such payment is required are unenforceable; or

(ii) the payment is uncollectible; or

(iii) the likely proceeds from such litigation, in light of the expenses in relation to the litigation, do not warrant such litigation;

(cc) take such steps as are necessary to maintain the Covered Bond Guarantor's title to the Mortgage Loan Rights of the Trust;

(dd) not grant any extension of the time to maturity of a Mortgage Loan forming part of the Assets of the Trust beyond 30 years from the Settlement Date for the Mortgage Loan or allow any reduced monthly payment that would result in such an extension; and

(ee) if any amendment is made to the Servicing Guidelines to, upon request, deliver a copy of such amendment to the Covered Bond Guarantor, the Trust Manager, the Security Trustee and the Rating Agencies.

Powers of the Servicer

The Servicer has a number of express powers, which include but are not limited to the power:

(a) to release or substitute any Mortgage or First Layer of Collateral Security relating to a Mortgage Loan which is an Asset of the Trust provided that this is in accordance with the Servicing Guidelines or it is required by a Binding Provision or an order, decision, finding, judgment or determination of a Competent Authority or, in the Servicer's opinion, such action would be taken or required to be taken by a Competent Authority;

(b) subject to certain restrictions set out in the Servicing Deed (including the restriction identified in paragraph (dd) above), to vary, extend or relax the time to maturity, the terms of repayment or any other term of a Mortgage Loan and its related Mortgage and First Layer of Collateral Securities forming part of the Assets of the Trust;

(c) to release a Borrower from any amount owing under a Mortgage Loan forming part of the Assets of the Trust or any related Mortgage or First Layer Collateral Securities where the Servicer has written-off or determined to write-off that amount in accordance with the Servicing Standards or where it is required to do so by a Binding Provision or an order, decision, finding, judgment or determination of a Competent Authority or, in the Servicer's opinion, such action would be taken or required to be taken by a Competent Authority;

(d) subject to paragraphs (b) and (c), to waive any breach under, or compromise, compound or settle any claim in respect of, or release any party from an obligation or claim under, the Mortgage Loans or any related Mortgage or First Layer of Collateral Securities;

(e) subject to restrictions contained in the Servicing Deed, to enter into certain Priority Agreements, to consent to the creation or existence of any Security Interest in relation to any Land the subject of a Mortgage forming part of the Assets of the Trust;

(f) to institute litigation to recover amounts owing under a Mortgage Loan; and

(g) to take other enforcement action in relation to a Mortgage Loan as it determines should be taken.

The Servicing Deed provides that if the Servicer: (i) releases a Mortgage or First Layer of Collateral Security forming part of the Assets of the Trust; (ii) reduces the amount outstanding under, or varies the terms (including without limitation in relation to repayment) of, any Mortgage Loan, related Mortgage or First Layer of

Collateral Security forming part of the Assets of the Trust; or (iii) grants other relief to a Borrower or the provider of a First Layer Collateral Security forming part of the Assets of the Trust, after having formed the opinion that such action would be taken or required by a Competent Authority, or pursuant to an order, finding, determination or judgment of a Competent Authority and it is determined that such order, finding, determination or judgment, in either case, was made as a result of the Seller or Servicer:

(a) breaching any Binding Provision, applicable regulation, statute or official directive at the time the Mortgage, the First Layer Collateral Security or the Mortgage Loan was granted or the Further Advance was made in respect of such Mortgage Loan (other than a Binding Provision, regulation, statute or official directive which provides for relief on equitable or like grounds where the Seller or Servicer was acting in accordance with the standards and practices suitable for a prudent lender in the business of making retail home loans); or

(b) not acting in accordance with the standards and practices suitable for a prudent lender in the business of making retail home loans,

then the Servicer must notify the Covered Bond Guarantor and the Trust Manager of its opinion or the making of such an order, decision, finding, judgment or determination (as applicable). In addition, the Seller or Servicer (as the case may be) must pay damages to the Covered Bond Guarantor by 10.00am on the Distribution Date next occurring after such notification is given by the Servicer.

The amount of such damages will be the amount agreed between the Covered Bond Guarantor (following consultation with the Trust Manager and acting on expert advice taken pursuant to the terms of the Establishment Deed, if necessary) and the Seller or the Servicer, as the case may be (or, failing agreement, by the Seller's or the Servicer's external auditors) as being sufficient to compensate the Covered Bond Guarantor for any losses suffered as a result of any release, reduction, variation or relief (as the case may be).

The amount of any damages cannot exceed the Current Principal Balance plus any accrued but unpaid interest in respect of the relevant Mortgage Loan (as recorded on the Mortgage Loan System) (calculated, in both cases, at the time of agreement between the Covered Bond Guarantor and the Seller or the Servicer or by the Seller's or the Servicer's external auditors, as the case may be).

Limitations on Servicer's liability

The Servicer will not incur any liability to any person in respect of any failure to act where such act will be hindered, prevented or forbidden by any present or future law. The Servicer will not be responsible to any person for any loss, damage, claim or demand incurred as a result of:

(a) the wilful default, fraud or negligence of the Security Trustee or the Covered Bond Guarantor (except, in the case of the Covered Bond Guarantor, where the Covered Bond Guarantor is the Servicer);

(b) the failure by the Servicer to check any document, certificate, schedule, form list or other document prepared or delivered to it by the Covered Bond Guarantor or the Trust Manager or any agent or consultant appointed by either of them and reasonably believed by the Servicer to be genuine; or

(c) any action taken by the Servicer in accordance with any written direction or instruction from the Covered Bond Guarantor or the Trust Manager,

except to the extent to which the loss, damage, claim or demand is caused by any fraud, negligence or wilful default by the Servicer.

The Servicer has agreed to be liable to the Covered Bond Guarantor or any other Secured Creditor in respect of any loss incurred by the Covered Bond Guarantor (subject to as described below) as a result of any breach by the Servicer of any term of the Servicing Deed, any fraud, negligence or wilful default by the Servicer or any breach or default by any other person appointed by the Servicer to perform its obligations under the Servicing Deed. The maximum amount which the Servicer will be liable to pay in respect of such breach, fraud, negligence or wilful default by the Servicer is the Current Principal Balance of the Mortgage Loan in respect of which such breach, fraud, negligence or wilful default occurred. The Servicer's liability does not include any damages in respect of consequential loss. The Covered Bond Guarantor may only claim damages from the Servicer in accordance with the foregoing by written notice setting out the grounds for the claim together with

details of the calculation of the loss incurred by the Covered Bond Guarantor as a result thereof. The Servicer must pay any amounts due in respect of its liability to the Covered Bond Guarantor within seven Local Business Days of receipt by it of such written notice (which will represent prima facie evidence of such amounts).

Interest Rate Shortfall Test

The Servicer will, if the Interest Rate Swap is not in effect in accordance with its terms, determine on each Determination Date, having regard to:

(a) the fixed interest rate and the variable interest rate and any other discretionary rate or margin in respect of the Mortgage Loans in the which are Assets of the Trust which the Servicer proposes to set under the Servicing Deed for the Collection Period commencing on the Determination Date; and

(b) the other resources available to the Covered Bond Guarantor, including the Covered Bond Swap Agreements (if any) and the Reserve Fund (as advised by Trust Manager),

whether the Covered Bond Guarantor would receive an amount of income during the Collection Period commencing on the Determination Date which, when aggregated with the funds otherwise available to the Covered Bond Guarantor on the Distribution Date immediately following the Collection Period that commences on the Determination Date, is less than the amount which is the aggregate of: (i) the amount of interest which would be payable (or provisioned to be paid) by the Covered Bond Guarantor under the Intercompany Loan Agreement (or, if a Notice to Pay has been served on the Covered Bond Guarantor, the Covered Bond Guarantee), and the Demand Loan Agreement on the Distribution Date immediately following the Collection Period that commences on the Determination Date and the relevant amounts payable (or provisioned to be paid) to the Covered Bond Swap Providers under the Covered Bond Swap Agreements on the Distribution Date immediately following the Collection Period that commences on the Determination Date; and (ii) the other expenses payable (or provisioned to be paid) by the Covered Bond Guarantor on the Distribution Date immediately following the Collection Period that commences on the Determination Date ranking in priority to the amounts described in (i) in accordance with the relevant Priority of Payments applicable prior to a Covered Bond Guarantor Event of Default (the **Interest Rate Shortfall Test**). Any interest rate shortfall will be referred to as an **Interest Rate Shortfall**.

If the Servicer determines on any Determination Date that there is an Interest Rate Shortfall, it will give written notice to the Covered Bond Guarantor and the Seller (copied to the Trust Manager and the Security Trustee), within five Local Business Days of the relevant Determination Date, of the amount of the Interest Rate Shortfall and the fixed interest rate and the variable interest rate and the other discretionary rates or margins which would, in the Servicer's opinion, need to be set in order for no Interest Rate Shortfall to arise on the next succeeding Determination Date, having regard to the date(s) on which the changes to the fixed interest rate and the variable interest rate and the other discretionary rates or margins would take effect, following which: (i) (subject to the Servicing Deed), the Servicer must, to the extent permitted by the terms of the relevant Loan Agreements and all applicable laws, set the fixed interest rate and the variable interest rate (as the case may be) and/or other discretionary rates or margins applicable to Mortgage Loans which are Assets of the Trust at such levels; and/or (ii) the Trust Manager may notify the Servicer and the Seller that, having regard to the obligations of the Covered Bond Guarantor and the amount of the Interest Rate Shortfall, further Mortgage Loan Rights should be offered by the Seller to the Covered Bond Guarantor pursuant to the Mortgage Sale Agreement to rectify the Interest Rate Shortfall, in which case, the Seller will use all reasonable efforts to offer to sell in accordance with the Mortgage Sale Agreement sufficient Mortgage Loan Rights to ensure that there will not be an Interest Rate Shortfall on the next Determination Date.

Yield Shortfall Test

The Servicer will, if at any time following an Issuer Event of Default (and for so long as such Issuer Event of Default continues unremedied) or the service of an Asset Coverage Test Breach Notice (which has not been deemed to be revoked), the Interest Rate Swap is not in effect in accordance with its terms, determine on each Determination Date, having regard to the aggregate of:

(a) the fixed interest rate and the variable interest rate (as the case may be) and any other discretionary rate or margin, in respect of the Mortgage Loans forming part of the Assets of the Trust which the Servicer proposes to set under the Servicing Deed for the Collection Period commencing on the Determination Date; and

(b) the resources available to the Covered Bond Guarantor under the Covered Bond Swap Agreements (if any),

whether the Covered Bond Guarantor would receive an aggregate amount of interest from the Mortgage Loans which are Assets of the Trust and the amounts under the Swap Agreements during the Collection Period commencing on the Determination Date which would give a weighted average annual yield on the Mortgage Loans which are Assets of the Trust of at least equal to the Bank Bill Rate for the Collection Period commencing on the Determination Date plus 0.30 per cent. per annum (or such other percentage rate as may be determined from time to time by the Trust Manager and notified to each of the Covered Bond Guarantor, the Servicer and the Security Trustee and in respect of which the Issuer has issued a Rating Affirmation Notice) (the **Yield Shortfall Test**). Any yield shortfall shall be referred to as a **Yield Shortfall**.

If the Servicer determines that the Yield Shortfall Test will not be satisfied, it will give written notice to the Covered Bond Guarantor, the Trust Manager and the Security Trustee, within five Local Business Days of the relevant Determination Date, of the amount of the Yield Shortfall and the fixed interest rate and the variable interest rate and the other discretionary rates or margins which would, in the Servicer's opinion, need to be set in order for no Yield Shortfall to arise, and the Yield Shortfall Test to be satisfied, having regard to the date(s) on which the changes to the fixed interest rate and the variable interest rate and the other discretionary rates or margins would take effect, and at all times acting in accordance with the standards of a prudent lender in the business of making retail home loans. If the Covered Bond Guarantor or the Security Trustee notifies the Servicer that, having regard to the obligations of the Covered Bond Guarantor, the fixed interest rate and the variable interest rate and/or the other discretionary rates or margins should be increased, the Servicer must take all steps which are necessary and are in accordance with the standards and practices of a prudent lender in the business of making retail home loans to increase the fixed interest rate and the variable interest rate and/or any other discretionary rates or margins, including giving any notice which is required in accordance with the Mortgage Documents.

Remuneration

The Covered Bond Guarantor (acting on the directions of the Trust Manager) will, in accordance with the applicable Priority of Payments, pay an administration fee to the Servicer for the performance of its obligations under the Programme Documents, which will be agreed in writing between the Covered Bond Guarantor (acting on the directions of the Trust Manager), the Security Trustee and the Servicer from time to time. The Covered Bond Guarantor (acting on the directions of the Trust Manager) will on each Distribution Date, subject to the applicable Priority of Payments as further consideration for the Services supplied to it by the Servicer under the Servicing Deed reimburse the Servicer for all out-of-pocket costs, expenses and charges properly incurred by the Servicer in the performance of the Services, including any such costs, expenses or charges not reimbursed to the Servicer on any previous Distribution Date.

Collections

The Servicer acts as collecting agent for the Covered Bond Guarantor in respect of all payments in respect of the Mortgage Loan Rights forming part of the Assets of the Trust (including, without limitation, a Mortgage Loan Scheduled Payment). If the Servicer receives, during a Collection Period, any money whatsoever arising from the Mortgage Loans Rights forming part of the Assets of the Trust which money belongs to the Covered Bond Guarantor (for itself or as trustee of the CBA Trust) and such money is to be paid to the GIC Account pursuant to the Servicing Deed, the Servicer will hold such money on trust for the Covered Bond Guarantor and will ensure that all such moneys are capable of being readily identified at any time. All such amounts described above received by the Servicer during a Collection Period must be credited to the GIC Account either no later than one Local Business Day before the Distribution Date immediately following the end of that Collection Period (for so long as the Servicer has credit ratings of at least P-1 from Moody's and F1 from Fitch and a long-term credit rating of at least A from Fitch (or, if Fitch has placed the Servicer on ratings watch negative at the relevant time, a short-term credit rating of at least F1+ from Fitch and a long-term credit rating of at least A+ from Fitch)) or, in any other case, within two Local Business Days of receipt.

The Servicer must, if it credits money received during a Collection Period to the GIC Account in accordance with the Servicing Deed, on the Distribution Date immediately following the end of that Collection Period, credit an additional amount to the GIC Account calculated as interest on the amount of that money for the period during which it was held by the Servicer. Any such interest is to be calculated on the Determination Date immediately following the end of the Collection Period by the Servicer in its absolute discretion on the daily

balance of the amount of money for the period during which it was (or will be) held by the Servicer and at a rate of interest, for each Collection Period (or part thereof) during which the money is (or will be) held, equal to the applicable 30 day Bank Bill Rate on the first day of the Collection Period, or if that day is not a Local Business Day, on the immediately preceding Local Business Day.

Removal or resignation of the Servicer

A servicer default (**Servicer Default**) occurs if:

(a) the Servicer fails to remit any amounts due or any other amounts received in respect of the Mortgage Loan Rights then forming part of the Assets of the Trust to the Covered Bond Guarantor within the time periods specified in the Servicing Deed or the other Programme Document and such failure is not remedied within five Local Business Days (or such longer period as the Covered Bond Guarantor and the Trust Manager may agree to) of notice of such failure being given to the Servicer by the Trust Manager or the Covered Bond Guarantor;

(b) the Servicer fails to prepare and transmit a Reporting Statement by its due date and such failure is not remedied within 20 Local Business Days (or such longer period as the Covered Bond Guarantor and the Trust Manager may agree to) of notice being given to the Servicer by the Trust Manager or the Covered Bond Guarantor and such failure, as determined by the Security Trustee, acting on the directions of the Bond Trustee (subject to the provisions of the Bond Trust Deed) if there are Covered Bonds outstanding, is materially prejudicial to the Covered Bondholders or acting on the directions of the Majority Secured Creditors (if there are no Covered Bonds outstanding), is materially prejudicial to the Secured Creditors;

(c) an Insolvency Event occurs in relation to the Servicer;

(d) the Servicer has breached its obligations (other than those referred to in paragraphs (a) and (b) above), as Servicer under a Programme Document to which it is expressed to be a party and such breach in the opinion of the Security Trustee, acting on the directions of the Bond Trustee (subject to the provisions of the Bond Trust Deed) if there are Covered Bonds outstanding, is materially prejudicial to the Covered Bondholders or acting on the directions of the Majority Secured Creditors (if there are no Covered Bonds outstanding), is materially prejudicial to the Secured Creditors and:

  (i) that breach is not remedied to the Security Trustee's satisfaction within 20 Local Business Days after receipt by the Servicer of a notice in writing from the Trust Manager, the Covered Bond Guarantor or the Security Trustee requiring it to do so; or

  (ii) the Servicer has not paid compensation to the Covered Bond Guarantor for its loss from such breach in an amount satisfactory to the Trust Manager (acting reasonably); or

(e) the Servicer's unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's or BBB- by Fitch (or, if Fitch has placed the Servicer on ratings watch negative at the relevant time, below BBB by Fitch).

If the Trust Manager has determined that:

(a) the performance by the Servicer of its duties under the Servicing Deed is no longer permissible under any applicable law and the Trust Manager is satisfied that there is no reasonable action which the Servicer could take to make the performance of its duties under the Servicing Deed permissible under that applicable law; or

(b) a Servicer Default has occurred and is continuing,

then the Trust Manager must by written notice to the Servicer, immediately terminate the rights and obligations of the Servicer and appoint another appropriately qualified organisation to act in its place.

The Servicer will, within two Local Business Days after it becomes aware of any Servicer Default, give notice to the Covered Bond Guarantor, the Trust Manager and the Rating Agencies (and the Trust Manager must give notice to the Security Trustee and the Bond Trustee).

The Servicer may retire from its obligations and duties assumed by it pursuant to the Servicing Deed by three months' notice in writing to the Security Trustee, the Covered Bond Guarantor and the Trust Manager (or such lesser time as the Servicer, the Trust Manager and the Covered Bond Guarantor agree). Upon its retirement the Servicer may, subject to any approval required by law, appoint in writing another person approved by the Covered Bond Guarantor (acting reasonably) as Substitute Servicer in its place. If the Servicer does not propose a replacement by the date which is one month prior to the date of its proposed retirement, the Covered Bond Guarantor is entitled to appoint a Substitute Servicer as of the date of the proposed retirement. The Trust Manager will give or cause to be given prompt notice of the appointment of any Substitute Servicer in accordance with the Servicing Deed to each Rating Agency.

The purported appointment of a Substitute Servicer in the event of the termination or resignation of the Servicer has no effect until the Substitute Servicer executes an agreement under which it covenants to act as Servicer in accordance with the Servicing Deed and all other Programme Documents to which the Servicer is a party and the Issuer issues a Rating Affirmation Notice in relation to each Rating Agency in respect of the proposed appointment of the Substitute Servicer. Until the appointment of the Substitute Servicer is complete the Covered Bond Guarantor must act as Servicer (and is entitled to receive the fee payable to the Servicer in accordance with the Servicing Deed for the period during which the Covered Bond Guarantor so acts). While acting as Servicer, the Covered Bond Guarantor will not be liable for any inability to perform or deficiency in performing its obligations as a result of, amongst other things, a breach by the outgoing Servicer of its obligations, the state of affairs, books and records of the outgoing Servicer and any documents or files delivered by it (including, the inaccuracy or incompleteness thereof) or the inability of the Covered Bond Guarantor to obtain access to information, premises or equipment reasonably necessary for it to perform its obligations. The Trust Manager must give or cause to be given prompt notice of the appointment of the Substitute Servicer to each Rating Agency.

Neither the Security Trustee, the Covered Bond Guarantor nor the Trust Manager or their respective delegates (as the case may be) is liable for any Servicer Default except to the extent that the Servicer Default is caused by the Security Trustee's, the Covered Bond Guarantor's or the Trust Manager's or their respective delegate's (as the case may be) fraud, negligence or wilful default.

The Covered Bond Guarantor may settle with the Servicer the amount of any sums payable by the Servicer to the Covered Bond Guarantor or by the Covered Bond Guarantor to the Servicer and may give to or accept from the Servicer a discharge in respect of those sums which will be conclusive and binding as between the Covered Bond Guarantor and the Servicer and as between the Servicer and each other Secured Creditor. The Servicer and the Trust Manager have agreed to provide their full co-operation in the event of the appointment of a Substitute Servicer. The Servicer and the Trust Manager must (subject to the Privacy Act and the Servicer's duty of confidentiality to its customers under general law or otherwise) provide the Substitute Servicer with copies of all paper and electronic files, information and other materials in its possession (or in the possession or control of its attorney, delegate, agent or sub-agent) as the Covered Bond Guarantor or the Substitute Servicer may reasonably request within 90 days of the removal or retirement of the Servicer in accordance with the Servicing Deed.

The Security Trustee will not assume or have any of the obligations or liabilities of the Servicer, the Seller or the Covered Bond Guarantor.

The Servicing Deed is governed by and is to be construed in accordance with the laws applying in the State of New South Wales, Australia.

Cover Pool Monitor Agreement

Under the terms of the Cover Pool Monitor Agreement entered into on or about the Programme Date between the Cover Pool Monitor, the Covered Bond Guarantor, the Trust Manager, the Bank (in its capacities as Issuer and Seller), the Bond Trustee and the Security Trustee, the Cover Pool Monitor has agreed, subject to due receipt of the information to be provided by the Trust Manager to the Cover Pool Monitor, to report factual findings of completion of certain agreed upon procedures, including with respect to the verification of the calculations performed by the Trust Manager in respect of the Asset Coverage Test or the Amortisation Test, as applicable, and the Legislated Collateralisation Test on the Determination Date immediately prior to each yearly anniversary (and in the case of the Asset Coverage Test and the Legislated Collateralisation Test, each half yearly anniversary) of the Programme Date, for the purposes of determining compliance or non-compliance by the Covered Bond Guarantor with the Asset Coverage Test or the Amortisation Test, as applicable, and the

Legislated Collateralisation Test on that Determination Date. In the case of the Asset Coverage Test and the Amortisation Test, the relevant test to be conducted by the Cover Pool Monitor depends on whether the Determination Date falls prior to or after a Notice to Pay is served on the Covered Bond Guarantor.

The Cover Pool Monitor has also agreed, subject to due receipt of the information to be provided by the Trust Manager to the Cover Pool Monitor, as soon as reasonably practicable following each Determination Date immediately preceding each half-yearly and yearly anniversary of the Programme Date (each, an **Assessment Date**), to perform the functions of the cover pool monitor in respect of the Assets of the Trust (for the purposes of the Australian Banking Act) to:

(a) assess the keeping by the Trust Manager of an accurate register of the Assets of the Trust; and

(b) assess the Issuer's and the Seller's compliance with sections 31 and 31A of the Australian Banking Act.

The Cover Pool Monitor must carry out the assessments above with a view to providing a report in accordance with the Cover Pool Monitor Agreement and may use sampling in accordance with the auditing standards made under the Australian Corporations Act in carrying out such assessment.

If the long-term, unsecured, unguaranteed and unsubordinated debt obligation credit ratings of the Issuer fall below Baa3 by Moody's or BBB- by Fitch (or, if Fitch has placed the Issuer on ratings watch negative at the relevant time, below BBB by Fitch) (and for as long as they remain below such credit ratings), the Cover Pool Monitor will, subject to receipt of the relevant information from the Trust Manager, be required to report on the results of performance of the agreed upon procedures with respect to the Asset Coverage Test and the Amortisation Test referred to above as soon as reasonably practicable (and in any event not later than 10 Local Business Days following receipt of the relevant information from the Trust Manager) following every Determination Date after any such downgrade.

If results of performance of the agreed upon procedures with respect to the Asset Coverage Test and the Amortisation Test conducted by the Cover Pool Monitor reveals arithmetic errors in the relevant calculations performed by the Trust Manager such that the Asset Coverage Test or the Amortisation Test was not satisfied on the applicable Determination Date (where the Trust Manager had recorded it as being satisfied) or the reported Adjusted Aggregate Mortgage Loan Amount or the reported Amortisation Test Aggregate Mortgage Loan Amount is mis-stated by the Trust Manager by an amount exceeding 1% of the actual Adjusted Aggregate Mortgage Loan Amount or the actual Amortisation Test Aggregate Mortgage Loan Amount, as applicable, (as at the date of the relevant Asset Coverage Test or the relevant Amortisation Test), the Cover Pool Monitor will be required to conduct such tests following every Determination Date for a period of six months thereafter.

The Cover Pool Monitor will be entitled to assume that all information provided to it by the Trust Manager for the purpose of performance of the agreed upon procedures referred to above is true and correct and complete and not misleading, and is not required to conduct and audit or other examination in respect of or otherwise take steps to verify the accuracy or completeness of such information. The Cover Pool Monitor Report, together with the reports prepared in respect of the records of the Assets of the Trust kept by the Trust Manager, will be delivered to the Issuer, the Seller, the Trust Manager, the Covered Bond Guarantor, the Bond Trustee and the Security Trustee. The Issuer and/or the Bond Trustee may also provide any reports received from the Cover Pool Monitor with respect to:

(a) the keeping by the Trust Manager of an accurate register of the Assets of the Trust; and

(b) the Issuer's and the Seller's compliance with sections 31 and 31A of the Australian Banking Act,

to the Covered Bondholders from time to time. The Cover Pool Monitor is also required, following a written request from APRA, to provide copies of any such reports relating to the cover pool in accordance with the Cover Pool Monitor Agreement to APRA.

Pursuant to the Cover Pool Monitor Agreement, the Cover Pool Monitor has undertaken to:

(a) exercise reasonable skill and care in the performance of its obligations under the Cover Pool Monitor Agreement;

(b) to the extent permitted by law, comply with all material legal and regulatory requirements applicable to the conduct of its business so that it can lawfully attend to the performance of its obligations under the Cover Pool Monitor Agreement; and

(c) at all times:

(i) be registered as an auditor under part 9.2 of the Australian Corporations Act; or

(ii) hold an Australian Financial Services Licence which licence extends to the provision of financial services as Cover Pool Monitor; or

(iii) be exempt from holding an Australian Financial Services Licence which exemption extends to the provision of financial services as Cover Pool Monitor.

The Covered Bond Guarantor will pay to the Cover Pool Monitor a fee for performing its obligations under the Cover Pool Monitor Agreement calculated based on the time spent performing those obligations agreed in writing from time to time between the Cover Pool Monitor, the Covered Bond Guarantor and the Trust Manager.

The Trust Manager may, at any time: (i) with the prior written consent of the Security Trustee, terminate the appointment of the Cover Pool Monitor by giving 40 Local Business Days prior written notice to the Cover Pool Monitor or (ii) terminate the appointment of the Cover Pool Monitor if the Cover Pool Monitor is unable or unwilling to comply with the requirements set out in section 30(2) or 30(3) of the Australian Banking Act, provided that, in each case, such termination may not be effective unless and until a replacement has been found by the Covered Bond Guarantor (acting on the directions of the Trust Manager) or the Trust Manager (such a replacement to be approved by the Security Trustee who must give such approval if the replacement is an accountancy firm of national standing in Australia or a firm recognised as having expertise in managing assets on behalf of investors).

The Cover Pool Monitor may, at any time, resign by giving 20 Local Business Days prior written notice to the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee and the Security Trustee (copied to the Rating Agencies), except that such 20 Local Business Days' notice period will not be required if: (i) the Covered Bondholders agree to the resignation of the Cover Pool Monitor by Extraordinary Resolution or; (ii) the Cover Pool Monitor is required to resign pursuant to the applicable professional standards to which it is subject at the time of such resignation.

Upon giving notice of termination or receiving notice of resignation, the Trust Manager must use its best endeavours to promptly appoint a substitute Cover Pool Monitor pursuant to an agreement on substantially the same terms as the terms of the Cover Pool Monitor Agreement, to provide the services set out in the Cover Pool Monitor Agreement. If a substitute Cover Pool Monitor is not appointed by the date which is 20 Local Business Days prior to a Determination Date in respect of which the Trust Manager's calculations are to be verified in accordance with the terms of the Cover Pool Monitor Agreement, then the Trust Manager will use all reasonable endeavours to appoint an accountancy firm of national standing in Australia or a firm recognised as having expertise in managing assets on behalf of investors to carry out the relevant tests on a one-off basis. The Trust Manager must promptly notify the Rating Agencies of the appointment of any substitute Cover Pool Monitor or firm to carry out the relevant tests.

None of the Covered Bond Guarantor, the Bond Trustee nor the Security Trustee will be obliged to act as Cover Pool Monitor or to monitor or supervise the performance by the Cover Pool Monitor in any circumstances.

The Cover Pool Monitor Agreement is governed by and is to be construed in accordance with the laws applying in the State of New South Wales, Australia.

Establishment Deed

The Establishment Deed, made between the Covered Bond Guarantor, the Trust Manager, and the Bank (as Issuer, Seller and Servicer), establishes the Trust and provides that the Covered Bond Guarantor will be the trustee of the Trust. Pursuant to the Establishment Deed, the Trust is established for purposes relating only to the Covered Bonds including: (i) the acquisition, management and sale of, amongst other things, Mortgage Loan Rights; (ii) the borrowing of moneys to fund the acquisition of such assets; (iii) the hedging of risks associated

with such assets and such funding; (iv) the acquisition, management and sale of Substitution Assets and Authorised Investments; (v) the giving of guarantees in respect of any Covered Bonds (including the Covered Bond Guarantee); (vi) the granting of security to secure repayment of any Covered Bonds and other liabilities in connection with the Programme; and (vii) any other purpose which is ancillary or incidental to the activities set out above.

Unitholders

The beneficial interest in the Assets of the Trust is vested in the Income Unitholder as holder of the Income Unit and the Capital Unitholder as holder of the Capital Unit. The Bank is the initial holder of both the Income Unit and the Capital Unit. Pursuant to the Establishment Deed, the Income Unitholder is entitled to distributions of the Net Trust Income, if any, of the Trust in respect of each Financial Year. The Capital Unitholder's interest in the Trust comprises (i) an interest in each Asset of the Trust remaining after payment of any amount due to the Income Unitholder in satisfaction of the Income Unitholder's entitlement to the Net Trust Income of the Trust; and (ii) except to the extent included in (i), on the termination of the Trust, the capital of the Trust remaining after the payment (or the provision for payment) of all other outgoings and amounts by the Covered Bond Guarantor.

The right of any Unitholder to recover any amounts in respect of its interests described above is limited to the Assets of the Trust available for distribution after payments or distributions have been made to all other parties under the relevant Priorities of Payment (except, in the case of the Income Unitholder, the Capital Unitholder).

The Capital Unit is non-transferable. The Income Unit may be transferred at any time, provided that the Income Unitholder is only entitled to transfer the Income Unit if the offer for sale, or the invitation to purchase the Income Unit, to the proposed transferee:

(a) is not made to a person who is a "retail client" (as defined in section 761G of the Australian Corporations Act); and

(b) complies with all applicable laws in all jurisdictions in which the offer or invitation is made.

A transfer of the Income Unit is not effective unless the name of the proposed transferee has been entered in the Unit Register by the Covered Bond Guarantor. The Covered Bond Guarantor may refuse to so enter a transferee's name for certain reasons set out in the Establishment Deed.

Asset Coverage Test

Under the terms of the Establishment Deed, the Trust Manager must ensure that, for so long as Covered Bonds remain outstanding, on each Determination Date prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Adjusted Aggregate Mortgage Loan Amount is at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Determination Date by the Trust Manager (the **Asset Coverage Test**). The Asset Coverage Test will also be calculated by the Trust Manager at any other time required for the purposes of determining if the Demand Loan can be repaid.

If on any Determination Date (the **First Determination Date**) prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Adjusted Aggregate Mortgage Loan Amount is less than the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on such date by the Trust Manager, then the Asset Coverage Test as calculated on that First Determination Date will not be satisfied and the Trust Manager must immediately notify the Covered Bond Guarantor, the Seller, the Bond Trustee and the Security Trustee in writing and, in the case of paragraph (a) below, use all reasonable endeavours to arrange for the Covered Bond Guarantor to, and in the case of paragraphs (b) and (c) below, direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must:

(a) acquire sufficient further Mortgage Loan Rights from the Seller in accordance with the Mortgage Sale Agreement (see the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loan Rights*" in this Prospectus); and/or

(b) purchase Substitution Assets; and/or

(c) make drawings under the Demand Loan Agreement,

in each case, in order to ensure that the Asset Coverage Test is satisfied on any date on or before the immediately following Determination Date (the **Second Determination Date**) (by reference to the Adjusted Aggregate Mortgage Loan Amount and the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds, in each case as calculated on such date).

If the Covered Bond Guarantor, acting on the directions of the Trust Manager, has not taken sufficient action by the Second Determination Date, such that the Asset Coverage Test remains unsatisfied on the Second Determination Date then the Trust Manager must immediately notify the Covered Bond Guarantor, the Seller, the Bond Trustee and the Security Trustee in writing and the Bond Trustee must serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee receiving notification from the Trust Manager or, if earlier, having actual knowledge or express notice that the Asset Coverage Test remains unsatisfied). The Bond Trustee will be deemed to revoke an Asset Coverage Test Breach Notice if, on the next Determination Date to occur following the service of an Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If the Bond Trustee is deemed to revoke an Asset Coverage Test Breach Notice, the Covered Bond Guarantor must immediately notify the Bond Trustee in writing.

Following service of an Asset Coverage Test Breach Notice (for so long as it has not been deemed to be revoked in accordance with the preceding paragraph):

(a) the Covered Bond Guarantor may be required to sell Selected Mortgage Loan Rights (as further described under "*Sale of Selected Mortgage Loan Rights following service of an Asset Coverage Test Breach Notice*");

(b) prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice, the Pre-Acceleration Priority of Payments will be modified as more particularly described in "*Cashflows - Allocation and distribution of Available Income Amount following service of an Asset Coverage Test Breach Notice*" and "*Cashflows – Allocation and distribution of Available Principal Amount following service of an Asset Coverage Test Breach* Notice" below; and

(c) the Issuer will not be permitted to issue any further Covered Bonds.

If an Asset Coverage Test Breach Notice has been served and has not been deemed to be revoked as set out above on or before the next Determination Date to occur following the service of the Asset Coverage Test Breach Notice, then the Asset Coverage Test will be breached and an Issuer Event of Default will occur. The Bond Trustee will be entitled and in certain circumstances required to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor.

For the purposes of the above:

Adjusted Aggregate Mortgage Loan Amount means the amount calculated on each Determination Date as follows:

$$(A+B+C+D+E)-Z,$$

where:

A = means the lesser of:

(a) the aggregate of the LVR Adjusted Mortgage Loan Balance Amount of each Mortgage Loan forming part of the Assets of the Trust as at the Determination Date; and

(b) the aggregate of the Asset Percentage Adjusted Mortgage Loan Balance Amount of each Mortgage Loan forming part of the Assets of the Trust as at the Determination Date,

in each case, for the avoidance of doubt, excluding any Mortgage Loans being repurchased by the Seller on that Determination Date but including any Mortgage Loans being purchased by the Covered Bond Guarantor on that Determination Date.

The **LVR Adjusted Mortgage Loan Balance Amount** will be calculated for a Mortgage Loan, on the relevant Determination Date, as:

(a) for each Mortgage Loan forming part of the Assets of the Trust that is not then a Defaulted Mortgage Loan, the lesser of:

(i) the outstanding Current Principal Balance of the Mortgage Loan as at the last day of the immediately preceding Collection Period; and

(ii) 80% of the Indexed Valuation for the Land the subject of a Mortgage which secures the Mortgage Loan as at the last day of the immediately preceding Collection Period (but without double counting across Mortgage Loans); and

(b) for each Mortgage Loan forming part of the Assets of the Trust that is then a Defaulted Mortgage Loan, zero,

less:

(A) where the Mortgage Loan was, in the immediately preceding Collection Period, known by the Trust Manager to be in breach of the Representations and Warranties made by the Seller in accordance with the Mortgage Sale Agreement in relation to that Mortgage Loan and the Seller has not repurchased the Mortgage Loan Rights to the extent required by the terms of the Mortgage Sale Agreement, an amount equal to the LVR Adjusted Mortgage Loan Balance Amount (calculated in accordance with paragraph (a) as at the last day of the immediately preceding Collection Period) for each Mortgage Loan to which this paragraph (A) applies; and

(B) where the Seller, in any preceding Collection Period, was in material breach of any other warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Collection Period, in material breach of a term of the Servicing Deed, an amount equal to the resulting financial loss incurred by the Covered Bond Guarantor in the immediately preceding Collection Period (such financial loss to be calculated by the Trust Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the Covered Bond Guarantor by the Seller or by the Servicer (as applicable) to indemnify the Covered Bond Guarantor for such financial loss).

The **Asset Percentage Adjusted Mortgage Loan Balance Amount** will be calculated for a Mortgage Loan, on the relevant Determination Date, as the Asset Percentage multiplied by:

(a) for each Mortgage Loan forming part of the Assets of the Trust that is not then a Defaulted Mortgage Loan, the lesser of:

(i) the outstanding Current Principal Balance of the Mortgage Loan as at the last day of the immediately preceding Collection Period; and

(ii) 100% of the Latest Valuation for the Land the subject of a Mortgage which secures the Mortgage Loan as at the last day of the immediately preceding Collection Period (but without double counting across Mortgage Loans); and

(b) for each Mortgage Loan forming part of the Assets of the Trust that is then a Defaulted Mortgage Loan, zero,

less:

(A) where the Mortgage Loan was, in the immediately preceding Collection Period, known by the Trust Manager to be in breach of the Representations and Warranties made by the Seller in accordance with the Mortgage Sale Agreement in relation to that Mortgage Loan and the Seller has not repurchased the Mortgage Loan Rights to the extent required by the terms of the

Mortgage Sale Agreement, an amount equal to the Asset Percentage Adjusted Mortgage Loan Balance Amount (calculated pursuant to paragraph (a) above as at the last day of the immediately preceding Collection Period) for each Mortgage Loan to which this paragraph (A) applies; and

(B) where the Seller, in any preceding Collection Period, was in material breach of any other warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Collection Period, in material breach of a term of the Servicing Deed: an amount equal to the resulting financial loss incurred by the Covered Bond Guarantor in the immediately preceding Collection Period (such financial loss to be calculated by the Trust Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the Covered Bond Guarantor by the Seller or by the Servicer (as applicable) to indemnify the Covered Bond Guarantor for such financial loss);

B = the aggregate amount of any proceeds of any Term Advances and/or any Demand Loan Advances which have not been applied as at the Determination Date;

C = the aggregate principal balance of any Substitution Assets and Authorised Investments as at the relevant Determination Date;

D = the aggregate amount of Principal Collections collected by the Servicer during the immediately preceding Collection Period and credited, or to be credited on the immediately following Distribution Date, to the GIC Account but excluding any amounts due to be applied on or before the immediately succeeding Distribution Date in accordance with the applicable Priority of Payments;

E = the aggregate amount as at the Determination Date of: (i) Sale Proceeds credited to the GIC Account (including the amount of any Sale Proceeds standing to the credit of the Pre-Maturity Ledger); (ii) the remaining Available Principal Amount credited to the GIC Account in accordance with paragraph (d) of the Pre-Acceleration Principal Priority of Payments (without double counting any amounts already covered in B and D above) and (iii) any amount transferred since the last Distribution Date from the OC Account to the GIC Account in accordance with the Establishment Deed which has not been applied as at the Determination Date; and

Z = the product of:

(a) the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding calculated by the Trust Manager as at the Determination Date (provided that if the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding is less than one, such weighted average remaining maturity will be deemed for the purposes of this calculation, to be one);

(b) the Australian Dollar Equivalent of the then aggregate Principal Amount Outstanding of the Covered Bonds;

(c)

(i) for so long as the Interest Rate Swap is in effect in accordance with its terms, zero; or

(ii) otherwise, one; and

(d) the then Negative Carry Factor, where the **Negative Carry Factor** is the percentage rate per annum equal to the sum of:

(i) 0.50%; and

(ii) the weighted average of the Relevant Spread of each Series of Covered Bonds then outstanding determined by reference to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the applicable Series of Covered Bonds,

where the **Relevant Spread** is:

(A) in the case of a Series of floating rate Covered Bonds the Specified Currency of which is Australian Dollars and in respect of which no Covered Bond Swap has been entered into, the Margin for the Series specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement); and

(B) in any other case the Floating Rate Payer Spread in the applicable Covered Bond Swap.

For the purposes of the above, the **Asset Percentage** means, on any Determination Date, the lesser of:

(a) 95%;

(b) such percentage figure determined on or about the Programme Date and on each Determination Date thereafter falling in February, May, August and November of each year (and on such other dates as may be agreed between the Issuer and the Trust Manager) in accordance with the terms of the Establishment Deed, being the percentage figure that is necessary to ensure that the Covered Bonds maintain the then current ratings assigned to them by Fitch; and

(c) such percentage figure as may be selected by the Trust Manager, from time to time, in accordance with the terms of the Establishment Deed, and notified to Moody's and the Security Trustee on the Determination Date, or if no notification is made to Moody's and the Security Trustee on such Determination Date, on the last date of such notification. If the Trust Manager so elects to notify Moody's and the Security Trustee of a new percentage figure (without being obliged to do so), this percentage figure will be the difference between 100 and the percentage amount of credit enhancement that is necessary to ensure that there is sufficient credit enhancement for the Covered Bonds to achieve an Aaa rating by Moody's using Moody's expected loss methodology (regardless of the actual Moody's rating of the Covered Bonds at the time); and

(d) such other percentage figure as may be determined by the Issuer from time to time and notified to each of the Covered Bond Guarantor and the Trust Manager.

There is no obligation on the Covered Bond Guarantor, the Trust Manager or the Issuer to ensure that an AAA rating is maintained by Fitch or an Aaa rating is maintained by Moody's and neither the Issuer nor the Trust Manager is under an obligation to change the percentage figure selected by it and notified to Fitch or Moody's, as applicable, and the Security Trustee in line with the level of credit enhancement required to ensure an AAA rating is maintained by Fitch or an Aaa rating by Moody's.

Amortisation Test

The Trust Manager must ensure that for so long as Covered Bonds are outstanding on each Determination Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Amortisation Test Aggregate Mortgage Loan Amount will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Determination Date (the **Amortisation Test**).

If on any Determination Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Amortisation Test Aggregate Mortgage Loan Amount is less than the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Determination Date, the Amortisation Test will not be satisfied and a Covered Bond Guarantor Event of Default will occur. The Trust Manager must immediately notify the Covered Bond Guarantor and the Security Trustee and (if any Covered Bonds are outstanding) the Bond Trustee of any breach of the Amortisation Test.

The **Amortisation Test Aggregate Mortgage Loan Amount** will be calculated by the Trust Manager on each Determination Date following the service of a Notice to Pay on the Covered Bond Guarantor as follows:

$$A + B + C - Z$$

where:

A = the aggregate of the **Amortisation Test Current Principal Balance** of each Mortgage Loan, which will be the product of:

(a) the lesser of:

(i) the outstanding Current Principal Balance of the Mortgage Loan as calculated on the last day of the immediately preceding Collection Period; and

(ii) 80% of the Indexed Valuation for the Land the subject of a Mortgage which secures the Mortgage Loan as at the last day of the immediately preceding Collection Period (but without double counting across Mortgage Loans); and

(b) M, where:

(i) for each Mortgage Loan that is not then a Defaulted Mortgage Loan, M = 1.0; or

(ii) for each Mortgage Loan that is then a Defaulted Mortgage Loan, M = zero;

B = the sum of the amount of any cash standing to the credit of the GIC Account and the principal amount of any Authorised Investments (excluding any Finance Charge Collections received in the immediately preceding Collection Period and any principal amounts due to be applied on or before the next Distribution Date in accordance with the applicable Priority of Payments);

C = the aggregate principal balance of any Substitution Assets not taken into account elsewhere in this calculation; and

Z = the product of:

(a) the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding;

(b) the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds;

(c)

(i) for so long as the Interest Rate Swap is in effect in accordance with its terms, zero; or

(ii) otherwise, one; and

(d) the Negative Carry Factor.

Legislated Collateralisation Test

For so long as any Covered Bonds are outstanding, the Issuer must ensure that on each Determination Date, the Legislated Asset Amount will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Determination Date (the **Legislated Collateralisation Test**). The Trust Manager will perform all calculations required in respect of the Legislated Collateralisation Test on each Determination Date and any other date on which it is required to do so under any Programme Document.

The **Legislated Asset Amount** means the amount calculated on each Determination Date as follows (or as may otherwise be determined by the Issuer so as to comply with the requirements of section 31A of the Australian Banking Act):

$$(A+B+C+D+E)\times CP-ASL$$

where:

A = the Legislated Mortgage Loan Balance Amount;

The **Legislated Mortgage Loan Balance Amount** will be calculated for a Mortgage Loan, on the relevant Determination Date, as:

(a) for each Mortgage Loan forming part of the Assets of the Trust that is not then a Defaulted Mortgage Loan, the lesser of:

(i) the outstanding Current Principal Balance of the Mortgage Loan as at the last day of the immediately preceding Collection Period; and

(ii) 80% (or such other percentage figure required to comply with the Australian Banking Act) of the Latest Valuation of the Land which secures the Mortgage Loan (the **Relevant Mortgage Loan**) as at the last day of the immediately preceding Collection Period provided that to the extent that the Land also secures any other loans which rank, as against that Land, in priority to or equally with the Relevant Mortgage Loan (each, an **Additional Mortgage Loan**), then the Latest Valuation for that Property is to be discounted by multiplying it with the ratio of:

(A) the outstanding Current Principal Balance of the Relevant Mortgage Loan as at the last day of the immediately preceding Collection Period; to

(B) the aggregate outstanding Current Principal Balance of the Relevant Mortgage Loan and each Additional Mortgage Loan at the last day of the immediately preceding Collection Period,

(b) for each Mortgage Loan forming part of the Assets of the Trust that is a Defaulted Mortgage Loan, zero;

less:

(A) where the Mortgage Loan was, in the immediately preceding Collection Period, known by the Trust Manager to be in breach of the Representations and Warranties made by the Seller in accordance with the Mortgage Sale Agreement in relation to that Mortgage Loan and the Seller has not repurchased the Mortgage Loan Rights to the extent required by the terms of the Mortgage Sale Agreement, an amount equal to the Legislated Mortgage Loan Balance Amount (calculated pursuant to paragraph (a) above as at the last day of the immediately preceding Collection Period) for each Mortgage Loan to which this paragraph (A) applies; and

(B) where the Seller, in any preceding Collection Period, was in material breach of any other warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Collection Period, in material breach of a term of the Servicing Deed: an amount equal to the resulting financial loss incurred by the Covered Bond Guarantor in the immediately preceding Collection Period (such financial loss to be calculated by the Trust Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the Covered Bond Guarantor by the Seller or by the Servicer (as applicable) to indemnify the Covered Bond Guarantor for such financial loss),

in each case, for the avoidance of doubt, excluding any Mortgage Loans being repurchased by the Seller on such Determination Date but including any Mortgage Loans being purchased by the Covered Bond Guarantor on such Determination Date;

B = the aggregate amount of any proceeds of any Term Advances and/or any Demand Loan Advances which have not been applied as at the Determination Date;

C = the aggregate principal balance of any Substitution Assets and Authorised Investments as at the relevant Determination Date;

D = the aggregate amount of Principal Collections collected by the Servicer during the immediately preceding Collection Period and credited, or to be credited on the immediately following Distribution Date, to the GIC Account but excluding any amounts due to be applied on or before the immediately succeeding Distribution Date in accordance with the applicable Priority of Payments;

E = the aggregate amount as at the Determination Date of (i) Sale Proceeds credited to the GIC Account (including the amount of any Sale Proceeds standing to the credit of the Pre-Maturity Ledger); (ii) the remaining Available Principal Amount credited to the GIC Account in accordance with paragraph (d) of the Pre-Acceleration Principal Priority of Payments (without double counting any amounts already covered in B and D above) and (iii) any amount transferred since the last Distribution Date from the OC Account to the GIC Account in accordance with the Establishment Deed which has not been applied as at the Determination Date;

$CP = \frac{1}{1.03}$; and

ASL = any amounts payable by the Covered Bond Guarantor in accordance with:

(a) paragraphs (a) to (e) (inclusive) of the Pre-Acceleration Income Priority of Payments and paragraphs (a) to (e) (inclusive) of the Pre-Acceleration Principal Priority of Payments;

(b) paragraphs 15.4(a) to (h) (inclusive) of the Guarantee Priority of Payments; or

(c) paragraphs 8.2(a) to (g) (inclusive) of the Post-Enforcement Priority of Payments,

whichever Priority of Payments is applicable at the relevant Determination Date.

The Issuer is required to comply with the minimum over-collateralisation requirements set out in the Australian Banking Act and, for that purpose, the Legislated Collateralisation Test as described above. As the Legislated Collateralisation Test is a minimum requirement, the Issuer expects that the Legislated Mortgage Loan Balance Amount will always be greater than the LVR Adjusted Mortgage Loan Balance Amount, Asset Percentage Mortgage Loan Balance Amount and Amortisation Test Aggregate Mortgage Loan Amount and accordingly, the Legislated Collateralisation Test will be satisfied in all circumstances in which the Asset Coverage Test or the Amortisation Test, as applicable, is satisfied.

Transfers from OC Account

The Bank may on any day, in its absolute discretion, direct the Trust Manager in writing (copied to the Covered Bond Guarantor) to transfer any amount standing to the credit of the OC Account to the GIC Account (with a corresponding credit to the Principal Ledger). Upon receipt of a written direction from the Bank, the Trust Manager must direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must upon receiving that direction, transfer any amount standing to the credit of the OC Account to the GIC Account (with a corresponding credit to the Principal Ledger).

Any amount transferred to the GIC Account in accordance with the preceding paragraph will form part of the Available Principal Amount to be applied on the following Distribution Date in accordance with the applicable Priority of Payments.

Except to the extent transferred to the GIC on the written direction of the Bank, the amount standing to the credit of the OC Account can only be applied in repayment of the Demand Loan and accordingly, will not be available to make payments in respect of the Covered Bond Guarantee to Covered Bondholders and Couponholders.

Sale of Selected Mortgage Loan Rights if the Pre-Maturity Test is breached

The Establishment Deed provides for the sale of Selected Mortgage Loan Rights in circumstances where the Pre-Maturity Test has been breached in relation to a Series of Hard Bullet Covered Bonds. The Pre-Maturity

Test will be breached in relation to a Series of Hard Bullet Covered Bonds if the Issuer's short-term credit rating from Moody's falls to P-2 (or lower) or from Fitch is less than F1+ and the Final Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date. Following a breach of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the Trust Manager must (after taking into account the amount standing to the credit of the Pre-Maturity Ledger) direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must on that direction, immediately commence an offer process to sell Selected Mortgage Loan Rights to Purchasers, subject to the rights of pre-emption of the Seller to buy the Selected Mortgage Loan Rights pursuant to the terms of the Mortgage Sale Agreement and subject to any Pre-Maturity Demand Loan Advance having been made by the Demand Loan Provider from time to time in accordance with the Mortgage Sale Agreement (after taking into account, to the extent possible, any Available Income Amount or Available Principal Amount to be applied on the next Distribution Date as a credit to the Pre-Maturity Ledger in accordance with the Establishment Deed). The proceeds from any such sale that forms part of the Available Principal Amount will be credited to the Pre-Maturity Ledger and deposited into the GIC Account.

If the Issuer fully repays a Series of Hard Bullet Covered Bonds on their Final Maturity Date, any amount standing to the credit of the Pre-Maturity Ledger on the GIC Account in respect of the Series of Hard Bullet Covered Bonds following such repayment in full must be applied by the Covered Bond Guarantor, acting on the directions of the Trust Manager, in accordance with the applicable Priority of Payments unless the Issuer is in breach of the Pre-Maturity Test in respect of any other Series of Hard Bullet Covered Bonds, in which case the Trust Manager must ensure that sufficient cash is retained on the Pre-Maturity Ledger in order to provide liquidity for that other Series of Hard Bullet Covered Bonds. Otherwise, the proceeds will be applied in accordance with the applicable Priority of Payments.

For a description of the Pre-Maturity Test, see "*Credit Structure – Pre-Maturity Test*" below.

Sale of Selected Mortgage Loan Rights following service of an Asset Coverage Test Breach Notice

Following service of an Asset Coverage Test Breach Notice (which has not been deemed to be revoked) (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Covered Bond Guarantor will, subject to first utilising the proceeds of any advance made by the Demand Loan Provider under the Demand Loan Agreement, be obliged to sell Selected Mortgage Loan Rights forming part of the Assets of the Trust to Purchasers in accordance with the Establishment Deed (as described below), subject to the rights of pre-emption in favour or the Seller to buy the Selected Mortgage Loan Rights pursuant to the Mortgage Sale Agreement. The proceeds from any such sale will be deposited into the GIC Account and applied as set out in the sections "*Allocation and distribution of Available Income Amount following service of an Asset Coverage Test Breach Notice" and "Allocation and distribution of Available Principal Amount following service of an Asset Coverage Test Breach Notice*" in this Prospectus.

Sale of Selected Mortgage Loan Rights following service of a Notice to Pay

After a Notice to Pay has been served on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Covered Bond Guarantor will be obliged to sell Selected Mortgage Loan Rights forming part of the Assets of the Trust in accordance with the Establishment Deed (as described below), subject to the rights of pre-emption in favour of the Seller to buy the Selected Mortgage Loan Rights pursuant to the Mortgage Sale Agreement. The proceeds from any such sale will be deposited into the GIC Account and applied in accordance with the applicable Priority of Payments.

Method of Sale of Selected Mortgage Loan Rights

If the Covered Bond Guarantor is required to sell Selected Mortgage Loan Rights to Purchasers following the Demand Loan Provider requesting repayment of all or part of the Demand Loan (subject to satisfaction of the Asset Coverage Test), service of an Asset Coverage Test Breach Notice on the Covered Bond Guarantor, a breach of the Pre-Maturity Test or the service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Trust Manager must ensure that before offering Selected Mortgage Loan Rights for sale:

(a) the Selected Mortgage Loan Rights are selected on a basis that is representative of the Mortgage Loan Rights forming part of the Assets of the Trust; and

(b) the Mortgage Loans relating to the Selected Mortgage Loan Rights have an aggregate Current Principal Balance in an amount (the **Required Current Principal Balance Amount**) which is as close as possible to the amount calculated as follows:

(i) following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay), such amount that would ensure that, if the Mortgage Loans relating to the Selected Mortgage Loan Rights were sold at their Current Principal Balance plus the arrears of interest and accrued interest, the Asset Coverage Test would be satisfied on the next Determination Date taking into account the payment obligations of the Covered Bond Guarantor on the Distribution Date following that Determination Date; or

(ii) following a breach of the Pre-Maturity Test or service of a Notice to Pay:

$$N \times \frac{\text{Aggregate Current Principal Balance for all Mortgage Loans forming part of the Assets of the Trust}}{\text{Aggregate Australian Dollar Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}}$$

where "**N**" is an amount equal to the Australian Dollar Equivalent of:

(x) in respect of Selected Mortgage Loan Rights being sold following a breach of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the Required Redemption Amount of each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached less amounts standing to the credit of the Pre-Maturity Ledger; or

(y) in respect of Selected Mortgage Loan Rights being sold following the service of a Notice to Pay on the Covered Bond Guarantor, the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of the GIC Account and the principal amount of any Authorised Investments and Substitution Assets that have not been sold in accordance with the Establishment Deed (excluding all amounts to be applied on the next following Distribution Date to repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds) (see "*Limit on Investing in Substitution Assets and Authorised Investments*" below).

For the avoidance of doubt, the Selected Mortgage Loan Rights may comprise all of the Mortgage Loan Rights then forming part of the Assets of the Trust.

For the purposes of calculating the Required Current Principal Balance Amount pursuant to (b)(ii) above, the Negative Carry Factor for the purposes of determining the Required Redemption Amount will be:

(a) zero, for so long as the Interest Rate Swap is in effect in accordance with its terms; or

(b) calculated in accordance with Adjusted Aggregate Mortgage Loan Amount formula, if the Interest Rate Swap is not in effect in accordance with its terms.

The Trust Manager must direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must upon receiving that direction, offer the Selected Mortgage Loan Rights for sale to Purchasers for the best price reasonably available but in any event:

(a) following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay), for an amount not less than the Current Principal Balance of the Mortgage Loans relating to the Selected Mortgage Loan Rights plus the arrears of interest and any accrued interest; and

(b) following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor, for an amount not less than the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds.

Following a breach of the Pre-Maturity Test or the service of a Notice to Pay on the Covered Bond Guarantor if the Selected Mortgage Loan Rights have not been sold (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is six months prior to, either:

(a) the Final Maturity Date in respect of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto) (where the Covered Bonds are not subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee);

(b) the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto) (where the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee); or

(c) in respect of a sale in connection with a breach of the Pre-Maturity Test, the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds,

then the Trust Manager must direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must upon receiving that direction, offer the Selected Mortgage Loan Rights for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

Following the service of a Notice to Pay on the Covered Bond Guarantor but prior to the occurrence of a Covered Bond Guarantor Event of Default, in addition to offering Selected Mortgage Loan Rights for sale to Purchasers in respect of the Earliest Maturing Covered Bonds, the Covered Bond Guarantor, acting on the directions of the Trust Manager (subject to the right of pre-emption in favour of the Seller in the Mortgage Sale Agreement), is permitted to offer for sale a portfolio of Selected Mortgage Loan Rights, in accordance with the provisions summarised above and below, in respect of other Series of Covered Bonds.

The Covered Bond Guarantor, acting on the directions of the Trust Manager, will also be permitted to offer for sale to Purchasers part of any portfolio of Selected Mortgage Loan Rights (a **Partial Portfolio**). Except in circumstances where the portfolio of Selected Mortgage Loan Rights is being sold within six months of, as applicable, the Final Maturity Date or, if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Series of Covered Bonds to be repaid from such proceeds, the sale price of the Partial Portfolio must (as a proportion of the Adjusted Required Redemption Amount) be at least equal to the proportion that the aggregate Current Principal Balance of the Mortgage Loans in the Partial Portfolio bears to the aggregate Current Principal Balance of the Mortgage Loans in the relevant portfolio of Selected Mortgage Loan Rights.

The Trust Manager will through a tender process appoint a portfolio manager of recognised standing on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Mortgage Loan Rights (if such terms are commercially available in the market) to advise the Covered Bond Guarantor in relation to the sale of the Selected Mortgage Loan Rights to Purchasers (except where the Seller is buying the Selected Mortgage Loan Rights in accordance with its right of pre-emption in the Mortgage Sale Agreement). The terms of the agreement giving effect to the appointment in accordance with such tender shall be approved by the Security Trustee. The Security Trustee must approve the appointment of the portfolio manager if two Authorised Officers of the Trust Manager have certified to the Security Trustee that (i) the portfolio manager is an investment bank or accountant of recognised standing; and (ii) that such appointment is on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Mortgage Loan Rights (on terms which are commercially available in the market), which certificate will be conclusive and binding on all parties.

In respect of any sale of Selected Mortgage Loan Rights following service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (if not deemed to have been revoked) or a Notice to Pay, the Trust Manager must instruct the portfolio manager to use all reasonable endeavours to procure that Selected Mortgage Loan Rights are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager), taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the Establishment Deed.

The terms of any sale and purchase agreement with respect to the sale of Selected Mortgage Loan Rights (which shall give effect to the recommendations of the portfolio manager) will be subject to the prior written approval of the Security Trustee (acting on the directions of the Bond Trustee or, if no Covered Bonds are outstanding, the Majority Secured Creditors) (unless the Selected Mortgage Loan Rights are being sold to the Seller

following the exercise of its rights of pre-emption in the Mortgage Sale Agreement). The Security Trustee will only be required to release the Selected Mortgage Loan Rights from the Security in accordance with the conditions relating to the release of the Security (as described under "*Security Deed – Release of Security*" below).

Following the service of a Notice to Pay on the Covered Bond Guarantor, if Purchasers accept the offer or offers from the Covered Bond Guarantor so that some or all of the Selected Mortgage Loan Rights will be sold prior to the next following Final Maturity Date or, if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the next following Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds, then the Trust Manager must direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must, subject to the prior written approval of the Security Trustee, enter into a sale and purchase agreement with the relevant Purchasers, which will require, amongst other things, a cash payment from the relevant Purchasers. Any such sale will not include any representations or warranties from the Covered Bond Guarantor or the Seller in respect of the Selected Mortgage Loan Rights unless expressly agreed by the Security Trustee or otherwise agreed with the Seller.

Limit on Investing in Substitution Assets and Authorised Investments

Provided no Asset Coverage Test Breach Notice is outstanding, there has been no breach of the Pre-Maturity Test and prior to the service of a Notice to Pay on the Covered Bond Guarantor, the Trust Manager may direct the Covered Bond Guarantor to, and if so directed the Covered Bond Guarantor must, make any payments required in order to invest the Available Income Amount, the Available Principal Amount and the proceeds of Term Advances and Demand Loan Advances standing to the credit of the GIC Account in Substitution Assets, provided that:

(a) the aggregate amount so invested in:

  (i) Substitution Assets does not exceed 15% of the total Assets of the Trust at any one time (or such other percentage required to ensure compliance with any limits in the Australian Banking Act on substitution assets that may collateralise covered bonds); and

  (ii) any particular class of Substitution Assets does not exceed any limits in the Australian Banking Act on substitution assets of that class that may collateralise covered bonds; and

(b) such investments are made in accordance with the terms of the Management Agreement and the Establishment Deed.

Depositing any amounts in any Trust Account will not constitute an investment in Substitution Assets for these purposes.

Following the service of a Notice to Pay on the Covered Bond Guarantor or a breach of the Pre-Maturity Test, all Substitution Assets (other than any Substitution Asset that is also an Authorised Investment) will be sold by the Covered Bond Guarantor, acting on the directions of the Trust Manager, as soon as reasonably practicable, and the proceeds must be credited to the GIC Account after which the Covered Bond Guarantor, acting on the directions of the Trust Manager, will be permitted to make any payments required in order to invest all available moneys in Authorised Investments, provided that such sales or investments are made in accordance with the terms of the Management Agreement and the Establishment Deed.

Covenants of the Covered Bond Guarantor

The Covered Bond Guarantor covenants that it will in respect of the Trust:

(a) act continuously as trustee until the Vesting Date of the Trust or until it has retired or has been removed in accordance with the Establishment Deed;

(b) exercise all due diligence and vigilance in carrying out its functions and duties and in protecting the rights and interests of the Unitholders and the Secured Creditors;

(c) do everything and take all such actions which are necessary (including obtaining all such authorisations and approvals as are appropriate) to ensure that it is able to maintain its status as trustee of the Trust and to perform all its obligations under the Establishment Deed and the other Programme Documents;

(d) subject to and in accordance with the Programme Documents, retain the Assets of the Trust in safe custody and hold them on trust for the Unitholders of the Trust upon the terms of the Establishment Deed and the other Programme Documents;

(e) not sell, grant a Security Interest over or part with the possession of any of the Assets of the Trust (or permit any of its officers to do so) except as permitted by the Establishment Deed, the Security Deed and the other Programme Documents;

(f) forward promptly to the Trust Manager and the Bond Trustee all notices, reports, circulars and other documents received by it as holder of the Assets of the Trust;

(g) act honestly and in good faith in the performance of its duties and in the exercise of its discretions under the Establishment Deed and the Programme Documents;

(h) exercise such diligence and prudence as a prudent man of business would exercise in performing its express functions and in exercising its discretions under the Establishment Deed having regard to the interests of the Unitholders of the Trust;

(i) use its best endeavours to carry on and conduct its business in so far as it relates to the Establishment Deed and the Trust in a proper and efficient manner;

(j) remain Tax Resident in Australia throughout the period for which it is acting as trustee of the Trust;

(k) not perform any of its duties or exercise any rights in relation to the Trust, or otherwise manage the Trust, outside Australia;

(l) use its best endeavours to ensure that the Covered Bond Guarantor's title to each Asset of the Trust is maintained; and

(m) notify the Trust Manager and the Bond Trustee promptly after the Covered Bond Guarantor becomes actually aware of the occurrence of any Covered Bond Guarantor Termination Event and at the same time or as soon as possible thereafter provide full details of such Covered Bond Guarantor Termination Event.

Indemnification of Covered Bond Guarantor

Subject to the applicable Priority of Payments, the Covered Bond Guarantor will be indemnified out of the Assets of the Trust against any liability properly incurred by the Covered Bond Guarantor in performing or exercising any of its powers or duties in relation to the Trust except to the extent that any such liability is caused by the Covered Bond Guarantor's fraud, negligence or wilful default.

Subject to the applicable Priority of Payments, the Covered Bond Guarantor will be indemnified and is entitled to be reimbursed out of the Assets of the Trust in respect of all costs, charges and expenses which it may incur in respect of and can attribute to the Trust in accordance with the Establishment Deed and the other Programme Documents.

Removal and resignation of Covered Bond Guarantor

The Covered Bond Guarantor must retire as trustee of the Trust if:

(a) having been required to do so by the Trust Manager by notice in writing, the Covered Bond Guarantor fails or neglects within 20 Business Days (or such longer period as the Trust Manager may agree to) after receipt of such notice to carry out or satisfy any material duty or obligation imposed on the Covered Bond Guarantor by any Programme Document;

(b) an Insolvency Event occurs with respect to the Covered Bond Guarantor in its personal capacity;

(c) the Covered Bond Guarantor ceases or threatens to cease to carry on business or substantially the whole of its business;

(d) the Covered Bond Guarantor merges or consolidates into another entity, unless approved by the Trust Manager, which approval will not be withheld if, in the Trust Manager's reasonable opinion, the commercial reputation and standing of the surviving entity will not be less than that of the Covered Bond Guarantor prior to such merger or consolidation, and unless the surviving entity assumes the obligations of the Covered Bond Guarantor under the Programme Documents;

(e) there is a change in the ownership of 50% or more of the issued equity share capital of the Covered Bond Guarantor from the position as at the date of the Establishment Deed, or effective control of the Covered Bond Guarantor alters from the position as at the date of the Establishment Deed, unless in either case approved by the Trust Manager, which approval will not be withheld if, in the Trust Manager's reasonable opinion, the change in ownership or control of the Covered Bond Guarantor will not result in a lessening of the commercial reputation and standing of the Covered Bond Guarantor; or

(f)

(i) an Extraordinary Resolution requiring the removal of the Covered Bond Guarantor as trustee of the Trust is passed at a meeting of Covered Bondholders of all Series taken together as a single Series with the nominal amount of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Swap Rate; and

(ii) such retirement is approved in writing by each Secured Creditor (such approval not to be unreasonably withheld or delayed).

The Trust Manager may, by written notice, direct the Covered Bond Guarantor to retire if it believes in good faith that an event referred to in paragraphs (a) to (f) above has occurred.

If the Covered Bond Guarantor refuses to retire after being required to do so in the circumstances set out above, the Trust Manager is entitled to remove the Covered Bond Guarantor from office:

(g) upon the occurrence of an event set out in paragraphs (a), (b) or (c) above, immediately by notice in writing; and

(h) upon the occurrence of an event set out in paragraphs (d) or (e) above (and where paragraph (a) does not apply) upon 30 days' notice in writing.

On the retirement or removal of the Covered Bond Guarantor in accordance with the above, the Trust Manager, subject to any approval required by law, is entitled to and must use reasonable endeavours to appoint in writing within 30 days of the retirement or removal of the Covered Bond Guarantor some other entity, who is notified to the Rating Agencies, to be the Covered Bond Guarantor. If the Trust Manager has not within 30 days of the retirement or removal of the Covered Bond Guarantor appointed such other entity then the Trust Manager must convene a single meeting of the Covered Bondholders of all Series at which a new Covered Bond Guarantor may be appointed by Extraordinary Resolution of the Covered Bondholders of all Series.

The Covered Bond Guarantor may retire as trustee of the Trust (the **Retiring Covered Bond Guarantor**) upon giving three months' notice in writing to the Trust Manager or such lesser time as the Trust Manager and the Covered Bond Guarantor agree. Upon such retirement the Retiring Covered Bond Guarantor, subject to any approval required by law, must appoint as trustee of the Trust in writing any other entity which is approved by the Trust Manager, which approval must not be unreasonably withheld by the Trust Manager and notified to the Rating Agencies. If the Retiring Covered Bond Guarantor does not propose a replacement by the date which is two months prior to the date of its proposed retirement, or such lesser time as the Retiring Covered Bond Guarantor and the Trust Manager agree, the Trust Manager is entitled to appoint a Substitute Covered Bond Guarantor (which must be an entity notified to the Rating Agencies). If the Trust Manager has not within 30 days prior to the date of the Retiring Covered Bond Guarantor's proposed retirement appointed such an entity as Covered Bond Guarantor, and such an entity has not otherwise been appointed within that same 30 day period by the Retiring Covered Bond Guarantor, then the Trust Manager must convene a single meeting of the Covered Bondholders of all Series at which a new Covered Bond Guarantor may be appointed by Extraordinary Resolution of the Covered Bondholders of all Series.

Notwithstanding the preceding paragraph, until the appointment of a new or Substitute Covered Bond Guarantor is completed in accordance with the preceding paragraph, the Retiring Covered Bond Guarantor must continue

to act as the Covered Bond Guarantor in accordance with the terms of the Establishment Deed and the other Programme Documents.

The purported appointment of a Substitute Covered Bond Guarantor has no effect until the Substitute Covered Bond Guarantor executes a deed under which it covenants to act as Covered Bond Guarantor in accordance with the Programme Documents.

Upon the retirement or removal of the Covered Bond Guarantor in accordance with the above:

(a) the Covered Bond Guarantor must vest the Assets of the Trust, or cause them to be vested, in the Substitute Covered Bond Guarantor and must deliver to the Substitute Covered Bond Guarantor (or the Trust Manager if it is acting as Covered Bond Guarantor) all books, documents, records and other property whatsoever relating to the Trust. The costs and expenses of this are to be paid out of the Assets of the Trust, subject to the indemnity given by the Covered Bond Guarantor to the Trust Manager and the Substitute Covered Bond Guarantor in respect of all costs incurred as a result of its removal or retirement as set out above; and

(b) the Covered Bond Guarantor is released from all obligations under the Programme Documents arising after the date of the retirement or removal in respect of the Trust (but the Covered Bond Guarantor is not released from any obligations or liability that accrued prior to the date of the retirement of the Covered Bond Guarantor). The Trust Manager may settle with the Covered Bond Guarantor the amount of any sums payable by the Covered Bond Guarantor to the Trust Manager or by the Trust Manager to the Covered Bond Guarantor and may give to or accept from the Covered Bond Guarantor a discharge in respect of those sums which is then conclusive and binding as between the Covered Bond Guarantor and the Trust Manager but not as between the Covered Bond Guarantor, on the one hand, and the Unitholders and Secured Creditors, on the other hand.

Failure to appoint a Substitute Covered Bond Guarantor following the retirement or removal of the Covered Bond Guarantor will in certain circumstances constitute a Covered Bond Guarantor Event of Default as described in Condition 9.2 of the Programme Conditions.

Other Provisions

The allocation and distribution of the Available Income Amount, the Available Principal Amount and all other amounts received by the Covered Bond Guarantor is described under "*Cashflows*" below.

The Establishment Deed is governed by and is to be construed in accordance with the laws applying in the State of New South Wales, Australia.

Management Agreement

The Trust Manager will manage the Assets of the Trust (having regard to its powers and discretions under the Programme Documents) and provide certain Cash Management Services and Calculation Management Services to the Covered Bond Guarantor and the Security Trustee pursuant to the terms of the Management Agreement entered into on or about the Programme Date between the Covered Bond Guarantor, the Trust Manager, the Bank (as Issuer, Seller, Servicer and Account Bank) and the Security Trustee.

The Cash Management Services will include but will not be limited to:

(a) assisting and directing the Covered Bond Guarantor in opening and operating the Trust Accounts;

(b) keeping records of the Assets of the Trust held by the Covered Bond Guarantor, including the Mortgage Loan Rights;

(c) prepare or procure the preparation of and filing of all reports, annual returns, financial statements, statutory forms and other returns which the Covered Bond Guarantor is required by law to prepare and file in connection with the Trust or the Assets of the Trust;

(d) make all determinations, give all notices and make all registrations and other notifications required in the day-to-day operation of the business of the Trust or required to be given or made by the Covered Bond Guarantor pursuant to the Programme Documents;

(e) prepare and/or complete any Intercompany Loan Drawdown Requests or Demand Loan Drawdown Requests required for the Covered Bond Guarantor or, in the case of Demand Loan Drawdown Requests for it, to request the advance of any Term Advance or any Demand Loan Advance under, and in accordance with, the Establishment Deed, the Mortgage Sale Agreement, the Intercompany Loan Agreement and the Demand Loan Agreement;

(f) maintaining the Ledgers on behalf of the Covered Bond Guarantor;

(g) determining the amount of Principal Collections and Finance Charge Collections received during each Collection Period and the Available Income Amount and Available Principal Amount to be distributed on each Distribution Date in accordance with the Priorities of Payments described under "*Cashflows*" below;

(h) determining the amounts payable by the Covered Bond Guarantor on each Distribution Date under the applicable Priority of Payments described under "*Cashflows*" below;

(i) directing the Covered Bond Guarantor in relation to the application of Available Income Amount and the Available Principal Amount in accordance with the Priorities of Payment described under "*Cashflows*" below;

(j) providing various directions to the Covered Bond Guarantor in respect of investments in Authorised Investments and Substitution Assets and maintaining records of all Authorised Investments and Substitution Assets, as applicable; and

(k) providing directions to the Covered Bond Guarantor to apply amounts standing to the credit of the OC Account and any In Specie Mortgage Loan Rights in satisfaction of amounts to be repaid to the Demand Loan Provider in accordance with the applicable Priority of Payments.

The Calculation Management Services will include but will not be limited to:

(a) determining whether the Mortgage Loan Rights forming part of the Assets of the Trust are in compliance with the Asset Coverage Test on each Determination Date prior to an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor in accordance with the Establishment Deed and any other date that the Asset Coverage Test is required to be calculated as more fully described under "*Credit Structure – Asset Coverage Test*" below;

(b) determining whether the Mortgage Loan Rights forming part of the Assets of the Trust are in compliance with the Legislated Collateralisation Test on each Determination Date for so long as any Covered Bonds are outstanding, in accordance with the Establishment Deed, as more fully described under "*Establishment Deed – Legislated Collateralisation Test*" above;

(c) determining whether the Mortgage Loan Rights forming part of the Assets of the Trust are in compliance with the Amortisation Test on each Determination Date following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor but prior to the service of a Covered Bond Guarantee Acceleration Notice in accordance with the Establishment Deed, as more fully described under "*Credit Structure – Amortisation Test*", below; and

(d) on each Local Business Day during the Pre-Maturity Test Period for each Series of Hard Bullet Covered Bonds, determining whether the Pre-Maturity Test for each such Series of Hard Bullet Covered Bonds is satisfied, as more fully described under "*Credit Structure – Pre-Maturity Test*" below.

The Covered Bond Guarantor will be indemnified by the Trust Manager for any loss, cost, expense or liability suffered or incurred by the Covered Bond Guarantor in respect of the fraud, negligence or wilful default of the Trust Manager.

The Trust Manager is not personally liable to indemnify the Covered Bond Guarantor or to make any other payments to any other person in relation to the Trust except in relation to any fraud, negligence or wilful default by it in its capacity as trust manager of the Trust.

In certain circumstances, the Covered Bond Guarantor is required to immediately terminate the appointment of the Trust Manager and appoint a Substitute Trust Manager whose appointment will not take effect until such Substitute Trust Manager enters into a document under which it assumes the obligations of the Trust Manager. Until the appointment of the Substitute Trust Manager takes effect, the Covered Bond Guarantor must act as trust manager (and is entitled to the relevant fees for the period it so acts). While acting as the Trust Manager, the Covered Bond Guarantor will not be liable for any inability to perform or deficiency in performing its obligations as a result of, amongst other things, a breach by the outgoing Trust Manager of its obligations, the state of affairs, books and records of the outgoing Trust Manager and any documents or files delivered by it (including, the inaccuracy or incompleteness thereof) or the inability of the Covered Bond Guarantor to obtain access to information, premises or equipment reasonably necessary for it to perform its obligations.

The Trust Manager is entitled to a fee for the performance of its services under the Management Agreement, which will be agreed in writing from time to time between the Trust Manager, the Covered Bond Guarantor and the Security Trustee. The Covered Bond Guarantor will on each Distribution Date, subject to the applicable Priority of Payments as further consideration for the Cash Management Services and the Calculation Management Services supplied to it by the Trust Manager reimburse the Trust Manager for all out-of-pocket costs, expenses and charges properly incurred by it in the performance of the Cash Management Services or the Calculation Management Services, as the case may be, including any such costs, expenses or charges not reimbursed to the Trust Manager on any previous Distribution Date.

The Management Agreement is governed by and is to be construed in accordance with the laws applying in the State of New South Wales, Australia.

Swap Agreements

In order to hedge certain interest rate, currency or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loan Rights, Substitution Assets, Authorised Investments or certain other amounts deposited into the GIC Account and amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement to the Intercompany Loan Provider and/or amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee to Covered Bondholders in respect of the Covered Bonds on issue, the Covered Bond Guarantor will enter into certain swap transactions with swap providers as described below.

Each such swap transaction (including, without limitation, the Interest Rate Swap and each Covered Bond Swap) (each, a **Swap** and together, the **Swaps**) will be evidenced by a confirmation that supplements, forms part of and is subject to, an agreement in the form of the 2002 Master Agreement as published by the International Swaps & Derivatives Association, Inc. (**ISDA**) together with its schedule and credit support annex (to be in the form of the 1995 Credit Support Annex (Transfer – English Law) published by ISDA) (a **Swap Agreement Credit Support Annex**) between a swap provider (a **Swap Provider**), the Covered Bond Guarantor, the Trust Manager and the Security Trustee (together, a **Swap Agreement**).

Interest Rate Swap Agreement

Some of the Mortgage Loans forming part of the Assets of the Trust from time to time pay a variable amount of interest. Other Mortgage Loans pay a fixed rate of interest for a period of time. The Substitution Assets or Authorised Investments (as the case may be) and the amounts deposited into the GIC Account may pay a variable or fixed amount of interest. However, the Australian Dollar payments to be made by the Covered Bond Guarantor under the Covered Bond Swaps, the Intercompany Loan and the Demand Loan will be based on the Bank Bill Rate for varying periods. To provide a hedge against the variance between:

(a) the rates of interest payable on the Mortgage Loans forming part of the Assets of the Trust and the Substitution Assets or Authorised Investments and the amounts deposited into the GIC Account; and

(b) the Bank Bill Rate for the applicable interest or calculation period,

the Covered Bond Guarantor, the Trust Manager, the Security Trustee and the Interest Rate Swap Provider will enter into an Interest Rate Swap under the Interest Rate Swap Agreement.

The Interest Rate Swap Agreement is governed by and is to be construed in accordance with the laws applying in the State of New South Wales, Australia.

Covered Bond Swap Agreements

Where Covered Bonds are issued in a currency and/or on an interest rate basis different to the Interest Rate Swap, the Covered Bond Guarantor will enter into one or more Covered Bond Swaps, each under a Covered Bond Swap Agreement with a Covered Bond Swap Provider. Each Covered Bond Swap may be either a **Forward Starting Covered Bond Swap** or a **Non-Forward Starting Covered Bond Swap**. Where the Covered Bond Guarantor enters into a Forward Starting Covered Bond Swap, the related Term Advance made under the Intercompany Loan Agreement will be made in Australian Dollars, regardless of the currency of the relevant Series or Tranche, as applicable, of Covered Bonds.

Each Forward Starting Covered Bond Swap will provide a hedge (after service of a Notice to Pay on the Covered Bond Guarantor) against certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loan Rights, Substitution Assets, Authorised Investments or certain other amounts deposited into the GIC Account and the Interest Rate Swap and amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of the Covered Bonds (after service of a Notice to Pay).

Each Non-Forward Starting Covered Bond Swap will provide a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loan Rights, Substitution Assets, Authorised Investments or certain other amounts deposited into the GIC Account and the Interest Rate Swap and amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement (prior to the service of a Notice to Pay on the Covered Bond Guarantor) and under the Covered Bond Guarantee in respect of the Covered Bonds (after the service of a Notice to Pay on the Covered Bond Guarantor).

Where required to hedge such risks, there will be one (or more) Covered Bond Swap Agreement(s) and Covered Bond Swap(s) in relation to each Series or Tranche, as applicable, of Covered Bonds.

Under the Forward Starting Covered Bond Swaps, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date (or, if a Notice to Pay is served on an Interest Payment Date, on the second Business Day following such Interest Payment Date) after service of a Notice to Pay on the Covered Bond Guarantor, an amount equal to the amounts that are then payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of interest payable under the relevant Series or Tranche of Covered Bonds. In return, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider on each Distribution Date after service of a Notice to Pay on the Covered Bond Guarantor an amount in Australian Dollars calculated by reference to the 30 day Bank Bill Rate (or the rate for such other period as may be specified in the relevant Confirmation) plus a spread. Unless the relevant Covered Bond Swap terminates earlier, on the first to occur of (i) the date on which the Early Redemption Amount is payable; and (ii) the Final Maturity Date, in each case in relation to the relevant Series or Tranche of Covered Bonds, the relevant Covered Bond Swap Provider will pay to the Covered Bond Guarantor an amount equal to the Early Redemption Amount or the Final Redemption Amount (as the case may be) of the relevant Series or Tranche of Covered Bonds in exchange for payment by the Covered Bond Guarantor of the Australian Dollar Equivalent of that amount.

Under the Non-Forward Starting Covered Bond Swaps:

(a) if the related Term Advance is made in Australian Dollars, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider on each Distribution Date an amount in Australian Dollars calculated by reference to the 30 day Bank Bill Rate plus a spread. In return the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date either, an amount in Australian Dollars equal to the relevant amount of interest then payable under the related Term Advance in accordance with the Intercompany Loan Agreement or (after service of a Notice to Pay on the Covered Bond Guarantor) equal to the amounts that are payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of interest payable under the relevant Series or Tranche of Covered Bonds; and

(b) if the related Term Advance is made in a currency other than Australian Dollars, on the relevant Issue Date, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider an amount equal to the amount received by the Covered Bond Guarantor under the related Term Advance (being the aggregate nominal amount of such Series or Tranche, as applicable, of Covered Bonds) and in return the Covered Bond Swap Provider will pay to the Covered Bond Guarantor the Australian Dollar

Equivalent of the first mentioned amount. Thereafter, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider on each Distribution Date an amount in Australian Dollars calculated by reference to the 30 day Bank Bill Rate plus a spread. In return, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date either, an amount in the relevant currency equal to the relevant amount of interest then payable under the related Term Advance in accordance with the Intercompany Loan Agreement or (after service of a Notice to Pay on the Covered Bond Guarantor) equal to the amounts that are payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of interest payable under the relevant Series or Tranche of Covered Bonds. Unless the relevant Covered Bond Swap terminates earlier, on the first to occur of (i) the date on which the Early Redemption Amount is payable; and (ii) the Final Maturity Date, in each case in relation to the relevant Series or Tranche of Covered Bonds, the relevant Covered Bond Swap Provider will pay to the Covered Bond Guarantor an amount in the relevant currency equal to the principal then outstanding on the related Term Advance in exchange for payment by the Covered Bond Guarantor of the Australian Dollar Equivalent of that amount.

Each Covered Bond Swap will terminate the Final Maturity Date of the relevant Series or Tranche of Covered Bonds or, if the Covered Bond Guarantor notifies the Covered Bond Swap Provider, prior to the Final Maturity Date, of the inability of the Covered Bond Guarantor to pay in full or in part Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series or Tranche of Covered Bonds, the final Interest Payment Date on which an amount representing any or all of the Final Redemption Amount is paid (but in any event not later than the Extended Due for Payment Date).

Rating Downgrade Event

Under the terms of each Swap Agreement, in the event that the rating(s) of the relevant Swap Provider is downgraded by a Rating Agency below the credit rating(s) specified in the relevant Swap Agreement (in accordance with such Rating Agency's criteria) for that Swap Provider, that Swap Provider agrees, in accordance with the relevant Swap Agreement, to take certain remedial measures which may include:

(a) providing collateral for its obligations under the relevant Swap Agreement;

(b) arranging for its obligations under the relevant Swap Agreement to be transferred to a replacement entity provided that either:

  (i) such entity is an entity with the credit ratings specified by the relevant Rating Agency; or

  (ii) in some cases, the relevant Rating Agency has confirmed that such transfer will not adversely affect the credit ratings of the then outstanding Series of Covered Bonds;

(c) procuring another entity to become co-obligor or guarantor in respect of its obligations under the relevant Swap Agreement provided that either:

  (i) such entity is an entity with the credit ratings specified by the relevant Rating Agency; or

  (ii) in some cases, the relevant Rating Agency has confirmed that obtaining such a co-obligor or guarantor will not adversely affect the credit ratings of the then outstanding Series of Covered Bonds; or

(d) taking such other action or putting in place such alternative hedging as it may agree with the relevant Rating Agency.

A failure to take such steps within the time periods specified in the relevant Swap Agreement will allow the Covered Bond Guarantor to terminate the relevant Swaps.

Other Termination Events

The Swap(s) under a Swap Agreement may also be terminated early in certain other circumstances, including:

(a) at the option of the Covered Bond Guarantor or the relevant Swap Provider, as applicable, if there is a failure by the other party to pay any amounts due under such Swap Agreement within the specified grace period;

(b) upon the occurrence of certain insolvency events in relation to the relevant Swap Provider or the Covered Bond Guarantor, or the merger of one of the relevant Swap Provider or the Covered Bond Guarantor without an assumption of the obligations under such Swap Agreement;

(c) there is a change of law, a change in application of the relevant law or consolidation, amalgamation, merger, transfer of assets, reorganisation, reincorporation or reconstitution of or by a party which results in the Covered Bond Guarantor or the relevant Swap Provider (or both) being obliged to make a withholding or deduction on account of a tax on a payment to be made by such party to the other party under such Swap Agreement and the relevant Swap Provider thereby being required under the terms of such Swap Agreement to gross up payments made to the Covered Bond Guarantor, or to receive net payments from the Covered Bond Guarantor (who is not required under the terms of such Swap Agreement to gross up payments made to the relevant Swap Provider);

(d) there is a change in law which results in the illegality of the obligations to be performed by the relevant Swap Provider or the Covered Bond Guarantor under the Swap Agreement or a force majeure event which renders performance impossible or impracticable;

(e) in relation to a Covered Bond Swap only, if the corresponding Series of Covered Bonds are redeemed or cancelled;

(f) if a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor;

(g) the making of an amendment (without the consent of the relevant Swap Provider) to the Priorities of Payments which has a material adverse effect on the amounts paid to the relevant Swap Provider under the Priorities of Payments; and

(h) the making of an amendment (without the consent of the relevant Swap Provider), such that the relevant Swap Provider would, immediately after such amendment, be required to pay more or receive less under such Swap Agreement than would otherwise have been the case immediately prior to such amendment or such that the Swap Provider would suffer an adverse consequence as a result of such amendment.

Upon the termination of a Swap, the Covered Bond Guarantor or the relevant Swap Provider may be liable to make a termination payment to the other party in accordance with the provisions of the relevant Swap Agreement.

Swap Agreement Credit Support Annex

The Covered Bond Guarantor and each Swap Provider will also enter into a credit support annex in the form of the 1995 ISDA Credit Support Annex (Transfer – English Law) to the ISDA Master Agreement (the **Swap Agreement Credit Support Annex**) in respect of each Swap Agreement. The Swap Agreement Credit Support Annex will provide that, from time to time, if required to do so following its downgrade and subject to the conditions specified in the Swap Agreement Credit Support Annex, the relevant Swap Provider will make transfers of collateral to the Covered Bond Guarantor in support of its obligations under the relevant Swap Agreement (the **Swap Collateral**) and the Covered Bond Guarantor will be obliged to return equivalent collateral in accordance with the terms of such Swap Agreement Credit Support Annex. Each Swap Agreement Credit Support Annex will form a part of the relevant Swap Agreement.

Swap Collateral required to be transferred by the relevant Swap Provider pursuant to the terms of each Swap Agreement Credit Support Annex may be delivered in the form of cash or certain securities specified in such Swap Agreement Credit Support Annex. Cash amounts will be paid into an account designated as a **Swap Collateral Cash Account** opened and held with the Account Bank. References to the Swap Collateral Cash Account and to payments from such account are deemed to be a reference to payments from such account as and when opened by the Covered Bond Guarantor. Securities will be transferred into a custody account opened and held with a custodian. References to such custody account and to transfers from such account are deemed to be a reference to transfers from such account as and when opened by the Covered Bond Guarantor.

If the Swap Collateral Cash Account or securities custody account is opened, cash and securities, as applicable, (and all income in respect thereof) transferred as collateral will only be available to be applied in returning

collateral (and income thereon) or in satisfaction of amounts owing by the relevant Swap Provider in accordance with the terms of the relevant Swap Agreement Credit Support Annex.

Any Swap Collateral Excluded Amounts will be paid to the relevant Swap Provider directly and not via the Priorities of Payments.

Limited Recourse

All obligations of the Covered Bond Guarantor to the relevant Swap Provider under each Swap Agreement are limited in recourse as described in the Establishment Deed.

Governing Law

Each Swap Agreement (including the Swap Agreement Credit Support Annex under such Swap Agreement) is governed by and is to be construed in accordance with the laws applying in the State of New South Wales, Australia.

Account Bank Agreement

Pursuant to the terms of the Account Bank Agreement entered into on or about the Programme Date between the Covered Bond Guarantor, the Bank as Account Bank, the Trust Manager and the Security Trustee, the Covered Bond Guarantor will maintain with the Account Bank, the GIC Account, the Swap Collateral Cash Account and the OC Account which will be operated in accordance with the Management Agreement, the Establishment Deed, the Security Deed and the relevant Swap Agreements.

The Covered Bond Guarantor (acting on the directions of the Trust Manager) or the Security Trustee:

(a) may terminate the appointment of the Account Bank if the following matters occur:

(i) if a deduction or withholding for or on account of any Tax is imposed, or it appears likely that such a deduction or withholding will be imposed, in respect of the interest payable on any Trust Account, as applicable;

(ii) if the Account Bank fails to make payment on the due date of any payment due and payable by it under the Account Bank Agreement and such default is not waived by the Covered Bond Guarantor (acting on the directions of the Trust Manager) (with the prior written consent of the Security Trustee) or the Security Trustee, as applicable, and such default continues unremedied for a period of five Local Business Days; or

(iii) if the Account Bank fails to perform any of its other material obligations under the Account Bank Agreement, the Security Deed or any other Programme Document to which it is a party and acting on the directions of:

(A) the Bond Trustee (if there are Covered Bonds outstanding and subject to the provisions of the Bond Trust Deed), the Security Trustee determines that such failure is, or if continued will be, materially prejudicial to the Covered Bondholders; or

(B) the Majority Secured Creditors (if there are no Covered Bonds outstanding), the Security Trustee determines that such is, or if continued will be, materially prejudicial to the Secured Creditors,

and such failure remains unremedied for a period of 10 Local Business Days after the Trust Manager or the Security Trustee has given notice of such failure to the Account Bank.

(b) must terminate the appointment of the Account Bank if any of the following matters occur:

(i) the Account Bank ceases to be a Qualified Institution and the Account Bank does not, within 30 days of the occurrence of such event, obtain a guarantee of its obligations under the Account Bank Agreement from a Qualified Institution; or

(ii) an Insolvency Event occurs in respect of the Account Bank.

Any termination or resignation of the Bank as the Account Bank (and the appointment of any replacement Account Bank) under the Account Bank Agreement will have no effect on the arrangements in respect of the OC Account and the terms of the Account Bank Agreement will continue to govern the OC Account.

The Account Bank Agreement is governed by and is to be construed in accordance with the laws applying in the State of New South Wales, Australia.

Security Deed

Pursuant to the terms of the Security Deed entered into on or about the Programme Date by the Bank (in various capacities including as Issuer, Seller and Servicer), the Covered Bond Guarantor, the Trust Manager and the Security Trustee, as security for payment of the Secured Obligations, the Covered Bond Guarantor charges all of its right, title and interest in, and all of its rights in relation to Charged Property in favour of the Security Trustee.

The Security is a floating charge in respect of all the Charged Property. If the Security has not otherwise taken effect as a fixed charge, it will become a fixed charge automatically and immediately over all of the Charged Property without the need for any notice to or act by the Security Trustee, following the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer.

Release of Security

In the event of any sale or transfer of Mortgage Loan Rights or any extinguishment of the Covered Bond Guarantor's interest in any Mortgage Loan Rights (including, in each case, Selected Mortgage Loan Rights) (and any other related rights under the same) by or on behalf of the Covered Bond Guarantor (including by way of in specie distributions by the Covered Bond Guarantor) pursuant to and in accordance with the Programme Documents, such Mortgage Loan Rights (and any other related rights under the same) will no longer form part of the Assets of the Trust and the Security Trustee must, if requested in writing by the Covered Bond Guarantor (acting on the directions of the Trust Manager and at the sole cost and expense of the Covered Bond Guarantor), take all reasonable steps necessary to ensure the release or discharge of those Mortgage Loan Rights (and any other related rights under the same) from the Security Interests created under the Security Deed on or prior to the date of any such sale, transfer or extinguishment, only if the Trust Manager has provided to the Security Trustee a certificate from two Authorised Officers of the Trust Manager confirming that such sale, transfer or extinguishment of Mortgage Loan Rights has been made in accordance with the terms of the Programme Documents and, in the case of the sale of Selected Mortgage Loan Rights only, that the Selected Mortgage Loan Rights being sold have been selected on a basis that is representative of the Mortgage Loan Rights forming part of the Assets of the Trust as a whole.

In the event of any transfer of any Mortgage Loan Rights to the Seller, or any extinguishment of the Covered Bond Guarantor's interest in any Mortgage Loan Rights in favour of the Seller, pursuant to and in accordance with the Programme Documents, the Security Trustee will, at the prior written request and cost of the Covered Bond Guarantor (acting on the directions of the Trust Manager) on the date of the transfer or extinguishment (as the case may be) release the Mortgage Loan Rights from the Security Interest created under the Security Deed.

Enforcement

At any time after the Security has become enforceable and following service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Security Trustee will be entitled to appoint a Receiver and/or enforce the Security constituted by the Security Deed (including selling the Mortgage Loan Rights), and/or, subject to the following paragraph, take such steps as it deems necessary, subject in each case to being indemnified and/or prefunded and/or secured to its satisfaction. All proceeds received by the Security Trustee from the enforcement or realisation of the Security and any In Specie Mortgage Loan Rights will be applied in accordance with the Post-Enforcement Priority of Payments described under "*Cashflows*" below (other than Third Party Amounts due to the Seller and any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements which will be paid directly to the relevant Swap Provider in accordance with the relevant Swap Agreements).

If the Security has become enforceable, neither the Security Trustee nor any Receiver will be entitled to dispose of any Charged Property (comprising Mortgage Loan Rights) unless:

(a) the Security Trustee or Receiver, as applicable, has given the Seller the right, by notice in writing, to make an offer to repurchase all the Mortgage Loan Rights that are then Assets of the Trust (within five Local Business Days of the written notice) (any offer made by the Seller in accordance with this paragraph will be irrevocable unless agreed between the Seller and the Security Trustee or Receiver, as applicable); and

(b) if the Security Trustee or Receiver receives an irrevocable offer from any person other than the Seller in respect of any Mortgage Loan Rights, the Security Trustee or Receiver, as applicable, gives the Seller the right, by notice in writing (which must include all information in relation to the offer made by such other person), to make an offer to repurchase (which may be in addition to any offer made by the Seller under paragraph (a)) the Mortgage Loan Rights the subject of the offer made by any such other person that at least matches the value of any such other offer (within two Local Business Days of the written notice),

provided that the Seller provides to the Security Trustee or Receiver, as applicable, an opinion from legal advisors appointed by the Seller (at its expense) addressed to the Security Trustee or Receiver in connection with the relevant offer, that acceptance of the offer by the Security Trustee or Receiver and any repurchase of Mortgage Loan Rights in accordance with it by the Seller would be legal, valid, binding and enforceable against the Seller.

If the Security Trustee or Receiver, as applicable, receives an offer from the Seller as described above, the Security Trustee or Receiver must accept that offer unless the Security Trustee or Receiver reasonably believes that it is not in the best interests of the Covered Bondholders or, if there are none, the Secured Creditors that it does so.

Removal or resignation of Security Trustee

The Security Trustee covenants that it will retire as Security Trustee if:

(a) an Insolvency Event occurs in relation to the Security Trustee 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);

(b) it ceases to carry on business;

(c) a Related Body Corporate of it retires as the Covered Bond Guarantor or is removed as the Covered Bond Guarantor and the Trust Manager requires the Security Trustee by notice in writing to retire;

(d)

(i) an Extraordinary Resolution requiring its retirement is passed at a meeting of Covered Bondholders of all Series taken together as a single Series with the nominal amount of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Swap Rate; and

(ii) such retirement is approved in writing by the Bond Trustee (if any Covered Bonds are outstanding) or (if no Covered Bonds are outstanding) by the Majority Secured Creditors;

(e) when required to do so by the Trust Manager or the Covered Bond Guarantor by notice in writing, it fails or neglects within 14 days after receipt of such notice to carry out or satisfy any material duty imposed on it by this document in respect of the Security Trust; or

(f) there is a change in ownership of 50% or more of the issued equity share capital of the Security Trustee from the position as at the date of the Security Deed or effective control of the Security Trustee alters from the position as at the date of the Security Deed unless in either case approved by the Trust Manager (whose approval must not be unreasonably withheld).

If an event referred to in paragraphs (a) to (f) above occurs and the Security Trustee does not retire immediately after that event, the Trust Manager is entitled to, and must, remove the Security Trustee from office immediately by notice in writing to the Security Trustee. On the retirement or removal of the Security Trustee, the Issuer

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

The Security Trustee may retire as security trustee under the Security Deed upon giving three months' notice in writing to the Covered Bond Guarantor, the Trust Manager and each Rating Agency or such lesser time as the Covered Bond Guarantor, the Trust Manager and the Security Trustee may agree.

On the retirement or removal of the Security Trustee as set out above (a) the Trust Manager must promptly notify the Covered Bond Guarantor and the Secured Creditors of such retirement or removal; and (b) subject to any approval required by law, the Trust Manager is entitled to and must use best endeavours to appoint a person who is a statutory trustee or a wholly owned subsidiary of a statutory trustee as substitute Security Trustee. If no substitute Security Trustee is appointed within 90 days after the retirement or removal of the Security Trustee, the Security Trustee may appoint a substitute Security Trustee or apply to the court for a substitute Security Trustee to be appointed.

Upon retirement or removal of the Security Trustee as trustee of the Security Trust, the Security Trustee is released from all obligations under the Security Deed arising after the date of the retirement or removal except for its obligation to vest the Security Trust in the substitute Security Trustee and to deliver all books and records relating to the Security Trust to the substitute Security Trustee (at the cost of the Security Trust). The Trust Manager and the Covered Bond Guarantor may settle with the Security Trustee the amount of any sums payable by the Security Trustee to the Trust Manager or the Covered Bond Guarantor or by the Trust Manager or the Covered Bond Guarantor to the Security Trustee and may give to or accept from the Security Trustee a discharge in respect of those sums which will be conclusive and binding as between the Trust Manager, the Covered Bond Guarantor and the Security Trustee but not as between the Security Trustee and the Secured Creditors.

Each substitute Security Trustee must upon its appointment execute a deed in such form as the Trust Manager may require whereby such substitute Security Trustee must undertake to the Secured Creditors jointly and severally to be bound by all the covenants on the part of the Security Trustee under the Security Deed from the date of such appointment. The Security Trustee must do all such things and execute all such documents as are necessary or appropriate for the substitute Security Trustee to obtain the benefit of the Security Deed.

The Security Deed is governed by and is to be construed in accordance with the laws applying in the State of New South Wales, Australia.

CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured, unsubordinated and unconditional obligations of the Issuer. The Covered Bond Guarantor has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until the occurrence of: (i) an Issuer Event of Default and service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice and the service on the Covered Bond Guarantor of a Notice to Pay or, (ii) if earlier, following the occurrence of a Covered Bond Guarantor Event of Default, and the service by the Bond Trustee on the Covered Bond Guarantor and the Issuer of a Covered Bond Guarantee Acceleration Notice. The Issuer will not be relying on any payments by the Covered Bond Guarantor in order to pay interest or repay principal under the Covered Bonds.

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to Covered Bondholders, as follows:

(a) the Covered Bond Guarantee provides credit support in respect of certain obligations of the Issuer under the Covered Bonds and the Assets of the Trust provide security for the obligations of the Covered Bond Guarantor;

(b) the Pre-Maturity Test is intended to provide liquidity to the Covered Bond Guarantor in relation to amounts of principal due on the Final Maturity Date of the Hard Bullet Covered Bonds;

(c) the Asset Coverage Test is intended to test, prior to the service of a Notice to Pay on the Covered Bond Guarantor, the asset coverage of the Assets of the Trust held from time to time by the Covered Bond Guarantor in respect of the Covered Bonds on a monthly basis;

(d) the Amortisation Test is intended to test, following the service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the asset coverage of the Assets of the Trust held from time to time by the Covered Bond Guarantor in respect of the Covered Bonds;

(e) a Reserve Fund will be established in the GIC Account which will be funded from Available Income Amounts or by crediting the remaining proceeds of a Term Advance or Demand Loan Advance up to the Reserve Fund Required Amount if the Issuer's credit rating falls below the Moody's Specified Rating and/or the Fitch Specified Rating; and

(f) under the terms of the Account Bank Agreement, the Account Bank has agreed to pay a rate of interest per annum equal to the 30 day Bank Bill Rate which will be the rate determined by the Account Bank on the first day of each Collection Period (or, in the case of the first Collection Period, the first Closing Date) on all amounts held by the Covered Bond Guarantor in the GIC Account.

Certain of these factors are considered more fully in the remainder of this section.

Covered Bond Guarantee

Pursuant to the terms of the Bond Trust Deed, the Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds issued by the Issuer. The Covered Bond Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become Due for Payment but which would otherwise be unpaid by the Issuer. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute (following service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice) direct and unconditional obligations of the Covered Bond Guarantor, secured against the Assets from time to time of the Covered Bond Guarantor as provided in the Security Deed and recourse against the Covered Bond Guarantor is limited to such assets. Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice upon the Issuer (whereupon the Covered Bonds will become immediately due and payable as against the Issuer but not at such time as against the Covered Bond Guarantor), the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor.

A Covered Bond Guarantee Acceleration Notice may be served by the Bond Trustee on the Covered Bond Guarantor and the Issuer following the occurrence of a Covered Bond Guarantor Event of Default. If a Covered Bond Guarantee Acceleration Notice is served, the Covered Bonds will become immediately due and payable (if

they have not already become due and payable) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will be accelerated and the Security Trustee will be entitled to enforce the Security. Payments made by the Covered Bond Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the Guarantee Priority of Payments. All moneys received or recovered by the Security Trustee or any Receiver after the service of a Covered Bond Guarantee Acceleration Notice will be held by it in the Trust Accounts on trust to be applied in accordance with the Post-Enforcement Priority of Payments (other than Third Party Amounts due to the Seller and any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements which will be paid directly to the relevant Swap Provider in accordance with the relevant Swap Agreements).

See further the section "*Overview of the Principal Documents – Bond Trust Deed*" in this Prospectus as regards the terms of the Covered Bond Guarantee.

See further the section "*Cashflows – Guarantee Priority of Payments*" as regards the payment of amounts payable by the Covered Bond Guarantor to Covered Bondholders and other Secured Creditors following service of a Notice to Pay.

Pre-Maturity Test

Each Series of Hard Bullet Covered Bonds is subject to a Pre-Maturity Test on each Local Business Day during the Pre-Maturity Test Period prior to the occurrence of an Issuer Event of Default and/or a Covered Bond Guarantor Event of Default. The Pre-Maturity Test will be breached in relation to a Series of Hard Bullet Covered Bonds if the Issuer's short-term credit rating from Moody's falls to P-2 (or lower) or from Fitch is less than F1+ and, in each case, the Final Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date. If the Pre-Maturity Test is breached within such specified period and certain actions are not taken, an Issuer Event of Default will occur.

Asset Coverage Test

The Asset Coverage Test is intended to test the asset coverage of the Assets of the Trust from time to time held by the Covered Bond Guarantor in respect of the Covered Bonds on a monthly basis. This is to ensure that the Assets of the Trust held from time to time by the Covered Bond Guarantor do not fall below a certain threshold and are sufficient for the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee and senior expenses which rank in priority or *pari passu* with amounts due on the Covered Bonds.

The Establishment Deed provides that, prior to the service of a Notice to Pay on the Covered Bond Guarantor, and/or a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor the Assets of the Trust held from time to time by the Covered Bond Guarantor are subject to the Asset Coverage Test. Accordingly, for so long as Covered Bonds remain outstanding, the Trust Manager must ensure that on each Determination Date prior to the service of a Notice to Pay on the Covered Bond Guarantor, and/or a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor the Adjusted Aggregate Mortgage Loan Amount is an amount at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Determination Date. The Asset Coverage Test will be tested by the Trust Manager on each such Determination Date.

The Asset Coverage Test will also be tested by the Trust Manager at any time required for the purposes of facilitating repayment of the Demand Loan to the extent such repayment is subject to the Asset Coverage Test being satisfied (notwithstanding the service of a Notice to Pay on the Covered Bond Guarantor).

Pursuant to the terms of the Mortgage Sale Agreement, the Seller has agreed to use all reasonable endeavours to offer to sell sufficient Mortgage Loan Rights to the Covered Bond Guarantor in order to ensure that the Asset Coverage Test is satisfied (provided that the Seller will not be obliged to sell to the Covered Bond Guarantor Mortgage Loan Rights if in the reasonable opinion of the Seller the sale of such Mortgage Loan Rights would materially adversely affect the business or financial condition of the Seller). The consideration payable to the Seller for the sale of such Mortgage Loan Rights to the Covered Bond Guarantor may be funded by (i) cash available to the Covered Bond Guarantor to pay for such Mortgage Loan Rights in accordance with the Pre-Acceleration Principal Priority of Payments; and/or (ii) a drawing under the Demand Loan Agreement. The Seller's ability to offer Mortgage Loan Rights may be restricted if APRA exercises its power to direct the Seller not to transfer any asset to the Covered Bond Guarantor as described in the section "*Description of the Covered*

Bonds Provisions of the Australian Banking Act - APRA's powers under the Australian Banking Act – Power to prevent additional sales to meet Asset Coverage Test on any day" above.

Alternatively, the Covered Bond Guarantor may purchase Substitution Assets or request drawings under the Demand Loan Agreement (as directed by the Trust Manager) in order to ensure that the Covered Bond Guarantor is in compliance with the Asset Coverage Test.

If the Adjusted Aggregate Mortgage Loan Amount is less than the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds on a Determination Date and also on the next following Determination Date, the Asset Coverage Test will not be satisfied on each such Determination Date and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee receiving notification from the Trust Manager or, if earlier, having actual knowledge or express notice that the Asset Coverage Test remains unsatisfied). The Bond Trustee will be deemed to revoke an Asset Coverage Test Breach Notice if, on the next Determination Date to occur following the service of an Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If the Asset Coverage Test Breach Notice is not deemed to have been revoked on or before the next Determination Date after service of such Asset Coverage Test Breach Notice an Issuer Event of Default will occur and the Bond Trustee will be entitled (and in certain circumstances, may be required) to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor.

See further the section "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*", above.

Amortisation Test

The Amortisation Test is intended to ensure that, following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Assets of the Trust held from time to time by the Covered Bond Guarantor do not fall below a certain threshold to ensure that the Assets of the Trust are sufficient to meet the Covered Bond Guarantor's obligations under the Covered Bond Guarantee and senior expenses which rank in priority to or *pari passu* with amounts due on the Covered Bonds.

Pursuant to the Establishment Deed, the Trust Manager must ensure that on each Determination Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Amortisation Test Aggregate Mortgage Loan Amount is in an amount at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds on such Determination Date. A breach of the Amortisation Test will constitute a Covered Bond Guarantor Event of Default and the Bond Trustee will be entitled (and, in certain circumstances, may be required) to serve a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer declaring the Covered Bonds immediately due and repayable and the Security Trustee will be entitled and, in certain circumstances, may be required, to enforce the Security.

See further the section "*Overview of the Principal Documents – Establishment Deed – Amortisation Test*", above.

Reserve Fund

The Covered Bond Guarantor is required to establish a reserve fund within the GIC Account which will be credited with the Available Income Amount or the relevant proceeds of a Term Advance or Demand Loan Advance up to an amount equal to the Reserve Fund Required Amount in accordance with the applicable Priority of Payments.

The Covered Bond Guarantor may be required, on a Distribution Date, to deposit into the GIC Account (with a corresponding credit to the Reserve Ledger) any Available Income Amount or the relevant proceeds of a Term Advance up to an amount equal to the Reserve Fund Required Amount. The Reserve Fund Required Amount on any day will depend on the credit ratings of the Issuer. If the Issuer's short-term unsecured, unsubordinated and unguaranteed debt obligations are not rated below the Fitch Specified Rating and the Moody's Specified Rating, the Reserve Fund Required Amount is nil (or such other amount as the Issuer will direct the Covered Bond

Guarantor). If the Issuer is rated the Fitch Specified Rating and/or the Moody's Specified Rating the Reserve Fund Required Amount will depend on which rating trigger is not met. See further the section "*Cashflows - Pre-Acceleration Income Priority of Payments*" in this Prospectus and the definitions of "*Reserve Fund Required Amount*" in the section "*Glossary*" of this Prospectus.

CASHFLOWS

As described above under Credit Structure, until a Notice to Pay is served on the Covered Bond Guarantor or a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not the Issuer has received any corresponding payment from the Covered Bond Guarantor.

This section summarises the Priorities of Payments of the Covered Bond Guarantor as to the allocation and distribution of amounts standing to the credit of the GIC Account and their order of priority:

(a) prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice;

(b) following service of a Notice to Pay (but prior to the service of a Covered Bond Guarantee Acceleration Notice); and

(c) following the service of a Covered Bond Guarantee Acceleration Notice,

all in accordance with the Establishment Deed and Security Deed, as applicable.

Allocation and distribution of Available Income Amount prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice

Prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice, the Available Income Amount will be allocated and distributed as described below.

On the Determination Date immediately preceding each Distribution Date, the Trust Manager must calculate:

(a) the Available Income Amount available for distribution on the following Distribution Date;

(b) the Reserve Fund Required Amount (if applicable); and

(c) if the Pre-Maturity Test has been breached in respect of a Series of Hard Bullet Covered Bonds, on each Determination Date falling within the Pre-Maturity Test Period and ending on the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds, whether or not the amount standing to the credit of the Pre-Maturity Ledger at such date is less than the Australian Dollar Equivalent of the Required Redemption Amount for each Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached at such date after taking into account any Pre-Maturity Demand Loan Advance, Sale Proceeds received following a sale of Selected Mortgage Loan Rights (see the section "*Overview of the Principal Documents - Establishment Deed - Sale of Selected Mortgage Loan Rights if the Pre-Maturity Test is breached*" in this Prospectus) and the application of any Available Principal Amount in accordance with paragraph (b) under the Pre-Acceleration Principal Priority of Payments.

Pre-Acceleration Income Priority of Payments

On each Distribution Date (except for amounts due to third parties by the Covered Bond Guarantor described below under paragraph (c), which will be paid when due and, for the avoidance of doubt, any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements, which will be paid directly to the relevant Swap Providers in accordance with the relevant Swap Agreements), the Trust Manager must direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must upon receiving that direction, apply the Available Income Amount from the GIC Account to make the following payments and provisions in the following order of priority (the **Pre-Acceleration Income Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, A$1 to the Income Unitholder;

(b) *second*, in or towards satisfaction of any Accrued Interest Adjustment due and payable to the Seller in connection with the transfer of any Mortgage Loan Rights to the Trust during the Collection Period immediately preceding that Distribution Date;

(c) *third*, in or towards satisfaction, *pari passu* and rateably, of:

(i) any amounts due and payable by the Covered Bond Guarantor to itself as trustee of the Trust, the Bond Trustee and the Security Trustee;

(ii) any remuneration due and payable to each Agent under the provisions of the relevant Agency Agreement;

(iii) any amounts due and payable to other third parties and incurred without breach by the Covered Bond Guarantor of the Programme Documents to which it is a party (and for which payment has not been provided for elsewhere in the relevant Priority of Payments); and

(iv) any liability of the Covered Bond Guarantor for Taxes,

and to provide for any such amounts expected to become due and payable by the Covered Bond Guarantor in the Trust Payment Period in which such Distribution Date occurs;

(d) *fourth*, in or towards satisfaction, *pari passu* and rateably, of:

(i) any remuneration then due and payable to the Servicer and Liabilities then due or to become due and payable to the Servicer under the Servicing Deed in the Trust Payment Period in which such Distribution Date occurs, together with applicable GST (or other similar Taxes) in respect of such amounts;

(ii) any remuneration then due and payable to the Trust Manager and any Liabilities then due or to become due and payable to the Trust Manager under the Management Agreement in the Trust Payment Period in which such Distribution Date occurs, together with applicable GST (or other similar Taxes) in respect of such amounts;

(iii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with any applicable GST (or other similar Taxes) in respect of such amounts; and

(iv) amounts due and payable to the Cover Pool Monitor pursuant to the terms of the Cover Pool Monitor Agreement (other than the amounts referred to in paragraph (k) below), together with any applicable GST (or other similar Taxes) in respect of such amounts;

(e) *fifth*, if the Issuer is not the Interest Rate Swap Provider, in or towards payment on the Distribution Date of any amount due and payable, or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine of any amount to become due and payable, to the Interest Rate Swap Provider in respect of the Interest Rate Swap (including any termination payment due and payable by the Covered Bond Guarantor under the Interest Rate Swap but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premium received from any replacement Interest Rate Swap Provider) pursuant to the Interest Rate Swap Agreement;

(f) *sixth*, in or towards payment on the Distribution Date or to provide for payment on a date prior to the next occurring Distribution Date of the proportion of the relevant payments falling due on that date as the Trust Manager may reasonably determine, *pari passu* and rateably, of:

(i) if the Issuer is the Interest Rate Swap Provider, any amount to become due and payable to the Interest Rate Swap Provider in respect of the Interest Rate Swap (including any termination payment due and payable by the Covered Bond Guarantor under the Interest Rate Swap but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premium received from any replacement Interest Rate Swap Provider) pursuant to the Interest Rate Swap Agreement;

(ii) any amounts due or to become due and payable to the relevant Covered Bond Swap Provider (other than in respect of principal) *pari passu* and rateably in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under the relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from any relevant replacement Covered Bond Swap Provider) in accordance with the relevant Covered Bond Swap Agreement; and

(iii) any amounts due or to become due and payable (excluding principal amounts) to the Intercompany Loan Provider, *pari passu* and rateably in respect of each Term Advance pursuant to the terms of the Intercompany Loan Agreement, but in the case of any such payment or provision, after taking into account if applicable, any amounts (other than principal) receivable from the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement on the Distribution Date or such future date as the Trust Manager may reasonably determine;

(g) *seventh*, if the Pre-Maturity Test has been breached by the Issuer in respect of any Series of Hard Bullet Covered Bonds, towards a credit to the Pre-Maturity Ledger and deposit into the GIC Account by the Covered Bond Guarantor (acting on the directions of the Trust Manager) of an amount up to, but not exceeding the amount by which x exceeds y, where:

x is the Australian Dollar Equivalent of the Required Redemption Amount calculated on the immediately preceding Determination Date for the relevant Series of Hard Bullet Covered Bonds; and

y is the aggregate of:

(A) any amounts standing to the credit of the Pre-Maturity Ledger as at the immediately preceding Determination Date after having deducted the Australian Dollar Equivalent of the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds, as calculated on that Determination Date, which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached; and

(B) any amount to be credited to the Pre-Maturity Ledger on that Distribution Date in accordance with paragraph (b) under the Pre-Acceleration Principal Priority of Payments;

(h) *eighth*, as a deposit into the GIC Account (with a corresponding credit to the Reserve Ledger) of an amount up to but not exceeding the amount by which the Reserve Fund Required Amount exceeds the existing balance on the Reserve Ledger as calculated on the immediately preceding Determination Date;

(i) *ninth*, if a Servicer Default has occurred and is continuing, the remaining Available Income Amount is to be deposited into the GIC Account (with a corresponding credit to the Income Ledger) until such Servicer Default is either remedied by the Servicer or waived by the Security Trustee (acting on the directions of the Bond Trustee or, if no Covered Bonds are outstanding, the Majority Secured Creditors) or a replacement servicer is appointed to service the Mortgage Loan Rights then forming part of the Assets of the Trust (or the relevant part thereof);

(j) *tenth*, in or towards payment, *pari passu* and rateably of any Excluded Swap Termination Amounts due and payable by the Covered Bond Guarantor under the Swap Agreements, except to the extent such amounts have been paid out of any premiums received from any relevant replacement Swap Providers;

(k) *eleventh*, in or towards payment of any indemnity amount due to the Cover Pool Monitor pursuant to the Cover Pool Monitor Agreement;

(l) *twelfth*, any interest amount due, or to become due and payable in respect of the Demand Loan, to the Demand Loan Provider pursuant to the terms of the Demand Loan Agreement; and

(m) *thirteenth*, the balance in payment to the Income Unitholder in whole or partial satisfaction of any entitlement to the Net Trust Income of the Trust.

Allocation and distribution of Available Income Amount following service of an Asset Coverage Test Breach Notice

At any time after service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (which has not been deemed to have been revoked), but prior to the occurrence of:

(a) an Issuer Event of Default and service of an Issuer Acceleration Notice; or

(b) the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer,

the Available Income Amount will continue to be applied in accordance with the Pre-Acceleration Income Priority of Payments except that, whilst any Covered Bonds remain outstanding, no moneys will be applied under paragraph (f)(iii), (l) or (m) of the Pre-Acceleration Income Priority of Payments, and the remaining Available Income Amount (if any) will be deposited into the GIC Account (with a corresponding credit to the Income Ledger) and will form part of the Available Income Amount to be applied on the next succeeding Distribution Date.

Allocation and Distribution of Available Principal Amount prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice

Prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice, the Available Principal Amount standing to the credit of the GIC Account will be allocated and distributed as described below.

On each Determination Date, the Trust Manager must calculate the Available Principal Amount available for distribution on the immediately following Distribution Date.

Pre-Acceleration Principal Priority of Payments

On each Distribution Date, the Trust Manager must direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must upon receiving that direction, apply the Available Principal Amount from the GIC Account (for the avoidance of doubt, excluding any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements, which will be paid directly to the relevant Swap Providers in accordance with the relevant Swap Agreements), any In Specie Mortgage Loan Rights (but only in the case of paragraphs (e) and (h) below) and any amount standing to the credit of the OC Account (but only in the case of paragraph (e) below) in making the following payments or provisions or credits in the following order of priority (the **Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full to the extent the same are payable on the relevant Distribution Date):

(a) *first*, to reimburse the Seller for funding any Trust Further Advances made by the Seller to the extent not reimbursed in accordance with the Servicing Deed or on any previous Distribution Date;

(b) *second*, if the Pre-Maturity Test has been breached by the Issuer in respect of any Series of Hard Bullet Covered Bonds, towards a credit to the Pre-Maturity Ledger and deposit into the GIC Account by the Covered Bond Guarantor (acting on the directions of the Trust Manager) of an amount up to but not exceeding the amount by which x exceeds y, where:

x is the Australian Dollar Equivalent of the Required Redemption Amount calculated on the immediately preceding Determination Date for the relevant Series of Hard Bullet Covered Bonds; and

y is any amounts standing to the credit of the Pre Maturity Ledger as at the immediately preceding Determination Date after having deducted the Australian Dollar Equivalent of the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds, as calculated on that Determination Date, which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached;

(c) *third*, to acquire Mortgage Loan Rights from the Seller in accordance with the terms of the Mortgage Sale Agreement and/or to acquire Substitution Assets up to a prescribed limit in an amount sufficient to ensure that taking into account the other resources available to the Covered Bond Guarantor, the Asset Coverage Test is satisfied;

(d) *fourth*, to deposit the remaining Available Principal Amount into the GIC Account (with a corresponding credit to the Principal Ledger) in an amount sufficient to ensure that, after taking into account the other resources available to the Covered Bond Guarantor, the Asset Coverage Test is satisfied;

(e) *fifth*, if the Demand Loan Provider has requested repayment of all or part of the principal outstanding on the Demand Loan in accordance the Demand Loan Agreement, in or towards repayment of the amount of that request (in whole or in part), subject to the Asset Coverage Test being satisfied on the date of such repayment after giving effect to the such repayment;

(f) *sixth*, in or towards repayment on the Distribution Date (or to provide for repayment on a future Distribution Date of the proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine) of each relevant Term Advance by making the following payments:

(i) the amounts (in respect of principal) due or to become due and payable to each relevant Covered Bond Swap Provider *pari passu* and rateably in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under the relevant Covered Bond Swap Agreement to the extent not paid out of the Pre-Acceleration Income Priority of Payments, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premium received from any relevant replacement Covered Bond Swap Provider) in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(ii) where appropriate, after taking into account any amounts in respect of principal receivable from a relevant Covered Bond Swap Provider on the Distribution Date or such future Distribution Date as the Trust Manager may reasonably determine, the amounts (in respect of principal) due and payable or to become due and payable to the Intercompany Loan Provider *pari passu* and rateably in respect of each relevant Term Advance;

(g) *seventh*, to pay the Consideration for Mortgage Loan Rights assigned by the Seller to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement;

(h) *eighth*, to repay such amount of the principal outstanding on the Demand Loan that is due and payable to the Demand Loan Provider pursuant to the terms of the Demand Loan Agreement, to the extent that such payment has not already been made in accordance with paragraph (e) above (including as a result of an In Specie Failure) and subject to the Asset Coverage Test being satisfied on the date of such repayment after taking into account such repayment;

(i) *ninth*, to be paid to the Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust remaining unpaid; and

(j) *tenth*, the remainder to be paid to the Capital Unitholder.

No part of the Available Principal Amount will be applied under paragraph (e) above by the Covered Bond Guarantor. The Trust Manager must ensure that paragraph (e) above is satisfied by applying any amount standing to the credit of the OC Account and, if applicable, by an in specie distribution to the Demand Loan Provider of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Loan Agreement*" in this Prospectus. The amount described in paragraph (h) above may also be satisfied, in the Trust Manager's discretion, by an in specie distribution to the Demand Loan Provider of the In Specie Mortgage Loan Rights rather than by application of any Available Principal Amount.

Allocation and distribution of Available Principal Amount following service of an Asset Coverage Test Breach Notice

At any time after the service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (which has not been deemed to have been revoked), but prior to the occurrence of:

(a) an Issuer Event of Default and service of an Issuer Acceleration Notice; or

(b) the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice,

the Available Principal Amount will continue to be applied in accordance with the Pre-Acceleration Principal Priority of Payments save that, whilst any Covered Bonds remain outstanding, no moneys will be applied under paragraphs (c), (e), (f)(ii), (g), (h), (i) or (j) of the Pre-Acceleration Principal Priority of Payments, and the remaining Available Principal Amount (if any) will be deposited into the GIC Account (with a corresponding credit to the Principal Ledger) and will form part of the Available Principal Amount to be applied on the following Distribution Date.

Allocation and distribution of Available Income Amount and Available Principal Amount following service of a Notice to Pay

At any time after the service of a Notice to Pay on the Covered Bond Guarantor, but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Available Income Amount and Available Principal Amount will be applied as described below.

The Trust Manager, will create and maintain the Pre-Maturity Ledger for each Series of Hard Bullet Covered Bonds and record amounts allocated to such Series of Hard Bullet Covered Bonds, and such amounts, once allocated, will only be available to pay amounts due under the Covered Bond Guarantee and amounts due under the relevant Covered Bond Swap in respect of the relevant Series of Hard Bullet Covered Bonds on the scheduled repayment dates thereof.

If a Notice to Pay has been served on the Covered Bond Guarantor, on the Final Maturity Date of a Series of Hard Bullet Covered Bonds, the Trust Manager must direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must upon receiving that direction, apply all moneys (if any) standing to the credit of the Pre-Maturity Ledger to repay the relevant Series (after having been exchanged into the applicable currency if required under the related Covered Bond Swap).

Guarantee Priority of Payments

On each Distribution Date (except for amounts due to third parties described under paragraph (e)(ii) below which in each case will be paid when due and, for the avoidance of doubt, excluding any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements, which shall be paid directly to the relevant Swap Providers in accordance with the relevant Swap Agreements) the Trust Manager must direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must upon receiving that direction, apply the Available Income Amount, the Available Principal Amount, any In Specie Mortgage Loan Rights (but only in the case of paragraphs (g) or (p) below) and the amount standing to the credit of the OC Account (but only in the case of paragraph (g) below) to make the following payments and provisions in the following order of priority (**Guarantee Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, A$1 to the Income Unitholder;

(b) *second*, in or towards satisfaction of any Accrued Interest Adjustment due and payable to the Seller in connection with the transfer of any Mortgage Loan Rights to the Trust during the Collection Period immediately preceding that Distribution Date;

(c) *third*, to reimburse the Seller for funding any Trust Further Advances made by the Seller to the extent not reimbursed in accordance with the Servicing Deed or on any previous Distribution Date;

(d) *fourth*, in or towards satisfaction *pari passu* and rateably of:

(i) all amounts due and payable or to become due and payable to the Bond Trustee (excluding all amounts otherwise payable to the Covered Bondholders and Couponholders under the Guarantee Priority of Payments) in the Trust Payment Period in which such Distribution Date occurs under the provisions of the Bond Trust Deed together with interest and any applicable GST (or other similar Taxes) in respect of such amounts;

(ii) all amounts due and payable or to become due and payable to the Security Trustee (excluding all amounts otherwise payable to the Covered Bondholders and Couponholders under the Guarantee Priority of Payments) in the Trust Payment Period in which such Distribution Date occurs under the provisions of the Security Deed together with interest and any applicable GST (or other similar Taxes) in respect of such amounts;

(iii) all amounts due and payable or to become due and payable to the Covered Bond Guarantor as trustee of the Trust in the Trust Payment Period in which such Distribution Date occurs under the Establishment Deed together with interest and any applicable GST (or other similar Taxes) in respect of such amounts;

(e) *fifth*, in or towards satisfaction *pari passu* and rateably of:

(i) any remuneration then due and payable to the Agents under the provisions of the Agency Agreements together with applicable GST (or other similar Taxes) in respect of such amounts;

(ii) any amounts then due and payable by the Covered Bond Guarantor to third parties and incurred without breach by the Covered Bond Guarantor of the Programme Documents to which it is a party (and for which payment has not been provided for elsewhere in this Guarantee Priority of Payments) and to provide for any such amounts expected to become due and payable by the Covered Bond Guarantor in the Trust Payment Period in which such Distribution Date occurs; and

(iii) any liability of the Covered Bond Guarantor for Taxes;

(f) *sixth*, in or towards satisfaction *pari passu* and rateably of:

(i) any remuneration then due and payable to the Servicer and any Liabilities then due or to become due and payable to the Servicer in the Trust Payment Period in which such Distribution Date occurs under the Servicing Deed together with any applicable GST (or other similar Taxes) in respect of such amounts;

(ii) any remuneration then due and payable to the Trust Manager and any Liabilities then due or to become due and payable to the Trust Manager in the Trust Payment Period in which such Distribution Date occurs under the Management Agreement, together with any applicable GST (or other similar Taxes) in respect of such amounts;

(iii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with any applicable GST (or other similar Taxes) in respect of such amounts; and

(iv) amounts due and payable to the Cover Pool Monitor (other than the amounts referred to in paragraph (o) below) pursuant to the terms of the Cover Pool Monitor Agreement, together with any applicable GST (or other similar Taxes) in respect of such amounts;

(g) *seventh*, if the Demand Loan Provider has requested repayment of all or part of the Demand Loan in accordance with the Demand Loan Agreement, in and towards repayment of that amount of that request (in whole or in part), subject to the Asset Coverage Test being satisfied on the date of such repayment after giving effect to such repayment;

(h) *eighth*, if the Issuer is not the Interest Rate Swap Provider, in or towards payment on the Distribution Date of any amount due and payable, or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably

determine of any amount to become due and payable, to the Interest Rate Swap Provider in respect of the Interest Rate Swap Agreement (including any termination payment due and payable by the Covered Bond Guarantor under the Interest Rate Swap Agreement but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amount has been paid out of any premiums received from any replacement Interest Rate Swap Provider) in accordance with the Interest Rate Swap Agreement;

(i) *ninth*, in or towards payment on the Distribution Date or to provide for payment on a future *Distribution* Date of such proportion of the relevant payments falling due in the future as the Trust Manager may reasonably determine, *pari passu* and rateably of:

(i) if the Issuer is the Interest Rate Swap Provider, any amount due and payable, or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine of any amount to become due and payable, to the Interest Rate Swap Provider in respect of the Interest Rate Swap Agreement (including any termination payment due and payable by the Covered Bond Guarantor under the Interest Rate Swap Agreement but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from any replacement Interest Rate Swap Provider) in accordance with the Interest Rate Swap Agreement;

(ii) any amounts due or to become due and payable to each relevant Covered Bond Swap Provider (other than in respect of principal) *pari passu* and rateably in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under the relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from any relevant replacement Covered Bond Swap Provider) in accordance with the relevant Covered Bond Swap Agreement; and

(iii) Scheduled Interest that is Due for Payment (or that will become Due for Payment in the Trust Payment Period in which such Distribution Date occurs) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent (other than in respect of the A$ Registered Covered Bonds) or the A$ Registrar (in the case of A$ Registered Covered Bonds) on behalf of the Covered Bondholders and Couponholders *pari passu* and rateably in respect of each Series of Covered Bonds,

but, in the case of any such payment or provision (other than a payment or provision under paragraph (i)(i) above), after taking into account, if applicable, any amounts (other than principal) receivable from each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap Agreement on the Distribution Date or a future Distribution Date as the Trust Manager may reasonably determine, provided that if the amount available for distribution under this paragraph (i) (excluding any amounts received or to be received from each relevant Covered Bond Swap Provider) to the relevant Covered Bondholders would be insufficient to pay the Australian Dollar Equivalent of the Scheduled Interest that is or will be Due for Payment in respect of each Series of Covered Bonds under sub-paragraph (iii) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pari passu* and rateable basis and the amount payable by the Covered Bond Guarantor to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds or provision to be made under the relevant Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds under sub-paragraph (ii) above will be correspondingly reduced to take into account the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(j) *tenth*, in or towards payment on the Distribution Date or to provide for payment in the immediately following Trust Payment Period, *pari passu* and rateably of:

(i) any amounts (in respect of principal) due or to become due and payable to each relevant Covered Bond Swap Provider *pari passu* and rateably in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under the relevant Covered Bond Swap Agreement to the extent not already paid

under paragraph (i)(ii) above, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from any relevant replacement Covered Bond Swap Provider) in accordance with the relevant Covered Bond Swap Agreement; and

(ii) (where appropriate, after taking into account any amounts in respect of principal receivable from the relevant Covered Bond Swap Provider and available to make payments in respect thereof) Scheduled Principal that is Due for Payment (or that will become Due for Payment in the immediately following Trust Payment Period) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders *pari passu* and rateably in respect of each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (j) (excluding any amounts received or to be received from the relevant Covered Bond Swap Providers) would be insufficient to pay the Australian Dollar Equivalent of the Scheduled Principal that is or will be Due for Payment in respect of each Series of Covered Bonds under sub-paragraph (ii) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pari passu* and rateable basis and the amount payable by the Covered Bond Guarantor to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under sub-paragraph (i) above will be correspondingly reduced to take into account the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(k) *eleventh*, in or towards payment on the Distribution Date (if such date is an Interest Payment Date) or to provide for payment on any Interest Payment Date prior to the immediately following Distribution Date of the Final Redemption Amount (or portion remaining unpaid) of any Series of Covered Bonds to which an Extended Due for Payment Date applies and whose Final Redemption Amount was not paid in full by the Extension Determination Date, *pari passu* and rateably of:

(i) any amounts due or to become due and payable to the relevant Covered Bond Swap Provider (whether or not in respect of principal) *pari passu* and rateably in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under the relevant Covered Bond Swap Agreement to the extent not already paid under paragraphs (i)(ii) or (j)(i) above, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from any relevant replacement Covered Bond Swap Provider) in accordance with the relevant Covered Bond Swap Agreement; and

(ii) such Final Redemption Amount *pari passu* and rateably under the Covered Bond Guarantee in respect of each relevant Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders,

but, in the case of any such payment or provision, after taking into account, if applicable, any amounts (whether or not in respect of principal) receivable from each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap Agreement, provided that if the amount available for distribution under this paragraph (k) (excluding any amounts received or to be received from the relevant Covered Bond Swap Provider) would be insufficient to pay the Australian Dollar Equivalent of such Final Redemption Amount in respect of the relevant Series of Covered Bonds under sub-paragraph (ii) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pari passu* and rateable basis and any amount payable by the Covered Bond Guarantor to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each Series of Covered Bonds under sub-paragraph (i) above will be correspondingly reduced to take into account the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(l) *twelfth*, to deposit the remaining moneys in the GIC Account for application on the immediately following Distribution Date in accordance with the priority of payments described in paragraphs (a) to (k) (inclusive) above, until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds);

(m) *thirteenth*, in or towards payment *pari passu* and rateably of any Excluded Swap Termination Amounts due and payable by the Covered Bond Guarantor under the Swap Agreements, except to the extent that such amounts have been paid out of any premiums received from any relevant replacement Swap Providers;

(n) *fourteenth*, in or towards payment of all amounts due and payable (whether in respect of principal or interest) under the Intercompany Loan Agreement;

(o) *fifteenth*, in or towards payment of certain costs, expenses and indemnity amounts due by the Covered Bond Guarantor to the Cover Pool Monitor pursuant to the Cover Pool Monitor Agreement;

(p) *sixteenth*, in or towards payment of any amounts due and payable under the Demand Loan pursuant to the terms of the Demand Loan Agreement to the extent that such payment has not already been made in accordance with paragraph (g) above (including as a result of an In Specie Failure);

(q) *seventeenth*, to be paid to the Income Unitholder in whole or partial satisfaction of any entitlement to the Net Trust Income of the Trust remaining unpaid; and

(r) *eighteenth*, the remainder to be paid to the Capital Unitholder.

No part of the Available Principal Amount or the Available Income Amount will be applied under paragraph (g) above by the Covered Bond Guarantor. The Trust Manager must ensure that paragraph (g) above is satisfied by applying any amount standing to the credit of the OC Account and, if applicable, by an in specie distribution to the Demand Loan Provider of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Loan Agreement*" in this Prospectus. The amount described in paragraph (p) above may also be satisfied, in the Trust Manager's discretion, by an in specie distribution to the Demand Loan Provider of the In Specie Mortgage Loan Rights rather than by application of any Available Principal Amount or Available Income Amount.

Amounts received on or after the Distribution Date

Amounts received under the Covered Bond Swap Agreements

(a) Subject to paragraph (c) below, any amounts (other than in respect of principal and any Swap Collateral Excluded Amounts) received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap Agreement on or after a Distribution Date but prior to the immediately succeeding Distribution Date will be applied by the Covered Bond Guarantor (acting on the directions of the Trust Manager) together with any provision for such payments made on any preceding Distribution Date, to make payments (other than in respect of principal) due and payable *pari passu* and rateably in respect of each relevant Term Advance or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine.

(b) Subject to paragraph (c) below, any amounts (other than Swap Collateral Excluded Amounts) in respect of principal received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap Agreement on or after a Distribution Date but prior to the immediately succeeding Distribution Date will be applied, by the Covered Bond Guarantor (acting on the directions of the Trust Manager) together with any provision for such payments made on any preceding Distribution Date (provided that all principal amounts outstanding under the related Series of Covered Bonds which have fallen due for repayment on such date have been repaid in full by the Issuer), to make payments in respect of principal due and payable in respect of the corresponding Term Advances or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine.

(c) At any time after the service of a Notice to Pay on the Covered Bond Guarantor, but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, any amounts (other than Swap Collateral Excluded Amounts) received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap Agreement (whether or not in respect of principal) on or after a Distribution Date but prior to the immediately succeeding Distribution Date will be applied, by the Covered Bond Guarantor (acting on the directions of the Trust Manager) together with any provision

for such payments made on any preceding Distribution Date, to make payments of Scheduled Interest or Scheduled Principal under the Covered Bond Guarantee *pari passu* and rateably in respect of each relevant Series of Covered Bonds.

(d) Any amounts (other than in respect of principal and any Swap Collateral Excluded Amounts) received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap Agreement on or after a Distribution Date but prior to the immediately succeeding Distribution Date that are not applied towards a payment or provision in accordance with paragraph (f) of the Pre-Acceleration Income Priority of Payments, paragraph (i) of the Guarantee Priority of Payments or paragraph (a) or (c) above will be deposited by the Covered Bond Guarantor (acting on the directions of the Trust Manager) into the GIC Account and will form part of the Available Income Amount to be applied on that Distribution Date (if received on that day) or on the immediately succeeding Distribution Date (if received after that Distribution Date).

(e) Any amounts (other than Swap Collateral Excluded Amounts) of principal received under a Covered Bond Swap Agreement on a Distribution Date or any date prior to the immediately succeeding Distribution Date which are not applied towards a payment or provision in accordance with paragraph (f) of the Pre-Acceleration Principal Priority of Payments, paragraph (j) of the Guarantee Priority of Payments or paragraph (b) or (c) above, will be deposited by the Covered Bond Guarantor (acting on the directions of the Trust Manager) into the GIC Account and will form part of the Available Principal Amount to be applied on that Distribution Date (if received on that day) or on the immediately succeeding Distribution Date (if received after that Distribution Date).

Amounts received in respect of extinguishment of the Seller's interest in Mortgage Loan Rights

Any amounts of principal received from the Seller in respect of an extinguishment of the Seller's interest in, or transfer by the Seller of, Mortgage Loan Rights to enable the Covered Bond Guarantor (acting on the directions of the Trust Manager) to apply such amounts to repay any relevant Term Advance on the date on which the Covered Bonds corresponding to such Term Advance mature will not be applied in accordance with the Pre-Acceleration Principal Priority of Payments and will (after being swapped, if necessary, under the relevant Covered Bond Swap) be applied or be deemed to be applied by the Covered Bond Guarantor (acting on the directions of the Trust Manager) in repayment of the relevant Term Advances on the date on which the Covered Bonds corresponding to such Term Advances mature, subject to the Asset Coverage Test being satisfied on the date of such repayment after giving effect to such repayment and after taking into account amounts that will be paid or provided for on the immediately following Distribution Date.

Termination payments in respect of Swaps and premiums received in respect of replacement Swaps

If the Covered Bond Guarantor receives any termination payment from a Swap Provider in respect of a Swap, the Trust Manager will direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must, use such termination payment (prior to the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice) towards the payment to a replacement Swap Provider to enter into a replacement Swap with the Covered Bond Guarantor (and, for the avoidance of doubt, the amount of such termination payment received from the Swap Provider will not form part of the Available Income Amount or Available Principal Amount to the extent it is used to make such payment to such replacement Swap Provider), unless a replacement Swap has already been entered into on behalf of the Covered Bond Guarantor or if no replacement Swap is entered into in which case the termination payment will be applied in accordance with the applicable Priority of Payments. In the case that the full amount of the termination payment is not required to pay the replacement Swap Provider, the remaining part of the termination payment will be applied in accordance with the applicable Priority of Payments.

If the Covered Bond Guarantor receives any premium from a replacement Swap Provider in respect of a replacement Swap, the Trust Manager will direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must, use such premium towards making any termination payment due and payable by the Covered Bond Guarantor with respect to the previous Swap (and, for the avoidance of doubt, the amount of such premium used to pay the applicable termination payment will not form part of the Available Income Amount or Available Principal Amount to the extent it is used to make such payment to such previous Swap Provider), unless such termination payment has already been made by or on behalf of the Covered Bond Guarantor in which case the premium will be applied in accordance with the applicable Priority of Payments. In the case that

the full amount of the premium payment is not required to pay the previous Swap Provider, the remaining part of the premium payment will be applied in accordance with the applicable Priority of Payments.

Application of moneys received by the Security Trustee following the service of a Covered Bond Guarantee Acceleration Notice

From and including the time when the Bond Trustee serves a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, no amount may be withdrawn from the Trust Accounts without the prior written consent of the Security Trustee.

Post-Enforcement Priority of Payments

All monies received or recovered by the Security Trustee or any Receiver (excluding all amounts due or to become due in respect of any Third Party Amounts and, for the avoidance of doubt, excluding any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor, under the relevant Swap Agreements, which will be paid directly to the relevant Swap Provider in accordance with the relevant Swap Agreement), any In Specie Mortgage Loan Rights (but only in the case of paragraphs (f) and (k) below) and any amount standing to the credit of the OC Account (but only in the case of paragraph (f) below), after service of a Covered Bond Guarantee Acceleration Notice, for the benefit of the Secured Creditors in respect of the Secured Obligations, must be held by it in the Trust Accounts on trust to be applied (unless required otherwise by law), in the following order of priority (and, in each case, only if and to the extent that payments or provisions of a higher order of priority have been made in full) (the **Post-Enforcement Priority of Payments**):

(a) *first*, in or towards satisfaction of any Accrued Interest Adjustment outstanding to the Seller in connection with the transfer of any Mortgage Loan Rights to the Trust;

(b) *second*, in or towards payment to the Seller of any unreimbursed Trust Further Advances made by the Seller;

(c) *third*, in or towards satisfaction *pari passu* and rateably of:

(i) all amounts due and payable or to become due and payable to the Bond Trustee under the provisions of the Bond Trust Deed (but not including amounts otherwise payable to Covered Bondholders under this Post-Enforcement Priority of Payments) together with interest and any applicable GST (or similar Taxes) in respect of such amounts;

(ii) all amounts due and payable or to become due and payable to the Security Trustee and any Receiver (but not including amounts otherwise payable to Covered Bondholders under this Post-Enforcement Priority of Payments) together with interest and any applicable GST (or similar Taxes) in respect of such amounts; and

(iii) all amounts due and payable or to become due and payable to the Covered Bond Guarantor under the provisions of the Establishment Deed together with interest and any applicable GST (or similar Taxes) in respect of such amounts;

(d) *fourth*, in or towards satisfaction *pari passu* and rateably of any remuneration then due and payable to the Agents under or pursuant to each Agency Agreement together with any applicable GST (or similar Taxes) in respect of such amounts as provided in the relevant Agency Agreement;

(e) *fifth*, in or towards satisfaction *pari passu* and rateably of:

(i) any remuneration then due and payable to the Servicer and any Liabilities then due or to become due and payable to the Servicer under the provisions of the Servicing Deed, together with any applicable GST (or other similar Taxes) in respect of such amounts;

(ii) amounts due to the Account Bank (including any Liabilities) pursuant to the terms of the Account Bank Agreement, together with any applicable GST (or other similar Taxes) in respect of such amounts; and

(iii) any remuneration then due and payable to the Trust Manager and any Liabilities then due or to become due and payable to the Trust Manager under the Management Agreement, together with any applicable GST (or other similar Taxes) in respect of such amounts;

(f) *sixth*, in or towards payment of any amounts due and payable under the Demand Loan pursuant to the terms of the Demand Loan Agreement (in whole or in part) subject to the Asset Coverage Test being satisfied on the date of such repayment after giving effect to such repayment;

(g) *seventh*, in or towards satisfaction of any amounts due and payable to the Interest Rate Swap Provider, if the Issuer is not the Interest Rate Swap Provider, (including any termination payment, but excluding any relevant Excluded Swap Termination Amount) pursuant to the terms of the Interest Rate Swap Agreement;

(h) *eighth*, in or towards satisfaction *pari passu* and rateably of:

(i) if the Issuer is the Interest Rate Swap Provider, any amounts due and payable to the Interest Rate Swap Provider (including any termination payment, but excluding any relevant Excluded Swap Termination Amount) pursuant to the terms of the Interest Rate Swap Agreement;

(ii) any amounts due and payable to each relevant Covered Bond Swap Provider *pari passu* and rateably in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under the relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have been paid out of any premiums received from any relevant replacement Covered Bond Swap Provider) in accordance with the relevant Covered Bond Swap Agreement; and

(iii) any amounts due and payable under the Covered Bond Guarantee, to the Bond Trustee or (if so directed by the Bond Trustee) the relevant Agent on behalf of the Covered Bondholders *pari passu* and rateably in respect of interest and principal due and payable on each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (h) (excluding any amounts received from the relevant Covered Bond Swap Provider) to the Covered Bondholders would be insufficient to pay the Australian Dollar Equivalent of the amounts due and payable under the Covered Bond Guarantee in respect of each Series of Covered Bonds under sub-paragraph (iii) above, the shortfall will be divided *pari passu* and rateably amongst all such Series of Covered Bonds on a *pari passu* and rateable basis and any amount payable by the Covered Bond Guarantor to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap in respect of each relevant Series of Covered Bonds or provision to be made under the relevant Covered Bond Swap in respect of each relevant Series of Covered Bonds under sub-paragraph (ii) above will be correspondingly reduced to take account of the shortfall applicable to the Covered Bonds in respect of which such payment or provision is to be made;

(i) *ninth*, in or towards satisfaction *pari passu* and rateably of any Excluded Swap Termination Amounts due and payable by the Covered Bond Guarantor under the relevant Swap Agreements except to the extent that such amounts have been paid out of any premiums received from any relevant replacement Swap Providers;

(j) *tenth*, in or towards payment of all amounts outstanding under the Intercompany Loan Agreement;

(k) *eleventh*, in or towards payment of any amounts outstanding under the Demand Loan Agreement to the extent that such payment has not already been made in accordance with paragraph (f) above (including as a result of an In Specie Failure);

(l) *twelfth*, to be paid to the Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust remaining unpaid; and

(m) *thirteenth*, the remainder to be paid to the Capital Unitholder.

No monies received or recovered by the Security Trustee or any Receiver are to be applied under paragraph (f) above. The amount payable in accordance with paragraph (f) above may only be satisfied by the Security Trustee or the Receiver applying any amount standing to the credit of the OC Account and, if applicable, by an in specie distribution to the Demand Loan Provider of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Loan Agreement*" in this Prospectus. The amount described in paragraph (k) above may also be satisfied by an in specie distribution by the Security Trustee or any Receiver to the Demand Loan Provider of the In Specie Mortgage Loan Rights rather by the application of any monies received or recovered by the Security Trustee or any Receiver.

THE MORTGAGE LOAN RIGHTS

The Mortgage Loan Rights forming part of the Assets of the Trust acquired by the Covered Bond Guarantor consist of Mortgage Loan Rights sold by the Seller to the Covered Bond Guarantor from time to time, in accordance with the terms of the Mortgage Sale Agreement, as more fully described under the section "*Overview of the Principal Documents – Mortgage Sale Agreement*" in this Prospectus.

Any schedule of Mortgage Loan Rights attached to any Sale Notice may be provided in a document stored upon electronic media (including, but not limited to, electronic mail and CD-ROM).

See also the following risk factors under the section "*Risk Factors – Risk Factors relating to the Covered Bond Guarantor, including the ability of the Covered Bond Guarantor to fulfil its obligations in relation to the Covered Bond Guarantee – Limited description of the Mortgage Loan Rights*" in this Prospectus.

Since the commencement of the Programme, there have been no repurchases or replacements of Mortgage Loan Rights as a result of demands by the Covered Bond Guarantor for breaches of representations or warranties.

ORIGINATION, MORTGAGE LOAN FEATURES AND ENFORCEMENT

The Mortgage Loans assigned to the Covered Bond Guarantor pursuant to the Mortgage Sale Agreement will consist of Mortgage Loans originated by the Seller. The origination process and types of Mortgage Loans are summarised below. However, the origination guidelines and types of Mortgage Loans may change in the future. See also the sections "*Risk Factors – Risk Factors relating to the Covered Bond Guarantor, including the ability of the Covered Bond Guarantor to fulfil its obligations in relation to the Covered Bond Guarantee – The Servicing Guidelines*" and "*Risk Factors – Risk Factors relating to the Covered Bond Guarantor, including the ability of the Covered Bond Guarantor to fulfil its obligations in relation to the Covered Bond Guarantee – Limited description of the Mortgage Loan Rights*" in this Prospectus.

Origination Process

The Mortgage Loans to be assigned to the Covered Bond Guarantor by the Seller comprise a portfolio of variable and fixed rate loans which were originated by the Seller through loan applications from new and existing customers. All of the Seller's mortgage loan applications are sourced from the Seller's branch network, its mobile sales force, retail relationship managers, home loan solutions, its telephone sales operation including video conferencing, approved mortgage brokers, private, business and institutional banking relationship managers and through the internet from the Seller's website.

Approval and Underwriting Process

When a mortgage loan application is received it is processed in accordance with the Seller's approval policies. These policies are monitored and are subject to continuous review by the Seller, 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 Seller 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, home loan solutions and private banker. 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 the Seller. 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 the Seller 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 the Seller'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.

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 the Seller is also checked.

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.

(a) Credit scorecard

A credit scorecard system automatically and consistently applies the Seller'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 the Seller's mortgage loan portfolio.

(b) 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. The Seller monitors the quality of lending decisions and conducts regular audits of approvals.

In addition to the processes described above, selected mortgage loan application (such as those mortgages insured and those with customers new to the Seller), as well as all mortgage loan applications sourced through the Seller's approved mortgage brokers, are also subject to a credit history search of the Borrower which is provided by Equifax Inc., formerly known as Veda Advantage Ltd, and prior to that, 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.

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 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 the Seller's 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 Seller's formal loan offer with the loan security documentation is printed at the point of sale by the loan originator or in some cases sent by one of the Seller's loan processing centres to borrowers for acceptance and

execution. After acceptance and execution, the documentation, together with signed acknowledgement that all non-documentary 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 maintains 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 the Seller. However, there is no ongoing monitoring of the level of home owner's insurance maintained by borrowers.

The Seller's Product Types

Set out below is a summary of the Seller's housing loan product types. The products described below apply to both owner occupied and investment housing loans.

The Seller 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 the Seller offer new product types or add features to a housing loan which are not described in this section.

The Seller's standard variable rate and fixed rate home loan/investment home loan

These types of loan are the Seller'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. Customers can confirm (“fix”) their interest rate for 1 to 7 year period.

The Seller's extra, 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 the Seller to allow borrowers who did not require a full range of product features to reduce their interest rate. The interest rate for the extra, 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 for the economiser and rate saver home/investment home loan are no longer eligible for the product feature "Redraws and Further Advances". To take advantage of other features borrowers must, with the agreement of the Seller 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. There are various minimum borrowing amounts across these products.

The Seller's 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 the Seller 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 variable rate 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.

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, the Servicer may agree to change any of the terms of that Mortgage Loan from time to time at the request of the Borrower.

Switching Interest Rates

Borrowers may elect for a fixed rate, as determined by the Seller to apply to their mortgage loan. Previously, this may have been for a period of up to 15 years, however new borrowers may fix their loan repayments for periods of up to 7 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.

Substitution of Security

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

(a) substitute a different mortgaged property in place of the existing mortgaged property securing a Mortgage Loan; or

(b) 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. See the section "*Overview of the Principal Documents – Servicing Deed*" in this Prospectus.

Redraws and Further Advances

See the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Further Advances*" in this Prospectus.

Repayment Holiday

A borrower is allowed a repayment holiday where the borrower has taken a principal and interest loan and has prepaid enough principal to cover the required monthly repayment amount 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.

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.

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.

Interest Offset

Currently, the Seller 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. The Seller 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. The Seller will pay to the 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 Covered Bond Guarantor obtains legal title to a Mortgage Loan, the Seller will no longer be able to offer an interest offset arrangement for that Mortgage Loan.

Interest Only Periods

A borrower may also request to make payments of interest only on his or her mortgage loan. If the Seller 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:

- housing loans (owner occupied) - maximum 5 years;
- housing loans (investment) - maximum of 10 years, in 5 year increments.

A credit assessment is required for a switch to an interest only period of more than 5 years. A credit assessment is required for a switch to any interest only period if requested within the first 180 days of the loan being funded.

Special Introductory Rates

Currently, the Seller 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 mortgage loans automatically convert to the standard or base variable interest rate.

Additional Features

The Seller and Servicer, as applicable, 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.

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.

The Servicer's automated collections system identifies all mortgage loan accounts which are in arrear and produces lists of those mortgage loans. The collection system allocates overdue loans to the Servicer's designated collection officers who take action in relation to the arrears.

Actions taken by the Servicer 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:

(i) arrears history;

(ii) equity in the property; and

(iii) 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 the Servicer. This includes, if the Servicer 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:

(i) voluntary sale by the mortgagor;

(ii) guarantees;

(iii) government assistance schemes;

(iv) mortgagee sale;

(v) claims on mortgage insurance; and

(vi) action against the mortgagor/borrower personally.

The Servicer 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.

Collection and Enforcement Process

When a mortgage loan becomes delinquent a combination of contact methods will be used to follow up with the borrower seeking full and immediate clearance of all arrears. The type of contact methods may include SMS, reminder letter and phone call. The timing of the follow up contact depends on the risk profile of the account, but generally contact is made within the first 15 days of the account becoming delinquent. If the mortgage loans have a direct debit payment arrangement and there are sufficient funds available, a sweep of the nominated account may be 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, the Servicer 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 and certain customer level considerations such as natural disaster or sensitive personal matters. Generally, a default notice will be sent by day 60. If the account does not enter into a solution arrangement, a further notice will be issued to a borrower advising the borrower that failure to comply will result in the Servicer exercising its power of sale. Continued failure to clear arrears or enter a repayment solution will prompt a letter of demand and notice to vacate.

Service of a statement of claim is the initiating process in the relevant Australian court.

Once a borrower is served with a statement of claim, the borrower is given the legal notice period to file a notice of appearance and defence and, failing this, the Servicer will apply to the court to have judgment entered in its favour. The Servicer 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. Time frames may vary dependent on whether the borrower has either taken any action or has not

honoured any commitments made in relation to the delinquency to the satisfaction of the Servicer and the mortgage insurers.

It should also be noted that the Servicer'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 the Servicer to exercise its power of sale and final completion of the sale. See also the section "*Risk Factors – Risk Factors relating to the Covered Bond Guarantor, including the ability of the Covered Bond Guarantor to fulfil its obligations in relation to the Covered Bond Guarantee – Enforcement of Mortgage Loans can involve substantial costs and delays and may not permit full recovery by the Servicer*" in this Prospectus.

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.

DESCRIPTION OF THE COVERED BONDS PROVISIONS OF THE AUSTRALIAN BANKING ACT

The Banking Amendment (Covered Bonds) Act 2011 (Cth) (the **Amendment Act**) came into force on 17 October 2011 and amended the Australian Banking Act to specifically facilitate the issuance of covered bonds by Australian authorised deposit-taking institutions (**ADIs**). The Amendment Act sets out a detailed regulatory framework for the issuance of covered bonds (the **Covered Bonds Provisions**). At the date of this Prospectus, there are no regulations in support of the Covered Bonds Provisions. To facilitate the issuance of Covered Bonds in Australia, APRA has amended Australian Prudential Standard 120. On 12 July 2012, APRA issued a final prudential standard (Prudential Standard APS 121 Covered Bonds) setting out the prudential requirements that apply to ADIs that issue covered bonds in accordance with the Covered Bonds Provisions and the capital treatment of covered bonds for ADIs that invest in covered bonds. The standard became effective on 1 August 2012 and applies to covered bond programmes established prior to that date. APRA has indicated that the requirements under the standard are aimed at ensuring ADIs adopt prudent practices when issuing covered bonds to manage risks associated with exposures to a covered bond special purpose vehicle. The standard also governs the capital treatment for an issuing ADI of the assets in covered bond programmes.

Eligible issuers

The Australian Banking Act allows for ADIs that are regulated by APRA to issue covered bonds subject to compliance with the requirements of the Australian Banking Act. Any such covered bonds must be secured by assets beneficially owned by a covered bond special purpose vehicle. The Covered Bond Guarantor is a "covered bond special purpose vehicle" for the purposes of the Australian Banking Act.

Cap on issuance

Under the Australian Banking Act, an ADI is precluded from issuing covered bonds if, at the time of issuance, the value of the assets in all cover pools maintained by the ADI exceeds 8% (or such other percentage prescribed by regulation for the purposes of section 28 of the Australian Banking Act) of the value of the ADI's assets in Australia at that time.

Eligible assets

The Australian Banking Act sets out the assets eligible for inclusion in a cover pool held by the covered bond special purpose vehicle for the purposes of securing covered bonds issued by an ADI. Accordingly, the assets in a cover pool must be one of the following:

(a) at call deposits held with an ADI and convertible into cash within two business days;

(b) bank accepted bills or certificates of deposit not issued by the Issuer that are eligible for repurchase transactions with the RBA and mature within 100 days;

(c) government debt instruments issued or guaranteed by the Commonwealth, a State or a Territory;

(d) residential mortgage loans;

(e) commercial mortgage loans;

(f) mortgage insurance policies or other assets related to a loan referred to in paragraphs (d) and (e) above;

(g) a contractual right relating to the holding or management of another asset in a cover pool;

(h) certain types of derivatives; and

(i) any other asset prescribed from time to time by regulation for the purposes of section 31(1)(i) of the Australian Banking Act.

The value of assets in the cover pool which are bank accepted bills or certificates of deposit as described in paragraph (b) above must not exceed 15% of the face value of the covered bonds. There is currently no such limit prescribed in relation to the other types of assets set out above.

Further, the cover pool must not contain an asset of a kind prescribed by regulation for the purposes of section 31(3) of the Australian Banking Act. There are currently no such assets prescribed by regulation.

The Covered Bonds Provisions expressly provide that a statutory manager or an external administrator of the issuing ADI has no powers in relation to the assets in the cover pool apart from the contractual powers that the issuing ADI may have and the contractual obligations of the issuing ADI in relation to the assets.

APRA's powers under the Australian Banking Act

In addition to the powers that APRA had in relation to an ADI under the Australian Banking Act prior to the enactment of the Covered Bonds Provisions, the Amendment Act has given APRA specific powers relating to covered bond issuances. Those powers include the following:

(a) *No issue:* APRA has the power to direct an issuing ADI not to issue covered bonds where APRA gives a direction under section 11CA of the Australian Banking Act or in circumstances where APRA has reason to believe that the ADI has contravened the Covered Bonds Provisions, the Australian Banking Act, a prudential requirement regulation or a prudential standard relating to covered bonds.

(b) *No top-up:* APRA has the power to direct the issuing ADI, in certain circumstances, not to transfer any asset to the covered bond special purpose vehicle. The relevant circumstances in which APRA may exercise such a power include, amongst other circumstances, where APRA has reason to believe that the issuing ADI is unable to meet its liabilities, there has been a material deterioration in the issuing ADI's financial condition, the issuing ADI is conducting its affairs in an improper or financially unsound way, the failure to issue a direction would materially prejudice the interests of the issuing ADI's depositors or the issuing ADI is conducting its affairs in a way that may cause or promote instability of the Australian financial system.

Further, APRA also has the power to direct a covered bond special purpose vehicle in certain circumstances to return assets to the issuing ADI which do not secure covered bond liabilities. A covered bond liability does not include a liability to the issuing ADI (other than a liability in respect of derivatives and for the provision of services) which is secured in priority to any liability to covered bondholders. However, as described under "Ring Fencing and Eligible Assets", to the extent that assets secure the covered bond liabilities of the issuing ADI, the Covered Bonds Provisions expressly provide that a statutory manager or an external administrator of the issuing ADI has no powers in relation to those assets.

For a more detailed description of APRA's powers and the potential consequences for the Programme, see the section "*Risk Factors - APRA's powers under the Australian Banking Act*" in this Prospectus.

Maintenance of the cover pool

The Covered Bonds Provisions require the issuing ADI to maintain the value of the cover pool at an amount which is no less than a specified minimum. The issuing ADI must ensure that the value of the assets in the cover pool is at least 103% of the face value of the outstanding covered bonds. For the purpose of calculating the value of the assets in the cover pool, the Australian Banking Act imposes a maximum loan to value ratio of no greater than 80% in respect of loans secured by a mortgage over residential property and a maximum loan to value ratio of no greater than 60% in respect of loans secured by a mortgage over commercial property, in each case, taking into account any prior or equal ranking loans secured by that property.

The Australian Banking Act does not specify a maximum level of over-collateralisation which affords ADIs the flexibility to determine the appropriate level of over-collateralisation. However APRA has the power to prevent an ADI from maintaining the cover pool in particular circumstances, such as where the ADI is facing financial difficulty. See the section "APRA's powers under the Australian Banking Act" above.

Cover Pool Monitor

The Covered Bonds Provisions require a cover pool monitor to be appointed in respect of the cover pool securing the covered bonds issued by an ADI. The cover pool monitor must be an auditor registered under the Australian Corporations Act or the holder of an Australian Financial Services Licence (**AFSL**) covering the provision of financial services as a cover pool monitor or be exempt from holding such an AFSL. The issuing

ADI or an associated entity (as defined in the Australian Corporations Act) of the issuing ADI is not permitted to be the cover pool monitor.

The functions of the cover pool monitor include, amongst others:

(a) to assess the maintenance of an accurate register by the ADI or the covered bond special purpose vehicle of the assets in the cover pool every six months;

(b) to assess the Issuer's and the Seller's compliance with sections 31 and 31A of the Australian Banking Act; and

(c) provide reports in respect of these functions to the ADI and, upon request, to APRA.

BOOK ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Covered Bond Guarantor, the Security Trustee, the Bond Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Covered Bond Guarantor nor any other party to the Principal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Covered Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

N Covered Bonds will not be cleared through any Clearing Systems (including Euroclear, Clearstream, Luxembourg, Austraclear and The Depository Trust Company).

Book-entry systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Transfers of Covered Bonds represented by Regulation S Global Covered Bonds

Transfers of any interests in Covered Bonds represented by a Regulation S Global Covered Bond within Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. Euroclear and Clearstream, Luxembourg have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Regulation S Global Covered Bonds among participants and accountholders of Euroclear and Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Bond Trustee, the Security Trustee, the Issuer, the Covered Bond Guarantor, the Agents or any Dealer will be responsible for any performance by Euroclear or Clearstream, Luxembourg, or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Covered Bonds represented by Regulation S Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

The following Taxation section does not apply to N Covered Bonds.

Australian Taxation

The following taxation summary is of a general nature only and addresses only some of the key Australian tax implications that may arise for a prospective Covered Bondholder as a result of acquiring, holding or transferring the Covered Bond. The following is not intended to be and should not be taken as a comprehensive taxation summary for a prospective Covered Bondholder.

*The taxation summary is based on the Australian taxation laws in force and the administrative practices of the Australian Taxation Office (the **ATO**) generally accepted as at the date of this Prospectus. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are currently not contemplated and may have retroactive effect.*

Prospective Covered Bondholders should also be aware that particular terms of issue of any Series or Tranche of Covered Bonds may affect the tax treatment of that and other Series or Tranches of Covered Bonds. Covered Bondholders should consult their professional advisers in relation to their tax position. Covered Bondholders who may be liable to taxation in jurisdictions other than Australia in respect of their acquisition, holding or disposal of Covered Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain Australian taxation aspects of the Covered Bonds. In particular, Covered Bondholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Covered Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Australia.

Taxation of interest on Covered Bonds

Onshore Covered Bondholders

Covered Bondholders who are Australian tax residents or who are non-residents that hold the Covered Bonds in carrying on business at or through a permanent establishment in Australia will be taxable by assessment in respect of any interest income derived in respect of the Covered Bonds. Such Covered Bondholders will generally be required to lodge an Australian income tax return. The timing of assessment of the interest (e.g. a cash receipts or accruals basis) will depend upon the tax status of the particular Covered Bondholder, the Conditions of the Covered Bonds and the potential application of the "Taxation of Financial Arrangements" provisions of the Tax Act.

Tax at the highest marginal income tax rate plus the Medicare Levy (in aggregate, currently 47% and expected to increase to 47.5% from 1 July 2019) may be deducted from payments on the Covered Bonds if the immediate holder of the Covered Bonds does not provide the Issuer with a tax file number (**TFN**) or an Australian Business Number (**ABN**) (where applicable), or proof of a relevant exemption from quoting such numbers.

Section 126 of the Tax Act imposes a type of withholding tax at a specified rate (currently 45%) on the payment of interest on Bearer Covered Bonds, if the Issuer fails to disclose the names and addresses of the relevant Covered Bondholders to the ATO (or in the case of a Bearer Covered Bond held by a clearing house, the name and address of the clearing house). These rules generally only apply to Covered Bondholders who are Australian tax residents or non-residents that hold the Covered Bonds in carrying on business at or through a permanent establishment in Australia.

Offshore Bondholders

Interest (which for the purposes of withholding tax is defined in section 128A(1AB) of the Tax Act to include amounts in the nature of, or in substitution for, interest and certain other amounts, including premiums on redemption or, for a Covered Bond issued at a discount, the difference between the amount repaid and the issue price) on debentures and certain other debt interests, will be subject to interest withholding tax at a current rate of 10% where the interest is paid to a non-resident of Australia and not derived in carrying on business at or

through an Australian permanent establishment, or to an Australian resident who derived the interest in carrying on business at or through a permanent establishment outside Australia.

Depending on their terms, Covered Bonds could in some cases be characterised as equity interests for tax purposes and be subject to different rules (e.g. Covered Bonds with returns contingent on the Issuer's performance or discretion, or convertible into shares in the Issuer). The Issuer does not intend to issue any Covered Bonds that would be characterised as equity interests for tax purposes.

Various exemptions are available from interest withholding tax, including the "public offer" exemption, tax treaty exemptions, and pension fund exemption (each discussed further below).

Public offer exemption

An exemption from Australian interest withholding tax will be available under section 128F of the Tax Act in respect of any Covered Bonds if the Issuer remains an Australian resident company both at the time it issues the relevant Series or Tranche of Covered Bonds and at the time interest is paid in respect of the Covered Bonds, and the Series or Tranche of Covered Bonds is issued in a manner which satisfies the "public offer test".

There are five principal methods of satisfying the public offer test, being broadly:

(a) offers to 10 or more unrelated financial institutions or securities dealers;

(b) offers to 100 or more investors;

(c) offers of listed Covered Bonds;

(d) offers via publicly available electronic or other information sources; and

(e) offers to a dealer, manager or underwriter who offers to sell those Covered Bonds within 30 days by one of the preceding methods.

The public offer test will not be satisfied in respect of an issue of a Series or Tranche of Covered Bonds if, at the time of issue, the Issuer knew, or had reasonable grounds to suspect, at the time of issue that any of the Covered Bonds, or an interest in any of the Covered Bonds, would be acquired either directly or indirectly by an Offshore Associate (as defined below) of the Issuer, other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Covered Bonds, or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme.

Accordingly, the Covered Bonds should not be acquired by any Offshore Associate of the Issuer, subject to the exceptions referred to above.

Even if the public offer test is initially satisfied in respect of a Series or Tranche of Covered Bonds, if such Covered Bonds later come to be held by an Offshore Associate of the Issuer, and at the time of payment of interest on those Covered Bonds, the Issuer knows or has reasonable grounds to suspect that such person is an Offshore Associate of the Issuer, the exemption under section 128F does not apply to interest paid by the Issuer to such Offshore Associate in respect of those Covered Bonds, unless the Offshore Associate receives the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

For the purposes of this section, an **Offshore Associate** is an "associate" of the Issuer as defined in section 128F(9) of the Tax Act who is:

(a) a non-resident of Australia that does not acquire the Covered Bonds or an interest in the Covered Bonds in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or

(b) a resident of Australia that acquires the Covered Bonds or an interest in the Covered Bonds in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.

The definition of **associate** includes, among other things, persons who have a majority voting interest in the Issuer, or who are able to influence or control the Issuer, and persons in whom the Issuer has a majority voting interest, or whom the Issuer is able to influence or control (however this is not a complete statement of the definition).

Unless otherwise specified in any applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) (or another relevant supplement to this Prospectus), the Issuer intends to issue the Bonds in a manner which will satisfy the requirements of section 128F of the Tax Act.

Tax treaty exemption

Various Australian double tax agreements, including those with the United States of America, the United Kingdom, Norway, Finland, the Republic of France, Japan, Germany, Switzerland, the Republic of South Africa and New Zealand (each a **Specified Country**), include exemptions from interest withholding tax for interest derived by:

(a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and

(b) certain unrelated banks, and financial institutions which substantially derive their profits by carrying on a business of raising and providing finance, which are resident in the Specified Country, and which are dealing wholly independently with the Issuer (interest paid under a back-to-back loan or economically equivalent arrangement will not qualify for this exemption).

The Australian government is progressively amending its other double tax agreements to include similar kinds of interest withholding tax exemption. Prospective Covered Bondholders should obtain their own independent tax advice as to whether any of the exemptions under the relevant double tax agreements may apply to their particular circumstances.

Pension fund exemption

An exemption is available in respect of interest paid to a non-resident superannuation fund where that fund is a superannuation fund maintained solely for foreign residents and the interest arising from the Covered Bonds is exempt from income tax in the country in which such superannuation fund is resident.

Payment of additional amounts

As set out in more detail in the Conditions, and unless expressly provided to the contrary in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) (or another relevant supplement to this Prospectus), if the Issuer is at any time compelled or authorised by law to deduct or withhold an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia in respect of the Covered Bonds, the Issuer must, subject to certain exceptions (as set out in Condition 7 of the Programme Conditions), pay such additional amounts as may be necessary in order to ensure that the net amounts received by the holders of those Covered Bonds after such deduction or withholding are equal to the respective amounts which would have been received had no such deduction or withholding been required. If there is a change in law or regulation as set out in Condition 5.2 of the Programme Conditions, requiring the Issuer to pay such additional amounts in relation to any Covered Bonds, the Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, on giving not less than 30 nor more than 60 days' notice to the Bond Trustee (see further Condition 5.2 of the Programme Conditions).

Taxation of gains on disposal or redemption

Onshore Covered Bondholders

Covered Bondholders who are Australian tax residents, or who are non-residents that hold the Covered Bonds in carrying on business at or through a permanent establishment in Australia, will be required to include any gain or loss on disposal or redemption of the Covered Bonds in their assessable income.

The determination of the amount and timing of any gain or loss on disposition or redemption of the Covered Bonds may be affected by the "Taxation of Financial Arrangements" provisions of the Tax Act, which provide for a specialised regime for the taxation of financial instruments, and, where the Covered Bonds are

denominated in a currency other than Australian Dollars, the foreign currency rules. Prospective Covered Bondholders should obtain their own independent tax advice in relation to the determination of any gain or loss on disposal or redemption of the Covered Bonds.

Offshore Covered Bondholders

A Covered Bondholder who is a non-resident of Australia and who has never held the Covered Bonds through a permanent establishment in Australia will not be subject to Australian income tax on gains realised on the disposal or redemption of the Covered Bonds, provided such gains do not have an Australian source. A gain arising on the sale of the Covered Bonds by a non-Australian resident holder to another non-Australian resident where the Covered Bonds are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia, should generally not be regarded as having an Australian source. In certain cases, a non-Australian resident holder may be able to claim an exemption from Australian income tax on Australian sourced gains pursuant to the terms of an applicable double tax agreement.

Special rules can apply to treat a portion of the purchase price of Covered Bonds as interest for withholding tax purposes where deferred-return Covered Bonds (for example, Covered Bonds which pay a return that is deferred by more than 12 months) are sold to an Australian Bondholder. Any deemed interest under these rules is able to qualify for exemption from withholding tax as described above.

Payments by the Covered Bond Guarantor

If the Issuer fails to pay an amount of principal or interest on the Covered Bonds, then the Covered Bond Guarantor may be required to make payments to the holders of Covered Bonds under the Covered Bond Guarantee. Where such payments relate to interest (including premiums on redemption or for a Covered Bond issued at a discount, the difference between the amount repaid and the issue price), it is not clear whether such payments would also be treated as interest for Australian withholding tax purposes. The definition of interest for Australian withholding tax purposes in subsection 128A(1AB) of the Tax Act is very broad and includes amounts in the nature of interest and amounts in substitution for interest.

The ATO's view, as reflected in *Taxation Determination* TD 1999/26, is that such payments under the Covered Bond Guarantee would be interest for Australian withholding tax purposes. Based on this approach, interest withholding tax would be imposed at the rate of 10% in relation to any payments made by the Covered Bond Guarantor in respect of interest on the Covered Bonds (or other amounts due under the Bonds other than the repayment of amounts subscribed for the Bonds) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption that may apply.

As discussed above, the exemption that is commonly relied upon by Australian debt issuers is the public offer exemption in section 128F of the Tax Act. The ATO states in TD 1999/26 that guarantee payments would be treated as exempt from withholding tax under section 128F of the Tax Act if the requirements of that section are satisfied with respect to the underlying Covered Bonds. If the requirements of section 128F of the Tax Act are satisfied with respect to the Covered Bonds, then payments by the Covered Bond Guarantor should not be subject to Australian withholding tax.

In the event payments by the Covered Bond Guarantor are subject to any withholding or deduction for or on account of tax, the Covered Bond Guarantor will not be required to pay any additional amounts (see further Condition 7 of the Programme Conditions).

Stamp duty

No ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue, transfer or redemption of the Covered Bonds.

Goods and Services Tax

Neither the issue nor receipt of the Covered Bonds will give rise to a liability for GST in Australia on the basis that the supply of Covered Bonds 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 on the Covered Bonds would give rise to a GST liability.

Tax treatment of the Covered Bond Guarantor

The tax treatment of the Covered Bond Guarantor could affect the Covered Bond Guarantor's ability to make payments under the Intercompany Loan, the Demand Loan, the Interest Rate Swap, the Covered Bond Swaps and, if called upon, the Covered Bond Guarantee.

Income Tax Status of the Covered Bond Guarantor

As the Trust is wholly owned by the Issuer, it will be a member of the Issuer's tax consolidated group, and will be taken to be a part of the head company of that group for most Australian income tax purposes. The primary responsibility for income tax liabilities rests with the head company of a tax consolidated group. As a result, the Covered Bond Guarantor will not be subject to any income tax liability in respect of the income of the Covered Bond Guarantor in the first instance.

All members of the Issuer tax consolidated group, including the Covered Bond Guarantor, can become jointly and severally liable for the tax liabilities of that group where the head company of that group defaults on those tax liabilities. However, where the members of that group have entered into a valid and effective tax sharing agreement, the liability of each member, including the Covered Bond Guarantor, will be limited to a reasonable allocation of the group's tax liabilities. Under the Issuer tax consolidated group's tax sharing agreement, subject to certain assumptions regarding the operation of the Covered Bond Guarantor, the Covered Bond Guarantor should have a nil allocation of that group's tax liabilities.

It is the opinion of Allen & Overy that the Issuer tax consolidated group's tax sharing agreement is consistent with the current guidance published by the Australian Commissioner of Taxation in relation to tax sharing agreements. It should be noted however that it is possible that the Commissioner of Taxation could change his current views, and any ultimate determination rests with the Courts. In addition, certain prescribed circumstances can operate to invalidate a tax sharing agreement, however, the Issuer will seek to ensure that no such circumstances occur. Subject to those qualifications, it is the opinion of Allen & Overy that the Issuer tax consolidated group's tax sharing agreement is valid and effective.

Additionally, the Covered Bond Guarantor has acceded to the Issuer tax consolidated group's tax funding agreement, under which members of the tax consolidated group may be required to pay funding obligations in respect of taxes. However, under the terms of the tax funding agreement, the Covered Bond Guarantor should not be liable to pay any funding obligations in respect of its activities.

Potential tax reform

The former Australian Government announced proposed changes to update the law regarding the taxation of trusts. The changes enacted to date (which affect managed funds) do not impact the Trust. Depending on the final form of any further legislation, it is possible that the law could be amended in a way that could cause the Covered Bond Guarantor to become subject to a liability in respect of taxes in certain circumstances (or potentially a liability under the Issuer tax consolidated group's tax sharing agreement or tax funding agreement) however, there has been no express statement that such an outcome is intended. In addition, the proposed changes (other than the changes relating to managed funds) have not progressed beyond consultation phase and could potentially be withdrawn.

GST treatment of Covered Bond Guarantor

Pursuant to the terms of the Bond Trust Deed, the Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds. The Covered Bond Guarantor has agreed to pay an amount equal to the Guaranteed Amount when the same becomes Due for Payment but which would otherwise be unpaid by the Issuer. In addition, the Covered Bond Guarantor has agreed to pay certain other amounts in accordance with the applicable Priority of Payments.

The supply of some services made to the Covered Bond Guarantor may give rise to a liability for GST on the part of the relevant service provider. The GST position in this regard is covered below. However, where the Covered Bond Guarantor and the relevant service provider are grouped for GST purposes, no GST liability arises and input tax credit entitlements in respect of acquisitions made from outside of the GST group will depend on the supplies and acquisitions of the GST group as a whole. The Issuer understands that the Covered

Bond Guarantor and the relevant service providers will not be grouped for GST purposes, however GST grouping may occur at a later date.

In relation to the acquisition of taxable services by the Covered Bond Guarantor from a service provider who is not part of the same GST group:

(a) In the ordinary course of business, the service provider would charge the Covered Bond Guarantor an additional amount on account of GST unless the agreed fee is already GST-inclusive.

(b) Assuming that the Covered Bond Guarantor exceeds the financial acquisitions threshold for the purposes of Division 189 of the GST Act and the Covered Bond Guarantor will not be entitled to utilise the borrowing concession set out in s 11-15(5) of the GST Act, the Covered Bond Guarantor would not be entitled to an input tax credit or a full input tax credit from the ATO to the extent that the acquisition relates to the Covered Bond Guarantor's input taxed supplies (including in respect of the Intercompany Loan, the Demand Loan and any Mortgage Loan Rights to be acquired by the Covered Bond Guarantor).

(c) In the case of acquisitions which relate to the making of supplies of the nature described above, the Covered Bond Guarantor may still be entitled to a "reduced input tax credit" in relation to certain acquisitions prescribed in the GST regulations, but only where the Covered Bond Guarantor is the recipient of the taxable supply and the Covered Bond Guarantor either provides, or is liable to provide, the consideration for the taxable supply. As at the date of this Prospectus, the reduce input tax credit for entities that are not “recognised trust schemes” as defined in the GST Law is 75% of 1/11th of the GST inclusive consideration payable by the Covered Bond Guarantor to the relevant service provider, and for entities that are “recognised trust schemes” as defined in the GST Law, is equal to 55% of 1/11th of the GST inclusive consideration payable by the Covered Bond Guarantor.

(d) Where services are provided to the Covered Bond Guarantor by an entity comprising an associate of the Covered Bond Guarantor for income tax purposes (but who is not a member of the same GST group), those services are provided for nil or less than market value consideration, and the Covered Bond Guarantor 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.

In the case of supplies performed outside Australia for the purposes of the Covered Bond Guarantor'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 Covered Bond Guarantor 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 Covered Bond Guarantor.

Where GST is payable on a taxable supply made to the Covered Bond Guarantor but a full input tax credit is not available, this will mean that less money is available to the Covered Bond Guarantor to make payments in accordance with the applicable Priority of Payments (which would include Guaranteed Amounts).

United Kingdom Taxation

*The comments below are of a general nature based on current United Kingdom law and published HM Revenue & Customs (**HMRC**) practice. They relate only to the position of persons who are the absolute beneficial owners of their Covered Bonds and all payments made thereon. The comments relate only to United Kingdom withholding tax on payments of or in respect of interest on the Covered Bonds issued by the Issuer acting out of Australia and do not deal with any other aspect of the United Kingdom taxation treatment that may be applicable to holders of such Covered Bonds (including, for instance, income tax, capital gains tax and corporation tax). Prospective holders of Covered Bonds should note that the particular terms of issue of any Series of Covered Bonds as specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) may affect the tax treatment of that and any other Series of Covered Bonds and should be treated with appropriate caution. The United Kingdom tax treatment of prospective holders of Covered Bonds depends on their individual circumstances and may be subject to change in the future. The comments below do not deal with the tax consequences of any substitution of the Issuer in accordance with Condition 10.3 of the Programme Conditions.*

References to" interest" in this summary mean "interest" as understood in United Kingdom tax law, and do not take account of any different definitions of "interest" which may prevail under any other law or which may be created by the Conditions or any related documentation.

Any holders of Covered Bonds who are in doubt as to their tax position should consult their professional advisers. Holders of Covered Bonds who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of Covered Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Covered Bonds. In particular, holders of Covered Bonds should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Covered Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Payment of interest by the Issuer in respect of the Covered Bonds

Payments of interest on the Covered Bonds by the Issuer that do not have a United Kingdom source may be made without withholding on account of United Kingdom income tax.

The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common financial transactions tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Covered Bonds (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006, which would include the issuance and subscription of the Covered Bonds, are expected to be exempt under the Commission's Proposal.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Covered Bonds where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The scope of the FTT remains subject to negotiation between participating Member States and the scope referred to above may be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act Withholding

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Bank is classified as a foreign financial institution. A number of jurisdictions (including Australia) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, such withholding would not apply prior to 1

January 2019 and Covered Bonds issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Covered Bonds (as described under "*Terms and Conditions of the Covered Bonds—Further Issues*") that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding.

The impact of FATCA for Australian financial institutions will also depend on associated guidance issued by the ATO. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Covered Bonds.

SUBSCRIPTION AND SALE AND SELLING RESTRICTIONS

The Dealers have pursuant to an amended and restated programme agreement dated 21 November 2017 (as the same may be further amended and/or supplemented and/or restated from time to time, the **Programme Agreement**), agreed with the Issuer and the Covered Bond Guarantor a basis upon which such Dealers or any of them may from time to time agree to purchase Covered Bonds. Any such agreement for any particular purchase by a Dealer will extend to those matters stated in the sections "*Form of the Covered Bonds*" and "*Terms and Conditions of the Covered Bonds*" in this Prospectus. As at the date of this Prospectus, the Dealers are the Bank and those other Dealers named herein but the Issuer may appoint other dealers from time to time in accordance with the Programme Agreement, which appointment may be for a specific issue or on an ongoing basis.

The Issuer may pay the Dealers commissions from time to time in connection with the sale of any Covered Bonds. In the Programme Agreement, the Issuer has agreed to reimburse and indemnify the Dealers for certain of their expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to purchase Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer.

United States

Each Dealer appointed under the Programme Agreement will be required to acknowledge that the Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or the securities laws of any state or jurisdiction of the United States and may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

In addition, the Covered Bonds cannot be resold in the United States or to U.S. persons unless they are subsequently registered or an exemption from such registration requirement is available.

In connection with any Regulation S Global Covered Bonds, each Dealer appointed under the Programme will be required to agree that it has not offered, sold or delivered the Covered Bonds of any identifiable Series or Tranche, and will not offer and sell the Covered Bonds of any identifiable Series or Tranche within the United States or to, or for the account or benefit of U.S. persons (a) as part of their distribution at any time; and (b) during the Distribution Compliance Period, and except in either case in accordance with Regulation S under the Securities Act. Accordingly, each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree, that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Regulation S Covered Bonds, and it and they have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act.

In addition, until the expiration of the Distribution Compliance Period, an offer or sale of Regulation S Global Covered Bonds within the United States by any Dealer, (whether or not participating in the offering), may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to an exemption from the registration requirements under the Securities Act. Each Dealer who has purchased Covered Bonds of a Series or Tranche agrees to notify the Principal Paying Agent or the Lead Manager, when it has completed the distribution of its portion of the Covered Bonds of any identifiable Series or Tranche so that the Principal Paying Agent or the Lead Manager may determine the completion of the distribution of all Covered Bonds of that Series or Tranche and notify any other Relevant Dealer of the end of the Distribution Compliance Period. Each Dealer agrees that, at or prior to confirmation of sale of Covered Bonds outside the United States, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Covered Bonds from it during the Distribution Compliance Period a confirmation or notice to substantially the following effect:

> "THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH

THE PRINCIPAL AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE **PRINCIPAL AGENCY AGREEMENT**) AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO U.S. PERSONS UNLESS MADE PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT."

Terms used in the above paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, unless the information given to a Relevant Dealer in respect of a non-syndicated issue or the Subscription Agreement relating to one or more Tranches or Series specifies that TEFRA is "not applicable", each such Dealer represents, warrants and agrees in relation to each Tranche of Bearer Covered Bonds that:

(a) except to the extent permitted under U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the **D Rules**),

(i) it has not offered or sold, and during the restricted period will not offer or sell, Bearer Covered Bonds to a person who is within the United States or its possessions or to a United States person; and

(ii) it has not delivered and will not deliver within the United States or its possessions Bearer Definitive Covered Bonds that are sold during the restricted period;

(b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Covered Bonds are aware that such Covered Bonds may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;

(c) if it is a United States person, it is acquiring the Bearer Covered Bonds for purposes of resale in connection with their original issuance and if it retains Bearer Covered Bonds for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. §1.163-5(c)(2)(i)(D)(6) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010);

(d) with respect to each affiliate that acquires from it Bearer Covered Bonds for the purpose of offering or selling such Covered Bonds during the restricted period, it either (i) repeats and confirms the representations contained in paragraphs (a), (b) and (c) on behalf of such affiliate or (ii) agrees that it will obtain from such affiliate for the benefit of the Issuer the representations contained in paragraphs (a), (b) and (c); and

(e) it will not enter into a written contract (apart from a confirmation or other notice of the transaction) for the offer or sale during the restricted period of Bearer Covered Bonds with any person other than its affiliate(s) unless it obtains the representations and agreements contained in paragraphs (a) to (d) from the person with whom it enters into such written contract.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder, including the D Rules.

The Covered Bonds in bearer form are subject to U.S. federal tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. Treasury regulations and the Securities Act. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder.

Prohibition of Sales to EEA Retail Investors

From 1 January 2018, unless the applicable Final Terms or the applicable Pricing Supplement in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of, MiFID II; or

  (ii) a customer within the meaning of the Insurance Mediation Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

  (iii) not a qualified investor as defined in the Prospectus Directive; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

Prior to 1 January 2018 and from that date if the applicable Final Terms or the applicable Pricing Supplement in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**), it has not made and will not make an offer of Covered Bonds which are the subject of an offering contemplated by the Prospectus as completed by the applicable Final Terms or applicable Pricing Supplement in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in (a) to (c) above will require the Issuer 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 "offer of Covered Bonds to the public" in relation to any Covered Bonds 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 Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds, 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 (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which section 21(1) of the FSMA does not or, in the case of the Issuer, would not, if it was not an authorised person, apply to the Covered Bond Guarantor or the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

Australia

No prospectus or other disclosure document (as defined in the Australian Corporations Act) in relation to the Programme or any Covered Bonds has been or will be lodged with ASIC. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that in connection with the distribution of each Tranche of Covered Bonds, it:

(a) will not make (directly or indirectly) any offer or invitation in Australia or any offer or invitation received in Australia in relation to the issue, sale or purchase of any Covered Bonds ; and

(b) has not distributed or published and will not distribute or publish any information memorandum, advertisement, disclosure document or other offering material relating to the Covered Bonds in Australia,

unless (i) the aggregate consideration payable by each offeree or invitee is at least A$500,000 for the Covered Bonds or its foreign currency equivalent (in either case disregarding moneys, if any, lent by the Issuer or other person offering the Covered Bonds or its associates (within the meaning of those expressions in Part 6D.2 of the Australian Corporations Act)), or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Australian Corporations Act; (ii) the offer or invitation is not made to a "retail client" (as defined in section 761G or 761GA of the Australian Corporations Act), (iii) such action complies with all applicable laws, regulations and directives and (iv) such action does not require any document to be lodged or registered with ASIC.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Covered Bonds (except for Covered Bonds which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong) (**SFO**) other than (a) to "professional investors" as defined in the SFO and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32 of the Laws Hong Kong) (**CO**) or which do not constitute an offer to the public within the meaning of the CO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended (the **FIEA**)) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and

Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

New Zealand

No action has been taken to permit the Covered Bonds to be directly or indirectly offered or sold to any retail investor, or otherwise under any regulated offer, in terms of the Financial Markets Conduct Act 2013 of New Zealand (the **FMCA**). In particular, no product disclosure statement under the FMCA has been or will be prepared or lodged in New Zealand in relation to the Covered Bonds.

Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not directly or indirectly offered, sold or delivered and will not directly or indirectly offer, sell or deliver any Covered Bond in New Zealand and it will not distribute any offering memorandum or advertisement (as defined in the FMCA) in relation to any offer of Covered Bonds, in New Zealand other than to "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:

(a) an "investment business";

(b) "large"; or

(c) a "government agency",

in each case as defined in Schedule 1 to the FMCA. For the avoidance of doubt, the Covered Bonds may not be directly or indirectly offered, sold, or delivered to, among others, any "eligible investors" (as defined in clause 41 of Schedule 1 to the FMCA) or to any person who, under clause 3(2)(b) of Schedule 1 to the FMCA, meets the investment activity criteria specified in clause 38 of that Schedule.

In addition, no person may distribute any offering material or advertisement (as defined in the FMCA) in relation to any offer of Covered Bonds in New Zealand other than to such permitted persons as referred to in the paragraph above.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not directly or indirectly offered or sold, and will not directly or indirectly offer or sell, any Covered Bonds to persons whom it believes to be: (a) persons who are resident in New Zealand for New Zealand income tax purposes; (b) persons who carry on business in New Zealand through a fixed establishment (as defined for New Zealand income tax purposes) in New Zealand and hold the Covered Bonds for the purposes of a business carried on through that fixed establishment; or (c) a registered bank engaged in business through a fixed establishment in New Zealand, unless such persons certify that they hold a valid certificate of exemption for New Zealand resident withholding tax purposes and provide a New Zealand tax file number to the Dealer (in which event the Dealer will provide details thereof to the Issuer or to a Paying Agent).

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Covered Bonds will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Covered Bonds whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to section 274 of the SFA, (b) to a relevant person pursuant to section 275(1) of the SFA, or to any person pursuant to section 275(1A) of the SFA, and in accordance with the

conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Covered Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in section 4A of the SFA)) 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,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (however so described) in that trust will not be transferred for six months after that corporation or that trust has acquired the Covered Bonds pursuant to an offer under section 275 of the SFA except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) pursuant to Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

The Grand Duchy of Luxembourg

In addition to the cases described in the Prohibition of Sales to EEA Retail Investors selling restrictions in which the Dealers can make an offer of Covered Bonds to the public in an EEA Member State (including the Grand Duchy of Luxembourg), the Dealers can also make an offer of Covered Bonds to the public in the Grand Duchy of Luxembourg:

(a) at any time, to national and regional governments, central banks, international and supranational institutions (such as the International Monetary Fund, the European Central Bank, the European Investment Bank) and other similar international organisations;

(b) at any time, to legal entities which are authorised or regulated to operate in the financial markets (including, credit institutions, investment firms, other authorised or regulated financial institutions, undertakings for collective investment and their management companies, pension and investment funds and their management companies, insurance undertakings and commodity dealers) as well as entities not so authorised or regulated whose corporate purpose is solely to invest in securities; and

(c) at any time, to certain natural persons or small and medium-sized enterprises (as defined in the Luxembourg act dated 10th July, 2005 on prospectuses for securities implementing the Prospectus Directive into Luxembourg law) recorded in the register of natural persons or small and medium-sized enterprises considered as qualified investors as held by the *Commission de surveillance du secteur financier* as competent authority in Luxembourg in accordance with the Prospectus Directive.

Taiwan

The Covered Bonds may not be sold, offered or issued to Republic of China (**Taiwan**) resident investors or in Taiwan unless they are made available, (i) outside Taiwan for purchase outside Taiwan by such investors and/or (ii) in Taiwan, (A) in the case of Structured Covered Bonds (as defined below) through bank trust departments, licensed securities brokers and/or insurance company investment linked insurance policies pursuant to the Taiwan Rules Governing Offshore Structured Products or (B) in the case of Covered Bonds which are not Structured Covered Bonds, through properly licensed Taiwan intermediaries (including the specified trust of money services of licensed banks in Taiwan acting as trustees) in such manner as complies with Taiwan law and

regulation and/or (iii) in such other manner as may be permitted or exempted in accordance with Taiwan laws and regulations.

For the purpose of the preceding paragraph, **Structured Covered Bonds** means combination products issued outside of Taiwan by means of securities that link fixed income products and underlying financial derivative products that derive from equities, interest rates, foreign exchange rates, indexes, commodities, credit events or other interests.

N Covered Bonds

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it will offer or sell N Covered Bonds in the Federal Republic of Germany only in compliance with all applicable German securities laws, in particular, the German Capital Investments Act (Vermögensanlagengesetz); and

(b) it will offer or sell N Covered Bonds in the Federal Republic of Germany only to institutional investors (institutionelle Investoren) within the meaning of the note of the German Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) on the deposit taking business of 4 August 2011 (Merkblatt – Hinweise zum Tatbestand des Einlagengeschäfts), as amended, and not in any manner which could result in the Issuer being subject to any licence requirement under the German Banking Act (Kreditwesengesetz).

General

These selling restrictions may be amended in relation to a specific Series or Tranche of Covered Bonds by agreement between the Issuer and the Relevant Dealer or, if more than one, the Lead Manager on behalf of the Relevant Dealers. These selling restrictions may also be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification and any additional selling restrictions with which any Relevant Dealer will be required to comply will be set out in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) issued in respect of the issue of Covered Bonds to which it relates or in a supplement to the Base Prospectus.

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that to the best of its knowledge and belief it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes the Prospectus or any other offering material and that it will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws, regulations and directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Covered Bond Guarantor nor any of the other Dealers will have any responsibility therefor.

As at the date of this Prospectus, the Issuer has permission from Banca d'Italia to collect funds by means of issuing Covered Bonds in Italy.

None of the Issuer, the Covered Bond Guarantor or any of the Dealers has represented that Covered Bonds may at any time lawfully be sold in compliance with any appropriate registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Series or Tranche of Covered Bonds, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree as a term of issue and purchase as indicated in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the establishment, implementation and operation of the Programme and the issue and performance of Covered Bonds issued by it. The establishment, implementation and operation of the Programme and the issue of the Covered Bonds by it thereunder were authorised by the Group Treasurer of the Issuer.

Listing of Covered Bonds

The admission of the Programme to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange took effect on or about 18 November 2011. The price of the Covered Bonds on the price list of the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). Any Tranche of Covered Bonds intended to be admitted to trading on the Regulated Market of the London Stock Exchange will be so admitted to trading upon submission to the London Stock Exchange of the applicable Final Terms and any other information required by the London Stock Exchange, subject to the issue of the relevant Covered Bonds. Prior to admission to trading, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day in London after the day of the transaction.

However, Covered Bonds may be issued pursuant to the Programme which will not be admitted to listing, trading and/or quotation by the London Stock Exchange or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.

Documents Available

For the life of this Prospectus or whilst any Covered Bonds are outstanding, the following documents will be available, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), for inspection and collection at the office of the Principal Paying Agent and the Issuer:

(i) the constitutive documents of the Issuer and the Covered Bond Guarantor;

(ii) any Final Terms relating to Covered Bonds of the Issuer which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. (In the case of any Exempt Covered Bonds which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the applicable Pricing Supplement will only be available for inspection by the relevant Covered Bondholders);

(iii) each Programme Document (including the Servicing Deed and the Bond Trust Deed (which includes the Covered Bond Guarantee and the forms of the Global Covered Bonds, the Definitive Covered Bonds, the Coupons and the Talons) but excluding the Final Terms and Pricing Supplement as set out in paragraph (ii));

(iv) the terms and conditions of the Covered Bonds contained in the prospectuses dated 16 November 2011, pages 93 to 131 (inclusive), 16 November 2012, pages 67 to 103 (inclusive), 15 November 2013, pages 82 to 118 (inclusive), 14 November 2014, pages 84 to 120 (inclusive), dated 13 November 2015, pages 86 to 123 (inclusive) and dated 23 November 2016, pages 87 to 125 (inclusive);

(v) the auditors' reports and audited consolidated and non-consolidated annual financial statements for the financial years ended 30 June 2017 (contained in the Annual Report 2017) and 30 June 2016 (contained in the Annual Report 2016) of the Issuer;

(vi) the audited financial statements of the Trust (including the auditor's report and the notes thereto) in respect of the financial years ended 30 June 2016 and 30 June 2017; and

(vii) a copy of this Prospectus, together with any supplement to this Prospectus or further Prospectus and any documents incorporated by reference.

The Prospectus and the Final Terms for Covered Bonds that are listed on the Official List and admitted to trading on the Regulated Market of the London Stock Exchange will be published on the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com.

Clearing Systems

The Covered Bonds, other than the N Covered Bonds, may be cleared through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code and the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Covered Bonds will be set out in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement). The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg.

If the Covered Bonds are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).

Significant or Material Change

Except as disclosed in this Prospectus, since 30 June 2017, there has been no significant change in the financial or trading position of the Issuer and its subsidiaries taken as a whole. Since 30 June 2017, there has been no material adverse change in the prospects of the Issuer and its subsidiaries taken as a whole.

Since 30 June 2017, there has been no significant change in the financial or trading position of the Covered Bond Guarantor or the Trust. Since 30 June 2017, there has been no material adverse change in the prospects of the Covered Bond Guarantor or the Trust.

Litigation

Except as disclosed in this Prospectus, there are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened) of which the Issuer is aware in the 12 months immediately preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer and its subsidiaries, taken as a whole.

There are no governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened) of which the Covered Bond Guarantor is aware in the 12 months immediately preceding the date of this Prospectus which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Covered Bond Guarantor or the Trust.

Independent Auditors

The financial statements of the Issuer and its subsidiaries have been audited for the financial years ended 30 June 2017 and 30 June 2016 by PricewaterhouseCoopers, independent auditors of the Issuer and its subsidiaries for that period, and unqualified opinions have been reported thereon. PricewaterhouseCoopers has no material interest in the Issuer.

PricewaterhouseCoopers partners are members or affiliate members of the Australian Institute of Chartered Accountants.

Reports

The Bond Trust Deed provides that the Bond Trustee may rely on the advice, report, certificate or opinion of or any information obtained from any auditor, lawyer, valuer, accountant, surveyor, banker, professional adviser, broker, financial adviser, auctioneer or other expert in accordance with the provisions of the Bond Trust Deed, whether or not addressed to the Bond Trustee notwithstanding that such advice, report, certificate, opinion, information, or any engagement letter or any other document entered into by the Bond Trustee and the relevant person in connection therewith, contains any monetary or other limit on the liability of the relevant person and the Bond Trustee will not be responsible for any Liability occasioned by so acting or relying.

The Trust Manager will prepare monthly Asset Coverage Reports detailing, among other things, compliance with the Asset Coverage Test. Copies of the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) for each Series (including in relation to unlisted Covered Bonds of any Series) and the Asset Coverage Reports are available to Covered Bondholders during normal business hours at the registered office of the Issuer.

Contracts

Other than as disclosed in the documents incorporated into this Prospectus by reference, the Issuer is not aware of any material contracts having been entered into outside the ordinary course of the Issuer's business, and which could result in any member of the Group being under an obligation or entitlement that is material to its ability to meet its obligation to Covered Bondholders in respect of the Covered Bonds that may be issued.

The Issuer is not aware of any material contracts having been entered into by the Covered Bond Guarantor other than the Programme Documents and which could result in it being under an obligation or entitlement that is material to its ability to meet its obligation to Covered Bondholders in respect of the Covered Bonds that may be issued.

Post-issuance information

Except as set out in the monthly Asset Coverage Reports and in the Final Terms (or, in the case of Exempt Covered Bonds, the Pricing Supplement) relating to a particular Series of Covered Bonds, the Issuer does not intend to provide any post-issuance information in relation to any issue of Covered Bonds.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Covered Bonds issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer’s affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Covered Bonds issued under the Programme. Any such positions could adversely affect future trading prices of Covered Bonds issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

GLOSSARY

A$ Register means the register of holders of the A$ Registered Covered Bonds maintained by the A$ Registrar.

A$ Registered Covered Bonds means covered bonds denominated in A$ issued in registered form by entry in the A$ Register maintained by the A$ Registrar.

A$ Registrar means Austraclear Services Limited ABN 28 003 284 419 or any other person appointed by the Issuer under an Agency Agreement to maintain the A$ Register and perform any payment and other duties as specified in that agreement.

A$ Registry Agreement means the agreement entered into on or about the Programme Date, between the Issuer, the A$ Registrar, the Bond Trustee and the Covered Bond Guarantor.

ABS means the Australian Bureau of Statistics.

Account Bank means the Bank in its capacity as Account Bank pursuant to the Account Bank Agreement or such other account bank appointed pursuant to the Account Bank Agreement from time to time.

Account Bank Agreement means the account bank agreement entered into on or about the Programme Date between the Covered Bond Guarantor, the Trust Manager, the Account Bank and the Security Trustee, as amended and restated on 26 February 2015.

Accrued Interest Adjustment in relation to a Mortgage Loan means the amount of interest accrued on that Mortgage Loan for, and any fees in relation to that Mortgage Loan falling due for payment during, the period commencing on (and including) the Mortgage Loan Scheduled Payment Date 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 that Mortgage Loan prior to that Mortgage Loan Scheduled Payment Date.

Additional Business Centre means, in relation to a Series of Covered Bonds, the Additional Business Centre as specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).

Adjusted Aggregate Mortgage Loan Amount has the meaning given to it in the section *"Overview of the Principal Documents – Establishment Deed – Asset Coverage Test"* in this Prospectus.

Adjusted Required Redemption Amount has the meaning given to it in the section *"Overview of the Principal Documents – Mortgage Sale Agreement – Right of pre-emption"* in this Prospectus.

AFSL means an Australian Financial Services Licence.

Agency Agreements means the Principal Agency Agreement, the Calculation Agency Agreement and/or the A$ Registry Agreement, as applicable, and each, an **Agency Agreement**.

Agents means the Paying Agents, each Transfer Agent, each Exchange Agent, each Registrar, the A$ Registrar, the U.S. Transfer Agent, the U.S. Registrar and the N Covered Bond Registrar and **Agent** means any one of them.

Agreement Date means the date of any agreement to issue any Covered Bonds between the Issuer and the relevant Dealer pursuant to the Programme Agreement or the U.S. Distribution Agreement, as applicable.

Alternative Clearing System means a clearing system other than Euroclear or Clearstream, Luxembourg, specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) or as may otherwise be approved by the Issuer, the Bond Trustee and the Principal Paying Agent.

Amortisation Test has the meaning given to it in the section *"Overview of the Principal Documents – Establishment Deed – Amortisation Test"* in this Prospectus.

Amortisation Test Aggregate Mortgage Loan Amount has the meaning given to it in the section *"Overview of the Principal Documents – Establishment Deed – Amortisation Test"* in this Prospectus.

Amortisation Test Current Principal Balance has the meaning given to it in the section *"Overview of the Principal Documents – Establishment Deed – Amortisation Test"* in this Prospectus.

Annual Accounting Date means in respect of the Trust:

(a) 30 June in each year; or

(b) if the Covered Bond Guarantor has adopted a substituted accounting period for income tax purposes ending on a different date, that different date,

or such other date as the Covered Bond Guarantor (acting on the directions of the Trust Manager) may determine.

applicable Final Terms means, in relation to a Series or Tranche of Covered Bonds (other than Exempt Covered Bonds), the Final Terms (or the relevant provisions) attached to or endorsed on the Covered Bonds comprising that Series or Tranche.

applicable Pricing Supplement means, in relation to a Series or Tranche of Exempt Covered Bonds, the Pricing Supplement (or the relevant provisions) attached to or endorsed on the Covered Bonds comprising that Series or Tranche.

APRA means the Australian Prudential Regulation Authority.

Arranger has the meaning given to it in the section *"Programme Overview – The Parties"* in this Prospectus.

Asset Coverage Reports means the monthly reports in the form agreed from time to time between the parties to the Management Agreement and each, an **Asset Coverage Report**.

Asset Coverage Test has the meaning given to it in the section *"Overview of the Principal Documents – Establishment Deed – Asset Coverage Test"* in this Prospectus.

Asset Coverage Test Breach Notice means the notice required to be served by the Bond Trustee on the Covered Bond Guarantor pursuant to the Establishment Deed indicating that the Asset Coverage Test has not been satisfied on two consecutive Determination Dates.

Asset Percentage has the meaning given to it in the section *"Overview of the Principal Documents – Establishment Deed – Asset Coverage Test"* in this Prospectus.

Assets in relation to the Trust means all assets and property, real and personal (including choses in action and other rights), tangible and intangible, present or future, held by the Covered Bond Guarantor as trustee of the Trust from time to time, including but not limited to:

(a) the Mortgage Loan Rights;

(b) Authorised Investments;

(c) Substitution Assets;

(d) the rights of the Covered Bond Guarantor in, to and under the Programme Documents and the Trust Accounts;

(e) the proceeds of realisation or sale of any Assets of the Trust;

(f) all additions or accretions (if any) to the Trust which arise by way of dividend, interest, premium or distribution, or which are otherwise received and are for the time being retained by the Covered Bond Guarantor in respect of the Trust;

(g) all income from the Trust held pending distribution or reinvestment;

(h) the benefit of all representations, warranties, undertakings, covenants, indemnities, promises and choses in action in favour of the Covered Bond Guarantor under the Programme Documents; and

(i) amounts derived or accrued from any of the assets referred to in the preceding paragraphs of this definition.

ASIC means the Australian Securities and Investments Commission.

Assessment Date has the meaning given to it in the section *"Overview of the Principal Documents – Cover Pool Monitor Agreement*" in this Prospectus.

ATO means the Australian Taxation Office.

Auditors means the auditors for the time being of the Issuer or, as the case may be, the Trust (or any replacement auditor of the Trust appointed in accordance with the Establishment Deed and each, an **Auditor**.

Australian Banking Act means the Banking Act 1959 (Cth).

Australian Bureau of Statistics Index means the quarterly index of increases or decreases in established house prices (determined on the basis of the weighted average of house prices in 8 capital cities), issued by the Australian Bureau of Statistics, Australia's official statistical organisation, in relation to established house prices in Australia or, if this index is unavailable, a suitably widely recognised property price index selected by the Trust Manager (in its sole discretion).

Australian Bureau of Statistics Indexed Valuation means on any day in relation to any Land, the Latest Valuation of that Land as increased or decreased as appropriate by the increase or decrease in the Australian Bureau of Statistics Index since the date of that Latest Valuation.

Australian Corporations Act means the Corporations Act 2001 (Cth).

Australian Corporations Regulations means the Corporations Regulations 2001 (Cth).

Australian Credit Licence has the meaning given to it in the NCCP.

Australian Dollar Equivalent means in relation to an amount which is denominated in:

(a) a currency other than Australian Dollars, the Australian Dollar equivalent of such amount ascertained using the relevant Swap Rate; and

(b) Australian Dollars, the applicable amount in Australian Dollars.

Australian Financial Services Licence has the meaning given to it in section 9 of the Australian Corporations Act.

Australian Reserve Bank Act means the Reserve Bank Act 1959 (Cth).

Authorised Investments means Australian Dollar demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) (which may include deposits into any account which earns a rate of interest related to the Bank Bill Rate) provided that in all cases such investments have a maturity date of 30 days or less and mature on or before the next following Distribution Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank) are rated at least P-1 by Moody's and A or F1 by Fitch (or, if Fitch has placed the relevant entity on ratings watch negative at the relevant time, below A+ or F1+ by Fitch) or which are otherwise acceptable to the Rating Agencies (if they are notified in advance) to maintain the then current rating of the Covered Bonds.

Authorised Officer in relation to a Transaction Party, means an officer of the Transaction Party, or such other person appointed by the Transaction Party to act as its authorised officer and notified to the other Transaction Parties.

Available Income Amount means on a Determination Date, an amount equal to the aggregate of:

(a) the Finance Charge Collections in respect of the immediately preceding Collection Period;

(b) all amounts received by the Covered Bond Guarantor pursuant to any Mortgage Insurance Policy in relation to any Mortgage Loan then forming part of the Assets of the Trust which the Trust Manager determines should be accounted for on that Determination Date in respect of an income loss;

(c) in respect of any sale of Mortgage Loans during the immediately preceding Collection Period pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement:

(i) the proceeds of such sale to the extent the proceeds comprise accrued interest or arrears of interest (if any) that has been, or is to be, on the immediately following Distribution Date credited to the Income Ledger on the GIC Account; and

(ii) that are repurchased by the Seller in accordance with the Mortgage Sale Agreement, interest on the related amount that will be paid by the Seller on the immediately following Distribution Date as detailed in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Repurchase by the Seller following Breach of Representations and Warranties*" in this Prospectus.

(d) all amounts of interest received on the Trust Accounts (other than the OC Account), the Substitution Assets and Authorised Investments during the immediately preceding Collection Period and the amount to be paid to the Covered Bond Guarantor in accordance with the Servicing Deed on the immediately following Distribution Date;

(e) all amounts receivable from the Interest Rate Swap Provider under the Interest Rate Swap on the immediately following Distribution Date;

(f) prior to the service on the Covered Bond Guarantor of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund as at the Determination Date in excess of the Reserve Fund Required Amount;

(g) following the service on the Covered Bond Guarantor of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund as at the Determination Date; and

(h) any other income receipts not referred to in paragraphs (a) to (g) above (inclusive) received during any previous Collection Period and standing to the credit of the Income Ledger on the GIC Account, but excluding, subject to the Establishment Deed, any amount receivable by the Covered Bond Guarantor under the Covered Bond Swap Agreements,

but excluding:

(i) Third Party Amounts, which will be applied in accordance with the Servicing Deed;

(ii) Swap Collateral Excluded Amounts, which will be applied in accordance with the terms of the relevant Swap Agreements; and

(iii) amounts standing to the credit of the OC Account.

Available Principal Amount means on a Determination Date, an amount equal to the aggregate of (without double counting):

(a) the Principal Collections in respect of the immediately preceding Collection Period less any Principal Collections applied towards the reimbursement of Trust Further Advances during the immediately preceding Collection Period in accordance with the Servicing Deed;

(b) the proceeds from any sale of Mortgage Loans during the immediately preceding Collection Period pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement (but not including any such proceeds that comprise accrued interest or arrears of interest) that have been, or are to be, on the immediately following Distribution Date, credited to the Principal Ledger on the GIC Account;

(c) the proceeds of any Demand Loan Advance (where such proceeds have not been applied to acquire Mortgage Loan Rights from the Seller to invest in Substitution Assets or Authorised Investments or to be credited to the OC Account) and any Excess Proceeds;

(d) any amounts transferred from the OC Account to the GIC Account in accordance with the Establishment Deed since the last Distribution Date;

(e) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement Swap for the relevant terminated Swap and the amount of any premium received from a replacement Swap Provider which is not applied to make a termination payment to a Swap Provider;

(f) any amounts standing to the credit of the Pre-Maturity Ledger that are permitted to be applied in accordance with the Establishment Deed; and

(g) any other principal receipts not referred to in paragraphs (a) to (f) above (inclusive) received during any previous Collection Period and standing to the credit of the Principal Ledger on the GIC Account, but excluding, subject to the Establishment Deed, any amount of principal received by the Covered Bond Guarantor under the Swap Agreements,

but excluding:

(i) Swap Collateral Excluded Amounts, which must be applied in accordance with the terms of the relevant Swap Agreements; and

(ii) amounts standing to the credit of the OC Account.

Bank means Commonwealth Bank of Australia ABN 48 123 123 124.

Bank Bill Rate in relation to a specified term means the rate expressed as a percentage per annum determined by the Australian Financial Markets Association (**AFMA**) and published at approximately 10.15am Sydney time on the first day of that specified term on the Thompson Reuters Screen page "BBSW" having a tenor equal to that specified term. If the relevant rate is not published on the Thompson Reuters screen page at that time, then the Bank Bill Rate means the rate expressed as a percentage per annum determined by AFMA and published at approximately 10.15am Sydney time on that day on the Bloomberg LLP screen page "AFMB" having a tenor equal to that specified term. If a rate cannot be determined in accordance with the foregoing procedures, then the **Bank Bill Rate** means such rate as is specified by the Trust Manager at or around that time on that day, having regard to comparable indices then available.

Base Prospectus means this Prospectus prepared in connection with the Programme and constituting a base prospectus for the purposes of Article 5.4 of the Prospectus Directive, as revised, supplemented or amended from time to time by the Issuer in accordance with the Programme Agreement including any documents which are from time to time incorporated in the Base Prospectus by reference except that:

(a) in relation to each Series or Tranche of Covered Bonds only the applicable Final Terms (and not any other terms) will be deemed to be included in the Base Prospectus; and

(b) for the purpose of the representations and warranties made pursuant to the Programme Agreement in respect of the Agreement Date and the Issue Date, the Base Prospectus means the Base Prospectus as at the Agreement Date and the Issue Date, respectively, but without prejudice to paragraph (a) above not including any subsequent revision, supplement or amendment to it or incorporation of information in it.

Bearer Covered Bonds means Covered Bonds in bearer form.

Bearer Definitive Covered Bonds has the meaning given to it in the Programme Conditions.

Bearer Global Covered Bonds means the Temporary Bearer Global Covered Bond and the Permanent Bearer Global Covered Bond, and **Bearer Global Covered Bond** means either one of them.

Binding Provision means any provision of the Code of Banking Practice 2004 any other code or agreement binding on the Seller or the Servicer and any laws applicable to banks or other lenders in the business of making retail home loans.

Bond Trust Deed means the trust deed entered into on or about the Programme Date between the Issuer, the Trust Manager, the Covered Bond Guarantor and the Bond Trustee, as amended and restated on 27 June 2012, as further amended and restated on 16 November 2012, as further amended and restated on 15 November 2013,

as further amended and restated on 14 November 2014, as further amended and restated on 4 December 2015 and as further amended and restated on 21 November 2017 and as otherwise amended, restated, supplemented, replaced or novated from time to time.

Bond Trustee means Deutsche Trustee Company Limited, in its capacity as bond trustee under the Bond Trust Deed together with any additional or replacement bond trustee appointed from time to time in accordance with the terms of the Bond Trust Deed.

Borrower in relation to a Mortgage Loan, means the person or persons to whom a loan or other financial accommodation has been provided under that Mortgage Loan and includes, where the context requires, the mortgagor under the corresponding Mortgage.

Break Costs in relation to a Determination Date means the total break costs, or amounts in respect of break costs, received by or on behalf of the Covered Bond Guarantor during the Collection Period ending on that Determination Date from a Borrower, the insurer under a Mortgage Insurance Policy or any other person in relation to a Mortgage Loan forming part of the Assets of the Trust (or was immediately prior to its being written off by the Servicer in accordance with the Servicing Guidelines or the date that it was assigned under a Mortgage Insurance Policy, an Asset of the Trust) arising from the early termination of that Mortgage Loan or the early termination of a fixed interest rate period under that Mortgage Loan.

Business Day has the meaning given to it in Condition 4.3 of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 3 of the relevant N Covered Bond Conditions (as applicable).

Calculation Agency Agreement means an agreement in substantially the form set out in schedule 1 to the Principal Agency Agreement between the Issuer, the Covered Bond Guarantor, the Bond Trustee and a Calculation Agent.

Calculation Agent means in relation to all or any Series of the Covered Bonds, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer and the Covered Bond Guarantor pursuant to the relevant Agency Agreement or such other person specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) or, if applicable, any successor or separately appointed calculation agent in relation to all or any Series of the Covered Bonds.

Calculation Management Services has the meaning given to it in the section *"Overview of the Principal Documents – Management Agreement"* in this Prospectus.

Capital Unit means a Unit in the Trust which is designated as a "Capital Unit" in the Unit Register.

Capital Unitholder means a person registered as the holder of a Capital Unit in the Trust in the Unit Register.

Cash Management Services has the meaning given to it in the section *"Overview of the Principal Documents – Management Agreement"* in this Prospectus.

CBA Trust means the trust constituted in favour of the Seller in accordance with the Mortgage Sale Agreement.

Certificate of Title in relation to a Mortgaged Property means the certificate of title or other documents evidencing title to that Mortgaged Property (including, if applicable, the documents forming any abstract of that title) or where the certificate of title or other documents have been cancelled due to the computerisation of the register, any original registration confirmation, notification or statement which the Seller has in its files.

Charge means the charge created pursuant to the Security Deed.

Charged Property means all the Assets of Trust acquired by, or accruing to, the Covered Bond Guarantor as trustee of the Trust after the date of first execution of the Security Deed.

Clearstream, Luxembourg has the meaning given to it in Condition 1 of the Programme Conditions.

Closing Date means the date specified by the Seller to the Covered Bond Guarantor and the Trust Manager in a Sale Notice (if any) to be the Closing Date (or such other date as the Trust Manager may notify the Covered Bond Guarantor and the Seller in accordance with that Sale Notice).

Code means the U.S. Internal Revenue Code of 1986 as amended.

Collateral Security means in respect of a Mortgage Loan:

(a) any:

(i) Security Interest; or

(ii) guarantee, indemnity or other assurance,

which secures or otherwise provides for the repayment or payment of that Mortgage Loan but does not include the Mortgage relating to that Mortgage Loan; or

(b) any Mortgage Insurance Policy or Insurance Policy in respect of the Mortgage relating to the Mortgage Loan or the Land secured by the Mortgage relating to that Mortgage Loan.

Collections means Finance Charge Collections and Principal Collections.

Collection Period means:

(a) with respect to the first Determination Date, the period commencing on (and including) the first Closing Date and ending on the last day of the calendar month in which the first Closing Date occurs; and

(b) with respect to each subsequent Determination Date, the calendar month immediately preceding that Determination Date.

Companies Act means the Companies Act 2006 (UK) (and any regulations made pursuant to that Act).

Competent Authorities means a court, tribunal, authority, ombudsman or other entity whose decisions, findings, orders, judgment or determinations (howsoever reached) are binding on the Seller or the Servicer and each, a **Competent Authority.**

Conditions means the Programme Conditions and the N Covered Bond Conditions, as applicable.

Consideration means the aggregate Current Principal Balance of the Mortgage Loans assigned to the Covered Bond Guarantor as at the relevant Cut-Off Date.

Consumer Credit Code means the Consumer Credit Code set out in the Appendix to the Consumer Credit (Queensland) Act 1994 as in force or applied as a law of any Australian jurisdiction.

Couponholders has the meaning given to it in the Programme Conditions.

Coupons has the meaning given to it in the Programme Conditions.

Cover Pool Monitor means PricewaterhouseCoopers or such replacement Cover Pool Monitor appointed from time to time in accordance with the terms of the Cover Pool Monitor Agreement.

Cover Pool Monitor Agreement means the Cover Pool Monitor Agreement entered into on or about the Programme Date, between the Cover Pool Monitor, the Covered Bond Guarantor, the Trust Manager, the Calculation Manager, the Seller, the Issuer, the Bond Trustee and the Security Trustee.

Cover Pool Monitor Report means the results of the agreed upon procedures conducted by the Cover Pool Monitor in accordance with the Cover Pool Monitor Agreement substantially in such form as may be agreed between the Issuer and the Cover Pool Monitor from time to time.

Covered Bond Guarantee means the unconditional and irrevocable guarantee by the Covered Bond Guarantor in the Bond Trust Deed for the payment of an amount equal to the Guaranteed Amounts in respect of the Covered Bonds when the same will become Due for Payment.

Covered Bond Guarantee Acceleration Notice has the meaning given to it in Condition 9.2 of the Programme Conditions.

Covered Bond Guarantor means Perpetual Corporate Trust Limited ABN 99 000 341 533, solely in its capacity as trustee of the Trust and any replacement trustee appointed from time to time in accordance with the terms of the Bond Trust Deed.

Covered Bond Guarantor Event of Default has the meaning given to it in Condition 9.2 of the Programme Conditions.

Covered Bond Guarantor Termination Event means each of the following events, upon the occurrence of which the Covered Bond Guarantor must retire as trustee of the Trust in accordance with the Establishment Deed:

(a) having been required to do so by the Trust Manager by notice in writing, the Covered Bond Guarantor fails or neglects within 20 Business Days (or such longer period as the Trust Manager may agree to) after receipt of such notice to carry out or satisfy any material duty or obligation imposed on the Covered Bond Guarantor by any Programme Document;

(b) an Insolvency Event occurs with respect to the Covered Bond Guarantor in its personal capacity;

(c) the Covered Bond Guarantor ceases to carry on business;

(d) the Covered Bond Guarantor merges or consolidates into another entity, unless approved by the Trust Manager, which approval will not be withheld if, in the Trust Manager's reasonable opinion, the commercial reputation and standing of the surviving entity will not be less than that of the Covered Bond Guarantor prior to such merger or consolidation, and unless the surviving entity assumes the obligations of the Covered Bond Guarantor under the Programme Documents;

(e) there is a change in the ownership of 50% or more of the issued equity share capital of the Covered Bond Guarantor from the position as at the date of this document, or effective control of the Covered Bond Guarantor alters from the position as at the Programme Date, unless in either case approved by the Trust Manager, which approval will not be withheld if, in the Trust Manager's reasonable opinion, the change in ownership or control of the Covered Bond Guarantor will not result in a lessening of the commercial reputation and standing of the Covered Bond Guarantor; or

(f)

(i) an Extraordinary Resolution requiring the removal of the Covered Bond Guarantor as trustee of the Trust is passed at a meeting of Covered Bondholders of all Series taken together as a single Series with the nominal amount of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Swap Rate; and

(ii) such retirement is approved in writing by each Secured Creditor (such approval not to be unreasonably withheld or delayed).

Covered Bond Swap means each currency swap and/or interest rate transaction entered into with respect to a Series or Tranche of Covered Bonds as evidenced by a confirmation that supplements, forms part of and is subject to, a Covered Bond Swap Master Agreement (and, for the avoidance of doubt, does not include the Interest Rate Swap).

Covered Bond Swap Agreement means a Covered Bond Swap Master Agreement together with one or more confirmations thereunder, each evidencing a Covered Bond Swap.

Covered Bond Swap Master Agreement means a Swap Master Agreement entered into between the Covered Bond Guarantor, the Trust Manager, the Security Trustee and a Covered Bond Swap Provider, governing one or more Covered Bond Swaps.

Covered Bond Swap Provider means, in relation to a Covered Bond Swap, the entity appointed as covered bond swap provider from time to time under the relevant Covered Bond Swap Agreement together with any transferee, successor thereto or replacement Covered Bond Swap Provider.

Covered Bondholders has the meaning given to it in the Programme Conditions and includes, for the avoidance of doubt, the N Covered Bondholders.

Covered Bonds means the covered bonds issued or to be issued pursuant to the Programme Agreement and the U.S. Distribution Agreement and which are or are to be constituted under the Bond Trust Deed (including any A$ Registered Covered Bonds and each N Covered Bond provided that the relevant N Covered Bondholder has entered into and delivered to the Issuer the related N Covered Bond Confirmation or agreed to be bound by the terms of the related N Covered Bond Confirmation by way of an N Covered Bond Assignment Agreement), which may be represented by a Global Covered Bond or any Definitive Covered Bond and includes any replacements of a Covered Bond issued pursuant to Condition 11 of the Programme Conditions or Condition 10 of the N Covered Bond Conditions (as applicable) and each, a **Covered Bond**.

CRA Regulation means Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 (as amended).

Current Principal Balance means in relation to any Mortgage Loan forming part of the Assets of the Trust as at any given date, the principal balance of that Mortgage Loan to which the Seller applies the relevant interest rate to and at which interest on that Mortgage Loan accrues interest, and is the aggregate (but avoiding double counting) of:

(a) the original principal amount advanced to the relevant Borrower and any further amount advanced on or before any given date to the relevant Borrower under that Mortgage Loan secured or intended to be secured by the Collateral Security;

(b) the amount of any Further Advances secured or purported to be secured by the Collateral Security; and

(c) any interest or expenses that have been capitalised,

less any repayment or payment of any of the foregoing made on or before the end of the Local Business Day immediately preceding that given date.

Cut-Off Date means the date specified by the Seller as such in a Sale Notice (or such other date as the Trust Manager may notify the Covered Bond Guarantor and the Seller in accordance with that Sale Notice)

Dealer and **Dealers** have the meanings given to them in the Programme Agreement and the U.S. Distribution Agreement.

Deed of Accession means any deed of accession entered into between the Covered Bond Guarantor, a New Secured Creditor, and Security Trustee (on behalf of all Secured Creditors) substantially in the form set out in schedule 1 to the Security Deed.

Defaulted Mortgage Loan means a Mortgage Loan in respect of which:

(a) the Borrower (as recognised by the Servicer's system) fails to pay on the due date any amount due pursuant to the corresponding Loan Agreement (including any amount not previously paid which remains outstanding) and the failure continues, without remedy, for a period of 90 days from the due date for the payment of such amount under the relevant Loan Agreement; or

(b) an event of default, howsoever described, (other than an event of default referred to in paragraph (a)) occurs under any relevant Mortgage Document where the event of default continues unremedied for 90 days (or such shorter period as the Servicer may determine is appropriate in relation to a specific event of default) unless the Servicer reasonably determines that such event of default is of a minor or technical nature.

Definitions Schedule has the meaning given to it in the Conditions.

Definitive Covered Bond means a Bearer Definitive Covered Bond and/or, as the context may require, a Regulation S Definitive Covered Bond.

Demand Loan means the aggregate principal amount of each Demand Loan Advance, as reduced by repayment under the Demand Loan Agreement.

Demand Loan Advances means advances made or to be made by the Demand Loan Provider to the Covered Bond Guarantor under the Demand Loan Facility, and each a **Demand Loan Advance**.

Demand Loan Agreement means the demand loan agreement entered into on or about the Programme Date between the Covered Bond Guarantor, the Trust Manager, the Demand Loan Provider, the Seller, the Issuer and the Security Trustee as amended and restated on 16 November 2012, and as otherwise amended, restated, supplemented, replaced or novated from time to time.

Demand Loan Drawdown Request means a request substantially in the form of schedule 1 to the Demand Loan Agreement.

Demand Loan Facility means an Australian Dollar revolving credit facility under which the Demand Loan Provider may make Demand Loan Advances to the Covered Bond Guarantor in accordance with the Demand Loan Agreement.

Demand Loan Provider means the Bank.

Demand Loan Repayment Date has the meaning given to it in the section "*Overview of the Principal Documents - Demand Loan Agreement - Repayment following a demand by the Demand Loan Provider"* in this Prospectus.

Determination Date means the first day of each calendar month following the first Closing Date or, if any such day is not a Local Business Day, the following Local Business Day.

Distribution Compliance Period means the period that ends 40 days after the later of the commencement of the offering and the Issue Date.

Distribution Date means:

(a) the 20th day of each calendar month (or if such a day is not a Local Business Day, the next Local Business Day), provided that, the first Distribution Date will be the 20th day of the calendar month in which the first Determination Date occurs (or if that day is not a Local Business Day, the next Local Business Day); and

(b) the Vesting Date.

Due for Payment means the requirement by the Covered Bond Guarantor to pay any Guaranteed Amount following the delivery of a Notice to Pay on the Covered Bond Guarantor:

(a) prior to the occurrence of a Covered Bond Guarantor Event of Default and the service of a Covered Bond Guarantee Acceleration Notice on the, Issuer and the Covered Bond Guarantor (copied to the Trust Manager):

(i) (except where (ii) below applies) the Original Due for Payment Date; and

(ii) in relation to any Guaranteed Amounts in respect of the Final Redemption Amount payable on the Final Maturity Date for a Series of Covered Bonds only, the Extended Due for Payment Date, but only (x) if in respect of the relevant Series of Covered Bonds the Covered Bond Guarantee is subject to an Extended Due for Payment Date pursuant to the terms of the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) and (y) to the extent that the Covered Bond Guarantor having received a Notice to Pay no later than the date falling one Business Day prior to the Extension Determination Date does not pay Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds by the Extension Determination Date, as the Covered Bond Guarantor has insufficient moneys available under the Guarantee Priority of Payments to pay such Guaranteed Amounts in full on the earlier of (A) the date which falls two Business Days after service of such Notice to Pay on the Covered Bond Guarantor or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9.2(a) of the Programme Conditions) under the terms of the Covered Bond Guarantee or (B) the Extension Determination Date,

or if, in either case, such day is not a Business Day, the next following Business Day. For the avoidance of doubt, Due for Payment does not refer to any earlier date upon which payment of any

Guaranteed Amounts may become due under the guaranteed obligations, by reason of prepayment, acceleration of maturity, mandatory or optional redemption or otherwise; or

(b) following the occurrence of a Covered Bond Guarantor Event of Default, the date on which a Covered Bond Guarantee Acceleration Notice is served on the Issuer and the Covered Bond Guarantor (copied to the Trust Manager).

Earliest Maturing Covered Bonds means at any time, the Series of the Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the GIC Account) that has or have the earliest Final Maturity Date as specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) (in each case, ignoring any acceleration of amounts due under the Covered Bonds prior to the occurrence of a Covered Bond Guarantor Event of Default).

Early Redemption Amount means, in relation to a Series of Covered Bonds, the early redemption amount determined in accordance with Condition 5.8 or 5.9 of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given in the relevant N Covered Bond Conditions (if applicable).

Eligible Mortgage Loan means, on any day, a Mortgage Loan which on that day satisfies the criteria set out in section "*"Overview of the Principal Documents – Mortgage Sale Agreement – Eligible Mortgage Loans"* in this Prospectus.

Establishment Deed means the deed entered into on or about the Programme Date, between the Covered Bond Guarantor, the Issuer, the Trust Manager, the Seller and the Servicer.

Euroclear has the meaning given to it in Condition 1 of the Programme Conditions.

Excess Proceeds means moneys received (following the occurrence of an Issuer Event of Default and delivery of an Issuer Acceleration Notice and a Notice to Pay) by the Bond Trustee from the Issuer or any administrator, receiver, manager, liquidator, controller, statutory manager or other similar official appointed in relation to the Issuer.

Exchange Act means the U.S. Securities Exchange Act of 1934, as amended.

Exchange Agent means Deutsche Bank AG, London Branch or any other person from time to time appointed to perform the role of exchange agent under the Principal Agency Agreement.

Exchange Date means on or after the date which is 40 days after a Temporary Bearer Global Covered Bond is issued.

Excluded Scheduled Interest Amounts and **Excluded Scheduled Principal Amounts** have the meanings given to them in the definitions of "Scheduled Interest" and "Scheduled Principal" respectively.

Excluded Swap Termination Amount means in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable (a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider or (b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider.

Exempt Covered Bonds means Covered Bonds for which no prospectus is required to be published under the Prospectus Directive.

Extended Due for Payment Date has the meaning given to it in Condition 5.1 of the Programme Conditions and/or, in the case of an N Covered Bond and if applicable, as set out in the relevant N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms).

Extension Determination Date has the meaning given to it in Condition 5.1 of the Programme Conditions and/or, in the case of an N Covered Bond and if applicable, as set out in the relevant N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms).

Extraordinary Resolution means a resolution of the Covered Bondholders passed as such under the terms of the Bond Trust Deed.

FATCA means sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

Final Maturity Date means, in relation to a Series of Covered Bonds, the Interest Payment Date specified as such in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) on which such Series of Covered Bonds is required to be redeemed in accordance with Condition 5 of the Programme Conditions and/or, in the case of an N Covered Bond, the N Covered Bond Conditions.

Final Redemption Amount means, in relation to a Series of Covered Bonds, the meaning given in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) and/or, in the case of an N Covered Bond, Condition 4.1 of the N Covered Bond Conditions.

Final Terms means the Final Terms prepared in relation to each Series or Tranche of Covered Bonds (other than Exempt Covered Bonds) issued under the Programme (substantially in the form set out in the Prospectus) and giving details of that Series or Tranche and, in relation to any particular Series or Tranche of Covered Bonds (other than Exempt Covered Bonds) and which, as appropriate, will constitute final terms for the purposes of Article 5.4 of the Prospectus Directive.

Finance Charge Collections in relation to a Collection Period means the aggregate of the following amounts (without double counting) received by or on behalf of the Covered Bond Guarantor during that Collection Period in respect of the Mortgage Loans then forming part of the Assets of the Trust:

(a) all amounts received under or in respect of the Mortgage Loans (including Liquidation Proceeds) in respect of interest, fees, Government Charges or other amounts due under the Mortgage Loans (less reversals made during the period in respect of interest or other charges in relation to any of the accounts where the original debit entry (or part thereof) was in error) but excluding principal and any insurance premiums and related charges payable to the Seller; and

(b) all amounts of interest received under or in respect of the Mortgage Loans and the Mortgage Loan Rights to the extent that the obligations to pay such amounts are discharged by the exercise during that Collection Period of a right of set-off or right to combine accounts,

but does not include:

(i) any amounts recovered under a Mortgage Insurance Policy in respect of the Mortgage Loans then forming part of the Assets of the Trust; or

(ii) any other amounts referred to in paragraphs (c) to (h) of the definition of Available Income Amount.

Financial Reports has the same meaning given to the term "financial statements" in section 9 of the Australian Corporations Act.

Financial Year means a period of 12 months ending on and including the next following Annual Accounting Date, except for the first Financial Year which is the period beginning on the Programme Date and ending on 30 June 2012.

First Determination Date has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed - Asset Coverage Test*" in this Prospectus.

First Layer of Collateral Securities in relation to a Mortgage Loan means:

(a) the Collateral Securities (other than any Mortgage Insurance Policy relating to that Mortgage Loan or any related Insurance Policies) from time to time appearing in the records of the Seller in relation to that Mortgage Loan to be intended as security for that Mortgage Loan;

(b) any Mortgage Insurance Policy relating to that Mortgage Loan; and

(c) any related Insurance Policies,

notwithstanding that by their terms the Collateral Securities (other than the Mortgage Insurance Policies or any Insurance Policies) may also secure other liabilities to the Seller.

Fitch means Fitch Australia Pty Ltd ABN 93 081 339 184 and includes any successor to its ratings business.

Fitch Specified Rating means a credit rating of short-term unsecured, unsubordinated and unguaranteed debt obligations of at least F1+ by Fitch.

Floating Rate has the meaning given to it in Condition 4.2(d) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable).

Floating Rate Payer Spread in relation to a Series or Tranche of Covered Bonds, has the meaning given to it in the applicable Covered Bond Swap Agreement entered into in respect of that Series or Tranche of Covered Bonds.

Forward Starting Covered Bond Swap has the meaning given to it in the section "*Overview of the Principal Documents – Swap Agreements - Covered Bond Swap Agreements*" in this Prospectus.

fraud of the Covered Bond Guarantor or the Security Trustee means the fraud of the Covered Bond Guarantor or the Security Trustee, as the case may be, and of its officers, employees, agents and any other person where the Covered Bond Guarantor or the Security Trustee is liable for the acts or omissions of such other person under the terms of the relevant Programme Document.

FSMA means the United Kingdom Financial Services and Markets Act 2000, as amended.

Further Advances means in relation to a Mortgage Loan forming part of the Assets of the Trust any advances of further money by the Seller to the relevant Borrower which is recorded as a debit to the account in respect of that Mortgage Loan in the Seller's records in accordance with the Mortgage Sale Agreement, and each a **Further Advance**.

GDP means gross domestic product.

GIC Account means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement, the GIC Account Mandate and/or such additional or replacement account as may from time to time be in place pursuant to the terms of the Account Bank Agreement.

GIC Account Mandate means the resolutions, instructions and signature authorities relating to the GIC Account substantially in the form set out in schedule 1 to the Account Bank Agreement.

Global Covered Bond has the meaning given to it in the relevant Conditions.

Government Charge means any amount debited to the accounts established in the Servicer's records for the Mortgage Loans representing bank accounts debits tax or similar tax or duty imposed by any Governmental Agency.

Governmental Agency means the Federal Government of the Commonwealth of Australia, the Government of any State or Territory of the Commonwealth of Australia, the Government of any other country or political subdivision thereof and any minister, department, office, commission, instrumentality, agency, board, authority or organ of any of the foregoing or any delegate or person deriving authority from any of the foregoing.

Group means the Bank and its subsidiaries.

GST means the goods and services tax imposed pursuant to the GST Law.

GST Act means A New Tax System (Goods and Services Tax) Act 1999.

GST Law has the meaning given in the GST Act.

Guarantee Priority of Payments has the meaning given to it in Condition 5.1 of the Programme Conditions.

Guaranteed Amounts means:

(a) prior to the service of a Covered Bond Guarantee Acceleration Notice, with respect to any Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, the sum of Scheduled Interest and Scheduled Principal, in each case, payable on that Original Due for Payment Date or, if applicable, any Extended Due for Payment Date; or

(b) after service of a Covered Bond Guarantee Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the Programme Conditions and/or, in the case of an N Covered Bond, the relevant N Covered Bond Conditions (if applicable) or, if applicable, the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) plus all accrued and unpaid interest and any other amounts due and payable in respect of the Covered Bonds, including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the Covered Bond Guarantor under the Bond Trust Deed.

Hard Bullet Covered Bonds means a Series of Covered Bonds which is scheduled to be redeemed in full on the Final Maturity Date for such Covered Bonds and without any provision for scheduled redemption other than on the Final Maturity Date.

Higher Redemption Amount means the amount (if any) specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).

IGA means an intergovernmental agreement between the United States and another jurisdiction to improve tax compliance and to implement FATCA.

In Specie Failure means a failure (as determined by the Demand Loan Provider) for any reason whatsoever by the Covered Bond Guarantor (acting on the directions of the Trust Manager) or the Security Trustee to distribute Mortgage Loan Rights to the Demand Loan Provider as an in specie distribution in satisfaction of the principal amount then due in respect of the Demand Loan.

In Specie Mortgage Loan Rights means any Mortgage Loan Rights identified by the Trust Manager for the purposes of an in specie distribution to the Demand Loan Provider in accordance with the applicable Priority of Payments.

Income Ledger means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record credits of certain items described in the definition of Available Income Amount and debits in accordance with the terms of the Establishment Deed.

Income Unit means the Unit in the Trust which is designated as the "Income Unit" in the Unit Register.

Income Unitholder means the person registered as the holder of the Income Unit in the Trust in the Unit Register.

Indexed Valuation means on any day in relation to any Land:

(a) where the Latest Valuation of that Land is equal to or greater than the Australian Bureau of Statistics Indexed Valuation as at that date, the Australian Bureau of Statistics Indexed Valuation; or

(b) where the Latest Valuation of that Land is less than the Australian Bureau of Statistics Indexed Valuation as at that date, the Latest Valuation plus 85 per cent. of the difference between the Latest Valuation and the Australian Bureau of Statistics Indexed Valuation.

Insolvency Event in relation to a person (for the purposes of this definition the **Relevant Entity**), means any of the following events:

(a) an order is made that the Relevant Entity be wound up;

(b) a liquidator, provisional liquidator, controller (as defined in the Australian Corporations Act) or administrator is appointed in respect of the Relevant Entity or a substantial portion of its assets whether or not under an order;

(c) except to reconstruct or amalgamate on terms reasonably approved by the Covered Bond Guarantor (or in the case of a reconstruction or amalgamation of the Covered Bond Guarantor, on terms reasonably

approved by the Trust Manager), the Relevant Entity 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;

(d) the Relevant Entity 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, except on terms reasonably approved by the Manager) or is otherwise wound up or dissolved;

(e) the Relevant Entity is or states that it is insolvent;

(f) as a result of the operation of section 459F(1) of the Australian Corporations Act, the Relevant Entity is taken to have failed to comply with a statutory demand;

(g) the Relevant Entity takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation;

(h) 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

(i) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

Insurance Policies means any insurance policy (whether present or future) under which improvements on the Land the subject of a Mortgage or a Collateral Security are insured against destruction or damage by events which include fire.

Insurance Proceeds means the proceeds paid by an insurer pursuant to any Insurance Policy.

Intercompany Loan Agreement means the intercompany loan agreement dated on or about the Programme Date, between the Intercompany Loan Provider, the Covered Bond Guarantor, the Trust Manager, the Seller, the Issuer and the Security Trustee.

Intercompany Loan Drawdown Date means, in relation to a Term Advance, the date specified in the Intercompany Loan Drawdown Request for the making of the Term Advance, which must be a Local Business Day.

Intercompany Loan Drawdown Request means a request substantially in the form of schedule 2 to the Intercompany Loan Agreement.

Intercompany Loan Interest Payment Date means, in relation to a Term Advance, the date specified in the Term Advance Notice.

Intercompany Loan Provider means the Bank.

Interest Amount has the meaning given to it in Condition 4.2(h) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable).

Interest Commencement Date in relation to a Series of Covered Bonds has the meaning given to it in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).

Interest Determination Date has the meaning given to it in Condition 4.2(g) of the Programme Conditions.

Interest Off-Set Account means any interest off-set account or deposit account maintained by a Borrower with the Bank under which interest that would otherwise be earned in respect of the account is off-set (to the extent thereof) against interest that would otherwise be payable on a Mortgage Loan provided by the Bank to the Borrower.

Interest Payment Date has the meaning given to it in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).

Interest Period has the meaning given to it in Condition 4.1(a) of the Programme Conditions and and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions.

Interest Rate Shortfall has the meaning given to it in the section *"Overview of the Principal Documents – Servicing Deed –Interest Rate Shortfall Test"* in this Prospectus.

Interest Rate Shortfall Test has the meaning given to it in the section *"Overview of the Principal Documents – Servicing Deed –Interest Rate Shortfall Test"* in this Prospectus.

Interest Rate Swap means the interest rate swap transaction entered into on or about the Programme Date as evidenced by a confirmation that supplements, forms part of an is subject to, the Interest Rate Swap Master Agreement (and which, for the avoidance of doubt, is not a Covered Bond Swap).

Interest Rate Swap Agreement means the Interest Rate Swap Master Agreement together with the confirmations thereunder evidencing the Interest Rate Swap.

Interest Rate Swap Master Agreement means a Swap Master Agreement entered into on or about the Programme Date between the Covered Bond Guarantor, the Trust Manager, the Security Trustee and the Interest Rate Swap Provider, governing the Interest Rate Swaps.

Interest Rate Swap Provider means the Bank in its capacity as interest rate swap provider under the Interest Rate Swap together with any transferee, successor thereto or replacement Interest Rate Swap Provider.

ISDA means the International Swaps and Derivatives Association, Inc.

ISDA Definitions means the 2006 ISDA Definitions as published by ISDA and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds.

ISDA Master Agreement means the 2002 ISDA master agreement, as published by ISDA.

Issue Date means, in relation to any Series or Tranche, the date on which such Series or Tranche has been issued or, if not yet issued, the date agreed between the Issuer and the Relevant Dealer or the Lead Manager, as the case may be, for the issue of such Series or Tranche.

Issue Price means, in relation to a Series or Tranche (as applicable) of Covered Bonds, the price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which the Covered Bonds will be issued and which is specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).

Issuer means the Bank.

Issuer Acceleration Notice has the meaning given to it in Condition 9.1 of the Programme Conditions.

Issuer Event of Default has the meaning given to it in Condition 9.1 of the Programme Conditions.

Land means:

(a) land (including tenements and hereditaments corporeal and incorporeal and every estate and interest in it whether vested or contingent, freehold or Crown leasehold, the term of which lease is expressed to expire not earlier than five years after the maturity of the relevant Mortgage, and whether at law or in equity) wherever situated and including any fixtures to land; and

(b) any parcel and any lot, common property and land comprising a parcel within the meaning of the Strata Schemes (Freehold Development) Act 1973 (NSW) or the Community Land Development Act 1989 (NSW) or any equivalent legislation in any other Australian jurisdiction.

Latest Valuation means, in relation to Land, the value given to the Land by the most recent valuation report obtained in accordance with the Servicing Guidelines and held on the applicable Loan Files or the purchase price of the Land (if there is no valuation report).

Lead Manager means, in relation to any Series or Tranche of Covered Bonds, the person named as the Lead Manager in the applicable Subscription Agreement.

Ledger means each of the following:

(a) the Principal Ledger;

(b) the Income Ledger;

(c) the Pre-Maturity Ledger; and

(d) the Reserve Ledger,

and references to **Ledgers** will be any two or more of such ledgers.

Legislated Asset Amount has the meaning given to it in the section "Overview of the Principal Documents – Establishment Deed – Legislated Collateralisation Test" in this Prospectus.

Legislated Collateralisation Test has the meaning given to it in the section "Overview of the Principal Documents – Establishment Deed – Legislated Collateralisation Test" in this Prospectus.

Legislated Mortgage Loan Balance Amount has the meaning given to it in the section "Overview of the Principal Documents – Establishment Deed – Legislated Collateralisation Test" in this Prospectus.

Liabilities means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including properly incurred legal fees and penalties incurred by that person, and **Liability** will be construed accordingly.

Liquidation Proceeds in relation to a Mortgage Loan means the amount received by or on behalf of the Covered Bond Guarantor in connection with the liquidation of such Mortgage Loan including:

(a) proceeds arising from the enforcement of the relevant Mortgage and sale of the relevant mortgaged property;

(b) proceeds arising from the enforcement of the relevant Mortgage Documents;

(c) Insurance Proceeds under any relevant Insurance Policy; and

(d) proceeds arising from any resumption or compulsory acquisition of the relevant Mortgaged Property by any Governmental Agency,

but does not include:

(e) any amount required pursuant to the terms of any relevant Mortgage Document or any law to be paid to the Borrower, including any person having an interest in the mortgaged property as a mortgagee;

(f) if the Interest Rate Swap is in effect in accordance with its terms, any Break Costs; and

(g) any amounts recovered under a Mortgage Insurance Policy in respect of the Mortgage Loans then forming part of the Assets of the Trust.

Loan Agreement means, with respect to a Mortgage Loan, any agreement, schedule, terms and condition, letter, application, approval or other document (other than the relevant Mortgage) relating to the provision of financial accommodation by the Seller to the Borrower in connection with that Mortgage Loan.

Loan Files in relation to a Mortgage Loan, means the Mortgage Documents relating to the Mortgage Loan and all other books, records, paper and electronic files (whether originals or copies) relating to the Mortgage Loan.

Local Business Day means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney.

Long Maturity Covered Bond has the meaning given to it in Condition 6.6(b) of the Programme Conditions.

LVR Adjusted Mortgage Loan Balance Amount has the meaning given to it in the section *"Overview of the Principal Documents – Establishment Deed – Asset Coverage Test"* in this Prospectus.

Majority Secured Creditors means Secured Creditors whose Secured Obligations amount in aggregate to more than 66 % of the total Secured Obligations.

Management Agreement means the management agreement entered into on or about the Programme Date, between the Seller, the Servicer, the Account Bank, the Covered Bond Guarantor, the Trust Manager, the Issuer and the Security Trustee.

Margin has the meaning given to it in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).

Minimum Redemption Amount means in respect of a Series or Tranche of Covered Bonds, the amount (if any) specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).

Moody's means Moody's Investors Service Pty Limited ABN 61 003 399 657 and includes any successor to its rating business.

Moody's Specified Rating means a credit rating of short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least P-1 by Moody's.

Mortgage in relation to a Mortgage Loan means each registered mortgage over Land situated in any State or Territory of Australia and appearing on the Seller's records as securing, amongst other things, the repayment of that Mortgage Loan and the payment of interest and all other moneys in respect of that Mortgage Loan notwithstanding that by its terms the mortgage may secure other liabilities to the Seller. If, at any time after the date of the corresponding Sale Notice a mortgage is substituted or added as security for an existing Mortgage then, with effect from the date of such addition or substitution the definition of Mortgage will mean the substituted mortgage or include the additional mortgage, as the case may be.

Mortgage Documents in relation to a Mortgage Loan means:

(a) the Loan Agreement (other than the Mortgage) relating to that Mortgage Loan;

(b) the original or duplicate Mortgage documents in relation to that Mortgage Loan (including any document evidencing any substituted or additional Mortgage);

(c) the Certificate of Title or other indicia of title (if any) in respect of the Land the subject of the Mortgage in relation to that Mortgage Loan;

(d) the original or duplicate of the First Layer of Collateral Securities documents (other than the Insurance Policies) in relation to that Mortgage Loan;

(e) any Insurance Policy (or certificate of currency for the Insurance Policy) held by the Seller in respect of the Mortgage or the First Layer of Collateral Securities in relation to that Mortgage Loan;

(f) any Priority Agreement or its equivalent in writing entered into in connection with the Mortgage or the First Layer of Collateral Securities in relation to that Mortgage Loan;

(g) all other documents required to evidence the Seller's or the Covered Bond Guarantor's interest in the above Land, the above Mortgage and the above First Layer of Collateral Securities; and

(h) any amendment or replacement of or to any of the foregoing such documents which is entered into, and under which rights arise, whether before or after the Cut-Off Date.

Mortgage Insurance Policy means any mortgage insurance policy in force in respect of a Mortgage Loan, an Other Loan, a Mortgage or a Collateral Security which forms part of the Assets of the Trust.

Mortgage Loan each mortgage loan assigned or to be assigned (as the case may be) to the Covered Bond Guarantor and referred to in a Sale Notice (if issued), and in relation to the Seller, means a Mortgage Loan assigned to the Covered Bond Guarantor by the Seller.

Mortgage Loan Rights means each of the following items (together with all rights, title and interest in each of those items) assigned, or which may be assigned, as the case may be, in accordance with the Mortgage Sale Agreement to the Covered Bond Guarantor as trustee of the Trust or the CBA Trust:

(a) each Mortgage Loan identified in the schedule accompanying the Sale Notice;

(b) all Other Loans in existence from time to time in relation to the above Mortgage Loans;

(c) all Mortgages in existence from time to time in relation to the above Mortgage Loans;

(d) all Collateral Securities in existence from time to time in relation to the above Mortgage Loans;

(e) all Mortgage Insurance Policies in existence from time to time in relation to the above Mortgage Loans;

(f) all Mortgage Receivables in existence from time to time in relation to the above Mortgage Loans; and

(g) all Mortgage Documents in existence from time to time in relation to the above Mortgage Loans.

Mortgage Loan Scheduled Payment means in respect of a Mortgage Loan, the amount which the applicable Mortgage Documents require a Borrower to pay on a Mortgage Loan Scheduled Payment Date in respect of such Mortgage Loan.

Mortgage Loan Scheduled Payment Date means, in relation to any Mortgage Loan, the day on which a Borrower is required to make a payment of interest and, if applicable, principal in accordance with the Mortgage Documents applicable to such Mortgage Loan.

Mortgage Loan System means the electronic and manual reporting database and record keeping system used by the Servicer to monitor Mortgage Loans, as updated and amended or replaced from time to time.

Mortgage Receivables in relation to a Mortgage Loan means all moneys, present and future, actual or contingent, owing at any time in respect of or in connection with that Mortgage Loan under the corresponding Mortgage Documents, including all principal, interest, reimbursable costs and expenses and any other amounts incurred by or payable to the Seller (including any payments made by the Seller on behalf of the Borrower in relation to that Mortgage Loan) irrespective of whether:

(a) such amounts become due and payable before or after the Cut-Off Date; and

(b) such amounts relate to advances made or other financial accommodation provided by the Seller to the Borrower before or after the Cut-Off Date.

Mortgage Sale Agreement means the mortgage sale agreement entered into on or about the Programme Date, between the Issuer, the Seller, the Servicer, the Bank (as beneficiary of the CBA Trust), the Covered Bond Guarantor (in its capacity as trustee of the Trust and as trustee of the CBA Trust), the Trust Manager and the Security Trustee.

Mortgage Transfer in relation to a Mortgage means a duly executed land titles office transfer which, upon registration, is effective to transfer the legal title to the Mortgage to the Covered Bond Guarantor.

N Covered Bond means a Registered Covered Bond in definitive form made out in the name of a specified N Covered Bondholder issued or to be issued by the Issuer in accordance with the Principal Agency Agreement and in accordance with, and constituted by, the Bond Trust Deed, in the form of a German "Namensschuldverschreibung" substantially in the form set out in schedule 9 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee, the N Covered Bond Paying Agent, the N Covered Bond Registrar and the relevant N Covered Bondholder and having the N Covered Bond Conditions applicable to it annexed thereto and incorporating and subject to the provisions of the related N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation

Terms) relating thereto. References in this Prospectus to the Programme Conditions or a particularly numbered Programme Condition shall be construed, where relevant (and unless specified otherwise), to include the equivalent Condition in the N Covered Bond Conditions as supplemented by the relevant N Covered Bond Confirmation and N Covered Bond Confirmation Terms.

N Covered Bond Assignment Agreement means the assignment agreement attached to each N Covered Bond substantially in the form set out in schedule 9 to the Bond Trust Deed.

N Covered Bond Conditions means the terms and conditions of each N Covered Bond annexed thereto as set out in schedule 9 to the Bond Trust Deed as modified and/or supplemented by the provisions of the relevant N Covered Bond Confirmation Terms.

N Covered Bond Confirmation means a confirmation incorporating the N Covered Bond Confirmation Terms and signed by the N Covered Bondholder, the Covered Bond Guarantor, the Issuer and the Bond Trustee substantially in the form set out in schedule 9 to the Bond Trust Deed.

N Covered Bond Confirmation Terms means the standard set of terms incorporated by the N Covered Bond Confirmation substantially in the form set out in schedule 9 to the Bond Trust Deed as may be amended from time to time in accordance with the Bond Trust Deed.

N Covered Bondholder means the registered holder of an N Covered Bond.

N Covered Bond Paying Agent means Citibank, N.A., London Branch or any other person from time to time appointed to perform the role of the paying agent in relation to the N Covered Bonds under the Principal Agency Agreement, including any successor or additional paying agent, or, if so specified in the applicable N Covered Bond Conditions of a Series of N Covered Bonds, any other person appointed by the Issuer under a supplemental agency agreement to perform the duties of the paying agent in relation to such Series of N Covered Bonds.

N Covered Bond Registrar means Citibank, N.A., London Branch or any other person from time to time appointed to perform the role of the registrar in relation to the N Covered Bonds under the Principal Agency Agreement, including any successor registrar, or, if so specified in the applicable N Covered Bond Conditions of a Series of N Covered Bonds, any other person appointed by the Issuer under a supplemental agency agreement to perform the duties of the registrar in relation to such Series of N Covered Bonds.

N Covered Bond Register means the register of holders of the N Covered Bonds maintained by the N Covered Bond Registrar.

National Consumer Credit Protection Laws means each of

(a) the NCCP;

(b) the National Consumer Credit Protection (Fees) Act 2009 (Cth);

(c) the Transitional Act;

(d) any acts or other legislation enacted in connection with any of the acts set out in paragraphs (a) to (c) above, the NCCP Regulations and any other regulations made under any of the acts set out in paragraphs (a) to (c) above; and

(e) Division 2 of Part 2 of the Australian Securities and Investments Commission Act 2001, so far as it relates to the obligations in respect of an Australian Credit Licence issued under the NCCP or registration as a Registered Person under the Transitional Act.

NCCP means National Consumer Credit Protection Act 2009 (Cth) including the National Credit Code annexed to that Act.

NCCP Regulations means the National Consumer Credit Protection Regulations 2010 (Cth).

Negative Carry Factor has the meaning given to it in the section *"Overview of the Principal Documents – Establishment Deed – Asset Coverage Test"* in this Prospectus.

negligence of the Covered Bond Guarantor or the Security Trustee means the negligence of the Covered Bond Guarantor or the Security Trustee, as the case may be, and of its officers, employees, agents and any other person where the Covered Bond Guarantor or the Security Trustee, as the case may be, is liable for the acts or omissions of such other person under the terms of the relevant Programme Document.

Net Trust Income in relation to the Trust for a Financial Year means the amount calculated in accordance with the Establishment Deed for the Trust for the Financial Year.

New Secured Creditor means any person which becomes a Secured Creditor after the Programme Date pursuant to and in accordance with the Security Deed.

Non-Forward Starting Covered Bond Swap has the meaning given to it in the section "*Overview of the Principal Documents – Swap Agreements - Covered Bond Swap Agreements*" in this Prospectus.

Notice to Pay means the notice to pay served by the Bond Trustee on the Covered Bond Guarantor (and copied to the Trust Manager and the Security Trustee) pursuant to the Covered Bond Guarantee and in accordance with the Bond Trust Deed which requires the Covered Bond Guarantor to make payments of Guaranteed Amounts when they become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

OC Account means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement, the OC Account Mandate and/or such additional or replacement account as may from time to time be in place pursuant to the terms of the Account Bank Agreement.

OC Account Mandate means the resolutions, instructions and signature authorities relating to the OC Account substantially in the form set out in schedule 3 to the Account Bank Agreement.

Original Due for Payment Date means the date on which the Scheduled Payment Date in respect of such Guaranteed Amount occurs or, if later, the day which is two Business Days following the date of service of a Notice to Pay on the Covered Bond Guarantor in respect of such Guaranteed Amount or if the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) specified that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, the Interest Payment Dates that would have applied if the Final Maturity Date of such Series of Covered Bonds had been the Extended Due for Payment Date.

Other Loan in relation to a Mortgage Loan means any loans, credit and financial accommodation of whatever nature (other than that Mortgage Loan) the payment or repayment of which is secured by a Mortgage, or by a Collateral Security, which also secures that Mortgage Loan.

Outstanding or **outstanding** means, in relation to the Covered Bonds of all or any Series, all the Covered Bonds of such Series issued other than:

(a) those Covered Bonds which have been redeemed in full and cancelled pursuant to the Bond Trust Deed and/or Condition 5 of the Programme Conditions and/or, in the case of an N Covered Bond, Condition 4 of the N Covered Bond Conditions;

(b) those Covered Bonds in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with Condition 5 of the Programme Conditions and/or, in the case of an N Covered Bond, the N Covered Bond Conditions (if applicable) has occurred and the redemption monies (including all interest payable thereon) have been duly paid to the Bond Trustee or (other than in the case of any A$ Registered Covered Bonds) to the Principal Paying Agent in the manner provided in the Principal Agency Agreement (and where appropriate notice to that effect has been given to the relative Covered Bondholders in accordance with Condition 12 of the Programme Conditions and/or, in the case of an N Covered Bond, Condition 9 of the N Covered Bond Conditions and remain available for payment against presentation of the relevant Covered Bonds and/or Coupons;

(c) those Covered Bonds which have been purchased and cancelled in accordance with Condition 5.10 of the Programme Conditions and, in the case of an N Covered Bond, any equivalent provision in the N Covered Bond Conditions;

(d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case under Condition 8 of the Programme Conditions and/or, in the case of an N Covered Bond, Condition 7 of the N Covered Bond Conditions;

(e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 11 of the Programme Conditions and/or, in the case of an N Covered Bond, Condition 10 of the N Covered Bond Conditions;

(f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Covered Bonds outstanding and without prejudice to the status for any other purpose of the relevant Covered Bonds) those Covered Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 11 of the Programme Conditions and/or, in the case of an N Covered Bond, Condition 10 of the N Covered Bond Conditions;

(g) any Global Covered Bond to the extent that it will have been exchanged for definitive Covered Bonds or another Global Covered Bond pursuant to its provisions, the provisions of the Bond Trust Deed and the Principal Agency Agreement; and

provided that for each of the following purposes, namely:

(h) the right to attend and vote at any meeting of the holders of the Covered Bonds of any Series, to give instruction or direction to the Bond Trustee and for the purposes of a resolution in writing as envisaged by paragraph 20 of schedule 6 to the Bond Trust Deed;

(i) the determination of how many and which Covered Bonds of any Series are for the time being outstanding for the purposes of the provisions in the Bond Trust Deed relating to the taking of any action following an Issuer Event of Default or service of a Covered Bond Guarantee Acceleration Notice or directing the Security Trustee to take any action under the Security Deed, Conditions 9 and 10 of the Programme Conditions and paragraphs 2, 5, 6, and 9 of schedule 6 to the Bond Trust Deed;

(j) any discretion, power or authority (whether contained in the Bond Trust Deed or vested by operation of law) which the Bond Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the holders of the Covered Bonds of any Series; and

(k) the determination by the Bond Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the holders of the Covered Bonds of any Series,

(A) those Covered Bonds of the relevant Series (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer or the Covered Bond Guarantor, any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company, in each case as beneficial owner; and (B) those N Covered Bonds held by an N Covered Bondholder who has not entered into and delivered to the Issuer the related N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms) or agreed to be bound by the related N Covered Bond Confirmation by way of an N Covered Bond Assignment Agreement, will (unless and until ceasing to be so held) be deemed not to remain outstanding except in the case of the Issuer or the Covered Bond Guarantor, any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company (each a **Relevant Person**) holding, by itself or together with any other Relevant Person, all of the Covered Bonds then outstanding or, in respect of a Series of Covered Bonds holds all Covered Bond of such Series.

Partial Portfolio has the meaning given to it in the section "Overview of the Principal Documents – Establishment Deed – Method of Sale of Selected Mortgage Loan Rights" in this Prospectus.

Paying Agents means the Principal Paying Agent, the U.S. Paying Agent, the N Covered Bond Paying Agent (as the case may be) and any other paying agent appointed pursuant to the Principal Agency Agreement, including any additional or successor paying agents.

Perfection of Title means, in relation to a Mortgage or Mortgage Loan forming part of the Assets of the Trust, the date following the occurrence of a Perfection of Title Event on which the legal title to that Mortgage or Mortgage Loan, as the case may be, has been perfected in the name of the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement.

Perfection of Title Event has the meaning given to it in the section "Overview of the Principal Documents – Mortgage Sale Agreement - Transfer of Title to the Mortgage Loan Rights to the Covered Bond Guarantor" in this Prospectus.

Permanent Bearer Global Covered Bond means a global bearer covered bond substantially in the form set out in part 2 of schedule 4 to the Bond Trust Deed together with the copy of the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) annexed to the global bearer covered bond and with such modifications (if any) agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), comprising some or all of the Covered Bonds of the same Series, issued by the Issuer and the relevant Dealer(s) relating to the Programme, the Principal Agency Agreement and the Bond Trust Deed in exchange for the whole or part of any Temporary Bearer Global Covered Bond issued in respect of such Covered Bonds.

Post-Enforcement Priority of Payments has the meaning given to it in the section "Cashflows - Post-Enforcement Priority of Payments" in this Prospectus.

Potential Covered Bond Guarantor Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Covered Bond Guarantor Event of Default.

Potential Issuer Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default.

PPSA means the Personal Property Securities Act 2009 (Cth).

PPSA Start Date means, as at the date of this Prospectus, 30 January 2012.

Pre-Acceleration Income Priority of Payments has the meaning given to it in the section "Cashflows - Pre-Acceleration Income Priority of Payments" in this Prospectus.

Pre-Acceleration Principal Priority of Payments has the meaning given to it in the section "Cashflows - Pre-Acceleration Principal Priority of Payments" in this Prospectus.

Pre-Acceleration Priority of Payments means the Pre-Acceleration Principal Priority of Payments and/or the Pre-Acceleration Income Priority of Payments, as the context requires.

Pre-Maturity Demand Loan Advance means a Demand Loan Advance requested by the Trust Manager in accordance with the Demand Loan Agreement to rectify a breach of the Pre-Maturity Test in accordance with the Establishment Deed.

Pre-Maturity Ledger means the ledger maintained by the Trust Manager pursuant to the Management Agreement to record the credits and debits of moneys available to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof if the Pre-Maturity Test in respect of such Series of Hard Bullet Covered Bonds has been breached.

Pre-Maturity Test has the meaning given to it in the section "Credit Structure –Pre-Maturity Test" in this Prospectus.

Pre-Maturity Test Date means each Local Business Day during the Pre-Maturity Test Period prior to the occurrence of an Issuer Event of Default and/or the occurrence of a Covered Bond Guarantor Event of Default.

Pre-Maturity Test Period means, in relation to a Series of Hard Bullet Covered Bonds, the period commencing on the day 12 months prior to the Final Maturity Date of the Series and ending on the Final Maturity Date of the Series.

Pricing Supplement means (i) the Pricing Supplement prepared in relation to each Series or Tranche of Exempt Covered Bonds issued under the Programme (substantially in the form set out in this Prospectus) and giving details of that Series or Tranche and (ii) with respect to any N Covered Bond, means (taken together) the N

Covered Bond Conditions applicable to the N Covered Bond and the related N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms). Accordingly, in the case of N Covered Bonds, each reference in this Prospectus to information being set out, specified, stated, shown, indicated or otherwise provided for in the applicable Pricing Supplement shall be read and construed as a reference to such information being set out, specified, stated, shown, indicated or otherwise provided in the N Covered Bond, the N Covered Bond Conditions attached thereto and the relevant N Covered Bond Confirmation together with the N Covered Bond Confirmation Terms and, as applicable, each other reference to Pricing Supplement in this Prospectus shall be construed and read as a reference to such N Covered Bond, the N Covered Bond Conditions attached thereto and the relevant N Covered Bond Confirmation together with the N Covered Bond Confirmation Terms.

Principal Agency Agreement means the agency agreement dated on or about the Programme Date (such agency agreement as amended and restated on 27 June 2012, as further amended and restated on 16 November 2012, as further amended and restated on 15 November 2013 and as otherwise amended and/or supplemented and/or restated from time to time) and made between the Issuer, the Trust Manager, the Covered Bond Guarantor, the Bond Trustee, the Principal Paying Agent, the U.S. Paying Agent, the N Covered Bond Paying Agent, the Transfer Agent, the U.S. Transfer Agent, the Exchange Agent, the Registrar, the U.S. Registrar and the N Covered Bond Registrar.

Principal Amount Outstanding in respect of a Covered Bond means the outstanding principal amount of that Covered Bond.

Principal Collections in relation to a Collection Period means the aggregate of the following amounts (without double counting) received by or on behalf of the Covered Bond Guarantor during that Collection Period in respect of the Mortgage Loans then forming part of the Assets of the Trust:

(a) all amounts received under or in respect of the Mortgage Loans in respect of principal (less reversals made during the period in respect of interest or other charges in relation to any of the accounts where the original debit entry (or part thereof) was in error); and

(b) all amounts of principal payable under or in respect of the Mortgage Loans and the Mortgage Loan Rights to the extent that the obligations to pay such amounts are discharged by the exercise during that Collection Period of a right of set-off or right to combine accounts,

but does not include any Available Income Amount or any other amounts which would fall within paragraphs (b) to (g) of the definition of Available Principal Amount.

Principal Ledger means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record the credits of certain items described in the definition of Available Principal Amount and debits in accordance with the terms of the Establishment Deed.

Principal Paying Agent has the meaning given to it in the section *"Programme Overview – The Parties"* in this Prospectus.

Priorities of Payments means the Pre-Acceleration Income Priority of Payments, the Pre-Acceleration Principal Priority of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments, and each a **Priority of Payments**.

Priority Agreement means any agreement between the Seller and a subsequent mortgagee of Land the subject of a Mortgage or Collateral Security:

(a) under which the Seller and the subsequent mortgagee agree to a ranking of their respective securities over the said Land which provides for the Seller's security to be a first ranking security to an agreed amount and the subsequent mortgagee's security to be a second ranking security; and

(b) whose sole subject matter is the agreement as to ranking referred to in paragraph (a) above and matters ordinarily incidental thereto.

Privacy Act means the Privacy Act 1988 (Cth).

Programme means the covered bond programme established by the Bank.

Programme Agreement means the agreement dated on or about the Programme Date, entered into by the Issuer, the Covered Bond Guarantor, the Seller, the Arranger and the Dealers, as amended and restated on 27 June 2012, as further amended and restated on 16 November 2012, as further amended and restated on 15 November 2013, as further amended and restated on 14 November 2014, as further amended and restated on 13 November 2015 and as further amended and restated on 21 November 2017 and as otherwise amended, restated, supplemented, replaced or novated from time to time, to agree a basis upon which the Dealer(s) or any of them may from time to time agree to subscribe for, offer or place Covered Bonds (other than Rule 144A Covered Bonds).

Programme Conditions means the terms and conditions of the Covered Bonds issued under this Prospectus (as set out in schedules 1, 2 and 3 of the Bond Trust Deed) as modified and/or supplemented by the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) in relation to a particular Series or Tranche of Covered Bonds, as the same may be modified from time to time in accordance with the Bond Trust Deed. References herein to the Programme Conditions are to each of such terms and conditions, or to the relevant terms and conditions, as the context requires.

Programme Date means on or about 15 November 2011.

Programme Documents means the following documents:

(a) Mortgage Sale Agreement (and any documents entered into (including but not limited to any document setting out particulars of any Mortgage Loan Rights sold by the Seller to the Covered Bond Guarantor) pursuant to the Mortgage Sale Agreement);

(b) Servicing Deed;

(c) Cover Pool Monitor Agreement;

(d) Intercompany Loan Agreement;

(e) Demand Loan Agreement;

(f) Establishment Deed;

(g) Management Agreement;

(h) Interest Rate Swap Agreement;

(i) each Covered Bond Swap Agreement;

(j) Account Bank Agreement;

(k) Security Deed (and any documents entered into pursuant to the Security Deed, including each Deed of Accession);

(l) Bond Trust Deed;

(m) the Programme Agreement;

(n) the U.S. Distribution Agreement;

(o) each Agency Agreement;

(p) each Subscription Agreement (as defined in the Programme Agreement and as applicable in the case of each issue of listed Covered Bonds subscribed pursuant to a subscription agreement);

(q) each Terms Agreement (as defined in the U.S. Distribution Agreement and as applicable in the case of each issue of listed Covered Bonds subscribed pursuant to a terms agreement);

(r) Seller Powers of Attorney; and

(s) the Definitions Schedule,

and each document, agreement or deed ancillary or supplemental to any of such documents or any document, agreement or deed specified by the Issuer, the Trust Manager, the Covered Bond Guarantor and the Security Trustee as a Programme Document and each a **Programme Document**.

Programme Resolution has the meaning given to it in Condition 10.1 of the Programme Conditions.

Prospectus means, at any time, the most recent published information memorandum, offering circular or prospectus, including any supplement thereto, issued by the Issuer in relation to the Programme.

Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in a Member State of the European Economic Area.

Purchaser means the Seller or any third party to whom the Covered Bond Guarantor offers to sell Selected Mortgage Loan Rights.

Put Notice has the meaning given to it in Condition 5.4 of the Programme Conditions.

Qualified Institution means a bank:

(a) which pays any relevant interest in the ordinary course of its business;

(b) whose short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's and F1 by Fitch (or, if Fitch has placed the bank on ratings watch negative at the relevant time, at least F1+ by Fitch); and

(c) whose long-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A by Fitch (or, if Fitch has placed the bank on ratings watch negative at the relevant time, at least A+ by Fitch),

or, in the case of paragraphs (b) and (c), such other lower rating as Fitch and/or Moody's may require in order to maintain the then current ratings of the Covered Bonds.

Rating Affirmation Notice in relation to an event or circumstance and a Rating Agency, means a notice in writing from the Issuer to the Covered Bond Guarantor and the Bond Trustee (copied to the Seller and each Rating Agency) confirming that it has notified that Rating Agency of the event or circumstance and that the Issuer is reasonably satisfied following discussions with that Rating Agency that the event or circumstance, as applicable, will not result in a reduction, qualification or withdrawal of the ratings then assigned by that Rating Agency to the Covered Bonds.

Rating Agencies means Moody's and Fitch or their successors, to the extent they provide ratings in respect of the Covered Bonds, and each a **Rating Agency**.

RBA means the Reserve Bank of Australia.

RBA Bond Basis has the meaning given to it in Condition 4.3(a) of the Programme Conditions.

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted pursuant thereto) by the Security Trustee as a receiver, manager, or receiver and manager of the property charged or secured under the Security Deed.

Record Date has the meaning given to it in Condition 6.2 of the Programme Conditions and/or, in the case of N Covered Bonds, the meaning given to it in the relevant N Covered Bond Conditions.

Register means the register of holders of the Registered Covered Bonds maintained by the Registrar.

Registered Covered Bonds means Covered Bonds (other than the A$ Registered Covered Bonds) issued in registered form (being Regulation S Global Covered Bonds and/or Regulation S Definitive Covered Bonds and/or the N Covered Bonds, as the case may be).

Registered Person has the meaning given to it in the Transitional Act.

Registrar means Deutsche Bank Luxembourg S.A. or any other person from time to time appointed to perform the role of registrar under the Principal Agency Agreement.

Regulation S means Regulation S under the Securities Act.

Regulation S Covered Bond means a Covered Bond represented by a Regulation S Global Covered Bond and/or a Regulation S Definitive Covered Bond, as the context may require.

Regulation S Definitive Covered Bond means a Definitive Covered Bond sold to non-U.S. persons outside the United States in reliance on Regulation S.

Regulation S Global Covered Bond means a Global Covered Bond representing Covered Bonds sold to non-U.S. persons outside the United States in reliance on Regulation S and substantially in the form set out in part 7 of schedule 4 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the Relevant Dealer(s) or Lead Manager (in the case of syndicated issues).

REIA means the Real Estate Institute of Australia.

Related Body Corporate in relation to a body corporate means a body corporate which is related to the first mentioned body corporate by virtue of division 6 of part 1.2 of the Australian Corporations Act.

Relevant Date has the meaning given to it in Condition 7 of the Programme Conditions and/or, in the case of N Covered Bonds, the meaning given to it in the relevant N Covered Bond Conditions.

Relevant Dealers mean, in the case of an issue of Covered Bonds being, or intended to be, subscribed by more than one Dealer, all such Dealers.

Relevant Spread has the meaning given to it in the section *"Overview of the Principal Documents – Establishment Deed – Asset Coverage Test"* in this Prospectus.

Reporting Statement means the statement (which may be in electronic form) prepared by the Servicer in accordance with the Servicing Deed in a form agreed by the Trust Manager, the Servicer and the Covered Bond Guarantor.

Representations and Warranties means the representations and warranties set out in the section *"Overview of the Principal Documents – Mortgage Sale Agreement – Representations and Warranties"* in this Prospectus.

Required Current Principal Balance Amount has the meaning given to it in "*Overview of the Principal Documents – Establishment Deed – Method of Sale of Selected Mortgage Loan Rights*" in this Prospectus.

Required Redemption Amount means, in respect of a Series of Covered Bonds, the amount calculated in accordance with the following formula:

$$A \times \left(1 + \left(B \times \frac{C}{365}\right)\right)$$

where,

A = the Principal Amount Outstanding of the relevant Series of Covered Bonds;

B = the Negative Carry Factor; and

C = days to maturity of the relevant Series of Covered Bonds.

Reserve Fund means the reserve fund established by the Covered Bond Guarantor (or the Trust Manager on its behalf) in the GIC Account which will be credited with the proceeds of the Available Income Amount or a Term Advance or a Demand Loan Advance up to an amount equal to the Reserve Fund Required Amount in accordance with the applicable Priority of Payments.

Reserve Fund Required Amount means:

(a) if, and for so long as, the Issuer's credit rating is equal to or higher than the Moody's Specified Rating and the Fitch Specified Rating, nil or such other amount as the Issuer will direct the Covered Bond Guarantor from time to time; or

(b) if, and for so long as, the Issuer's credit rating is below the Moody's Specified Rating but is equal to or higher than the Fitch Specified Rating, an amount equal to the Australian Dollar Equivalent of amounts of: (i) in relation to each Series of Covered Bonds where a Covered Bond Swap is in place, the aggregate amounts due to each Covered Bond Swap Provider in the immediately following month; and/or (ii) in relation to each Series of Covered Bonds where a Covered Bond Swap is not in place, the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following month; and (iii) an amount equal to one quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (d) of the Pre-Acceleration Income Priority of Payments and, if applicable, paragraph (e) of the Pre-Acceleration Income Priority of Payments, provided that in determining the amount of the Reserve Fund Required Amount where any amount in respect of the Covered Bonds or the Covered Bond Swaps is by reference to a floating rate, the rate will be at the then current floating rate as at the date on which the amount is calculated; or

(c) if, and for so long as, the Issuer's credit rating is below the Fitch Specified Rating but is equal to or higher than the Moody's Specified Rating, an amount equal to the Australian Dollar Equivalent of: (i) in relation to each Series of Covered Bonds where a Covered Bond Swap is in place and is provided by a party other than the Issuer (or a related party), the aggregate amounts due to each Covered Bond Swap Provider in the immediately following three months; and/or (ii) in relation to each Series of Covered Bonds where a Covered Bond Swap is not in place and/or a Covered Bond Swap is provided by the Issuer (or a related party), the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following three months; and/or (iii) an amount equal to the anticipated aggregate amount payable in the immediately following three months in respect of the items specified in paragraphs (a) to (d) of the Pre-Acceleration Income Priority of Payments and, if applicable, paragraph (e) of the Pre-Acceleration Income Priority of Payments provided, that in determining the amount of the Reserve Fund Required Amount where any amount in respect of the Covered Bonds or the Covered Bond Swaps is by reference to a floating rate, the rate will be at the then current floating rate as at the date on which the amount is calculated; or

(d) if, and for so long as, the Issuer's credit rating is less than both the Moody's Specified Rating and the Fitch Specified Rating, the higher of the amounts determined in accordance with paragraphs (b) and (c) above.

Reserve Ledger means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement, to record the crediting of amounts to the Reserve Fund in accordance with the terms of the Establishment Deed and the debiting of such Reserve Fund in accordance with the terms of the Programme Documents.

Rule 144A means Rule 144A under the Securities Act.

Sale Notice means, a notice from the Seller to the Covered Bond Guarantor (and copied to the Bond Trustee) in or substantially in the form of schedule 4 to the Mortgage Sale Agreement (or in such other form agreed between the Seller, the Trust Manager and the Covered Bond Guarantor).

Sale Proceeds means the cash proceeds realised from the sale of Selected Mortgage Loan Rights.

SASPL means Securitisation Advisory Services Pty. Limited.

Scheduled Balance in relation to a Mortgage Loan means the amount that would be owing on that Mortgage Loan at the date of determination if the Borrower had made, prior to that date, the minimum payments required under the Mortgage Loan.

Scheduled Interest means an amount equal to the amount in respect of interest which would have been due and payable under the Covered Bonds on each Interest Payment Date as specified in Condition 4 of the Programme Conditions and Condition 3 of the N Covered Bond Conditions (but excluding any additional amounts relating to premiums, default interest or interest upon interest, the **Excluded Scheduled Interest Amounts**) payable by the Issuer following an Issuer Event of Default but including such amounts (whenever the same arose) following

service of a Covered Bond Guarantee Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date or, if the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) specify that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date), less any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 of the Programme Conditions or Condition 6 of the N Covered Bond Conditions.

Scheduled Payment Date means in relation to payments under the Covered Bond Guarantee, each Interest Payment Date or the Final Maturity Date as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date.

Scheduled Principal means an amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on each Interest Payment Date or the Final Maturity Date (as the case may be) as specified in Condition 5.1 of the Programme Conditions and Condition 4.1 of the N Covered Bond Conditions (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest (the **Excluded Scheduled Principal Amounts**) payable by the Issuer following an Issuer Event of Default but including such amounts (whenever the same arose) following service of a Covered Bond Guarantee Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date or, if the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) specify that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date.

Second Determination Date has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed - Asset Coverage Test*" in this Prospectus.

Second Layer of Collateral Securities in relation to a Mortgage Loan means all Collateral Securities in respect of that Mortgage Loan which do not constitute the First Layer of Collateral Securities for that Mortgage Loan.

Secured Creditors means the Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Covered Bond Guarantor (in its own capacity), the Bond Trustee (in its own capacity and on behalf of the Covered Bondholders), the Covered Bondholders, the Couponholders, the Issuer, the Seller, the Servicer, the Intercompany Loan Provider, the Demand Loan Provider, the Account Bank, the Swap Providers, the Trust Manager, the Agents, the Cover Pool Monitor and any other person who becomes a Secured Creditor pursuant to the Security Deed, and each, a **Secured Creditor**.

Secured Obligations means all amounts (whether actual or contingent, present or future) which at any time for any reason or circumstance in connection with any Programme Document that relates to, or applies to, the Trust or the Security Deed or any transactions contemplated by any of them (insofar as such transactions relate to, or apply to, the Trust), whatsoever whether at law, in equity, under statute or otherwise:

(a) are payable, are owing but not currently payable, are contingently owing, or remain unpaid by the Covered Bond Guarantor to the Security Trustee on its own account or for the account of the Secured Creditors or to any Secured Creditor or to any Receiver;

(b) have been advanced or paid by the Security Trustee on its own account or for the account of the Secured Creditors or by any Secured Creditor:

  (i) at the express request of the Covered Bond Guarantor; and

  (ii) on behalf of the Covered Bond Guarantor;

(c) which the Security Trustee on its own account or for the account of the Secured Creditors or any Secured Creditor is liable to pay by reason of any act or omission of the Covered Bond Guarantor or has paid or advanced in the protection or maintenance of the Charged Property or the Security and the charge created by the Security Deed following an act or omission by the Covered Bond Guarantor; or

(d) are reasonably foreseeable as likely, after that time, to fall within any of paragraphs (a), (b) or (c) above,

and references to **Secured Obligations** includes references to any of them.

This definition applies:

(i) irrespective of the capacity in which the Covered Bond Guarantor, the Security Trustee or any Secured Creditor became entitled or is liable in respect of the amount concerned;

(ii) whether the Covered Bond Guarantor, the Security Trustee or any Secured Creditor is liable as principal debtor or surety or otherwise;

(iii) whether the Covered Bond Guarantor is liable alone or jointly, or jointly and severally with another person;

(iv) whether the Security Trustee or any Secured Creditor is the original obligee or an assignee or a transferee of the Secured Obligations and whether or not:

(A) the assignment or transfer took place before or after the delivery of the Security Deed; or

(B) the Covered Bond Guarantor consented to or was aware of the assignment or transfer; or

(C) the assigned or transferred obligation was secured; or

(v) whether the Security Trustee or any Secured Creditor is the original Security Trustee or an original Secured Creditor or an assignee or a transferee of the original Security Trustee or an original Secured Creditor, and whether or not the Covered Bond Guarantor consented to or was aware of the assignment or transfer.

Securities Act means the United States Securities Act of 1933, as amended.

Security means the Security Interests over the Charged Property granted pursuant to the Security Deed.

Security Deed means the security deed dated on or about the Programme Date and made between the Bank (in various capacities, including as Issuer, Seller and Servicer), the Covered Bond Guarantor, the Trust Manager and the Security Trustee.

Security Interest means any mortgage, security interest, charge, encumbrance, pledge, lien, hypothecation, assignment by way of security or other security interest or title retention arrangement and any agreement, trust or arrangement having substantially the same economic or financial effect as any of the foregoing (other than a lien arising in the ordinary course of business or by operation of law).

Security Trust means the trust formed under the Security Deed.

Security Trustee means P.T. Limited ABN 67 004 454 666 in its capacity as security trustee of the Security Trust together with any additional security trustee appointed from time to time in accordance with the terms of the Security Deed.

Selected Mortgage Loan Rights Offer Notice means a notice substantially in the form of schedule 6 of the Mortgage Sale Agreement from the Covered Bond Guarantor served on the Seller offering to sell Selected Mortgage Loan Rights to the Seller.

Selected Mortgage Loan Rights means Mortgage Loan Rights to be sold by the Covered Bond Guarantor pursuant to the terms of the Establishment Deed having in aggregate the Required Current Principal Balance Amount.

Seller means the Bank in its capacity as seller pursuant to the Mortgage Sale Agreement.

Seller Mortgage Loan Repurchase Notice means the notice served on the Covered Bond Guarantor by the Seller offering to purchase certain Mortgage Loan Rights specified in the notice substantially in the form set out in schedule 5 to the Mortgage Sale Agreement.

Seller Powers of Attorney means the powers of attorney granted by the Seller in favour of the Covered Bond Guarantor in substantially the form set out at schedules 1, 2 and 3 to the Mortgage Sale Agreement.

Series means (i) with respect to N Covered Bonds, each N Covered Bond made out in the name of a specific N Covered Bondholder and (ii) in any other case, a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are:

(a) expressed to be consolidated and form a single series; and

(b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Series Reserved Matter has the meaning given to it in Condition 10.4 of the Programme Conditions.

Servicer means the Bank in its capacity as servicer under the Servicing Deed or such other servicer appointed pursuant to the Servicing Deed from time to time.

Servicer Default has the meaning given to it in the section "*Overview of the Principal Documents – Servicing Deed – Removal or resignation of the Servicer*" in this Prospectus.

Services means the services to be performed by the Servicer in accordance with the Servicing Deed.

Servicing Deed means the Servicing Deed entered into on or about the Programme Date, between the Covered Bond Guarantor (as trustee of the Trust and as trustee of the CBA Trust), the Bank (in its capacity as Servicer and Seller), the Trust Manager and the Security Trustee.

Servicing Guidelines means the relevant written guidelines policies and procedures established by the Servicer for servicing mortgage loans recorded on the Mortgage Loan System, including the Mortgages Loans, as amended or updated in writing from time to time.

Servicing Standards at any time means the relevant standards and practices set out in the then Servicing Guidelines and, to the extent that a servicing function is not covered by the Servicing Guidelines, the standards of a prudent lender in the business of making retail home loans.

Settlement Amount means A$100.

Settlement Date in relation to a Mortgage Loan means the date on which an agreement between the Seller and a Borrower for the making of that Mortgage Loan was made.

Specified Currency means subject to any applicable legal or regulatory restrictions, Australian Dollars, euro, Sterling, U.S. Dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Bond Trustee and specified in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).

Specified Denomination means, in relation to a Series or Tranche of Covered Bonds, the Specified Denomination as set out in the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement).

Stock Exchange means the London Stock Exchange or any other or further stock exchange(s) on which any Covered Bonds may from time to time be listed or admitted to trading and references to the relevant Stock Exchange will, in relation to any Covered Bonds, be references to the Stock Exchange on which such Covered Bonds are, from time to time, or are intended to be, listed or admitted to trading.

Subscription Agreement means an agreement supplemental to the Programme Agreement (by whatever name called) in or substantially in the form set out in appendix 1 of the Programme Agreement or in such other form as may be agreed between the Issuer and the Lead Manager or one or more Dealers (as the case may be).

Subsidiary has the meaning given to it in section 9 of the Australian Corporations Act.

Substitute Servicer at any given time means the entity then appointed as Servicer in accordance with the Servicing Deed.

Substitute Trust Manager at any given time means the entity then appointed as Trust Manager in accordance with the Management Agreement.

Substitution Assets means:

(a) Australian Dollar bank accepted bills and certificates of deposit, with a remaining period to maturity of 100 days or less provided that such bank accepted bills and certificates of deposit are issued or guaranteed by a Qualified Institution (other than the Bank) and satisfy the RBA's repurchase requirements for eligible assets that may collateralise covered bonds (if any);

(b) Australian Dollar at call deposits held with an ADI (which is a Qualified Institution) and convertible into cash within two Local Business Days;

(c) Australian Dollar denominated bonds, notes, debentures or other instruments issued or guaranteed by the Commonwealth of Australia or an Australian state or territory, provided that such investments have a remaining period to maturity of one year or less and which are rated at least (i) Aaa by Moody's and (ii) F1+ and/or AA- by Fitch or their equivalents by two other internationally recognised rating agencies; and

(d) any other asset of a kind prescribed in section 31(1) of the Australian Banking Act or by regulation for the purposes of section 31(1)(i) of the Australian Banking Act in respect of which the Issuer has issued a Rating Affirmation Notice,

and, for the avoidance of doubt, does not include any assets of a kind prescribed by regulation for the purposes of section 31(3) of the Australian Banking Act.

Swap Agreement Credit Support Annex means a credit support annex entered into between the Covered Bond Guarantor and a Swap Provider in the form of the ISDA 1995 Credit Support Annex (Transfer – English law) to the ISDA Master Agreement, as published by ISDA.

Swap Collateral means at any time, an amount of cash or securities which is paid or transferred by a Swap Provider to the Covered Bond Guarantor as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement together with any interest or other income received in respect of such asset and any equivalent of such cash or securities, as applicable.

Swap Collateral Cash Account means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the relevant Swap Agreement Credit Support Annex into which cash is deposited by a Swap Provider as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement.

Swap Collateral Excluded Amounts means at any time, the amount of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Covered Bond Guarantor, including Swap Collateral which is to be returned or paid to the relevant Swap Provider from time to time in accordance with the terms of the relevant Swap Agreement and ultimately upon termination of the relevant Swap Agreement.

Swap Master Agreement means an agreement between the Covered Bond Guarantor, the Trust Manager, the Security Trustee and a Swap Provider governing Swaps entered into with such Swap Provider in the form of a 2002 Master Agreement, as published by ISDA, together with the schedule thereto and any relevant Swap Agreement Credit Support Annex.

Swap Provider Default means, in relation to a Swap Agreement, the occurrence of an Event of Default (as defined in such Swap Agreement) where the relevant Swap Provider is the Defaulting Party (as defined in such Swap Agreement), other than a Swap Provider Downgrade Event.

Swap Providers means the Interest Rate Swap Provider and the Covered Bond Swap Providers, and each a **Swap Provider**.

Swap Rate means in relation to a Covered Bond or Series of Covered Bonds, the exchange rate specified in the Covered Bond Swap Agreement as detailed in the section "*Overview of the Principal Documents – Swap Agreements – Covered Bond Swap Agreements"* in this Prospectus relating to such Covered Bond or Series of Covered Bonds or, if the Covered Bond Swap Agreement has terminated, the applicable spot rate.

Swaps means the Interest Rate Swap and the Covered Bond Swaps.

Talons has the meaning given to it in the Programme Conditions.

Tax includes all income tax, withholding tax, stamp, registration and other duties, bank accounts debits tax, GST or other goods and services tax and other taxes, levies, imposts, deductions and charges whatsoever (including, in respect of any duty imposed on receipts or liabilities of financial institutions, any amounts paid in respect of them to another financial institution) together with interest on them and penalties with respect to them (if any) and charges, fees or other amounts made on or in respect of them and Taxes or Taxation will be construed accordingly.

Tax Act means the Income Tax Assessment Act 1936 (Cth) and the Income Tax Assessment Act 1997 (Cth).

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world including the ATO.

Temporary Bearer Global Covered Bond means a temporary bearer global covered bond in the form or substantially in the form set out in Part 1 (Form of Temporary Bearer Global Covered Bond) of schedule 4 to the Bond Trust Deed together with the copy of the applicable Final Terms (or, in the case of Exempt Covered Bonds, the applicable Pricing Supplement) annexed thereto with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), comprising some or all of the Covered Bonds of the same series, issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Principal Agency Agreement and the Bond Trust Deed.

Term Advance Notice means a term advance notice substantially in the form of schedule 1 to the Intercompany Loan Agreement.

Term Advances means advances made or to be made by the Intercompany Loan Provider to the Covered Bond Guarantor under the Intercompany Loan Agreement, and each a **Term Advance**.

Terms Agreement means an agreement supplemental to the U.S. Distribution Agreement (by whatever name called) in or substantially in the form set out in exhibit C of the U.S. Distribution Agreement or in such other form as may be agreed between the Issuer and the Lead Manager or one or more Dealers (as the case may be).

Third Party Amounts means each of:

(a) payments by a Borrower of any fees (including Break Costs) and other charges which are due to the Seller (but not including interest payable on the Mortgage Loans); and

(b) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to any of that Borrower, the Seller or the Covered Bond Guarantor,

which amounts, if received by the Covered Bond Guarantor, may be paid daily from monies on deposit in the GIC Account.

Tranche means Covered Bonds (other than N Covered Bonds) which are identical in all respects (including as to listing).

Transaction Party means any person who is a party to a Programme Document and **Transaction Parties** means some or all of them.

Transfer Agent means Deutsche Bank, Luxembourg, S.A. or any other person from time to time appointed to perform the role of transfer agent under the Principal Agency Agreement.

Transfer Certificate has the meaning given to it in Condition 2.7 of the Programme Conditions.

Transitional Act means the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth).

Trust means the trust known as the "CBA Covered Bond Trust" formed under the Establishment Deed.

Trust Accounts means the GIC Account, the Swap Collateral Cash Account and the OC Account, each a **Trust Account**.

Trust Further Advance has the meaning given to it in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Further Advances*" in this Prospectus.

Trust Manager means SASPL, or any other person from time to time appointed to perform the role of trust manager under the Management Agreement.

Trust Manager Default means the occurrence of any of the following events:

(a) an Insolvency Event occurs in relation to the Trust Manager;

(b) the Trust Manager has breached its obligations as Trust Manager under a Programme Document to which it is expressed to be a party (other than an obligation which depends upon information provided by, or action taken by, the Servicer and the Trust Manager has not received the information, or the action has not been taken, which is necessary for the Trust Manager to perform the obligation) and such breach, as determined by the Security Trustee, acting on the directions of:

(i) the Bond Trustee (subject to the provisions of the Bond Trust Deed), if any Covered Bonds are outstanding, is or, if continued, will be materially prejudicial to the Covered Bondholders; or

(ii) the Majority Secured Creditors, if no Covered Bonds are outstanding, is or, if continued, will be materially prejudicial to the Secured Creditors,

and:

(iii) that breach is not remedied to the Security Trustee's satisfaction within 20 Local Business Days after receipt by the Trust Manager of a notice in writing, from the Security Trustee, requiring it to be remedied; or

(iv) the Trust Manager has not paid compensation to the Covered Bond Guarantor for its loss from such breach in an amount satisfactory to the Security Trustee (acting reasonably);

(c) the Trust Manager fails to direct the Covered Bond Guarantor to make any payment the Covered Bond Guarantor is required to make under this document or any other Programme Documents and such failure is not remedied within a period of 5 Local Business Days after the date on which the Trust Manager is notified, or otherwise becomes aware, of the failure; or

(d) any representation, warranty, certification or statement made by the Trust Manager (in its capacity as Trust Manager) in a Programme Document to which it is expressed to be a party, or in any document provided by it in connection with a Programme Document, proves to have been incorrect when made, or is incorrect when repeated, in a manner which, as determined by the Security Trustee, acting on the directions of:

(i) the Bond Trustee (subject to the provisions of the Bond Trust Deed), if there are Covered Bonds outstanding, is materially prejudicial to the Covered Bondholders; or

(ii) the Majority Secured Creditors, if there are no Covered Bonds outstanding, is materially prejudicial to the Secured Creditors,

and that breach is not remedied to the Security Trustee's satisfaction (acting on the directions of the relevant instructing party referred to in paragraph (i) or (ii) above) within 60 Local Business Days after receipt by the Trust Manager of a notice in writing, from the Security Trustee, requiring it to do so.

Trust Payment Period means the period from (and including) a Distribution Date (or the first Settlement Date in the case of the first Trust Payment Period) to (but excluding) the next Distribution Date.

Unit means each Income Unit and each Capital Unit.

Unit Register means the register of Unitholders in the Trust maintained in accordance with the Establishment Deed.

Unit Transfer means a transfer of a Unit in the form as may be agreed from time to time between the Trust Manager and the Covered Bond Guarantor (acting reasonably).

Unitholder at any given time means the person then appearing in the Unit Register as a holder of a Unit.

U.S. Distribution Agreement means the amended and restated distribution agreement dated 29 August 2012 (as the same may be further amended and/or supplemented and/or restated from time to time), entered into by the Issuer, the Covered Bond Guarantor and the Dealers to agree a basis upon which the Dealer(s) or any of them may from time to time agree to subscribe for, offer or place Rule 144A Covered Bonds.

U.S. Paying Agent means Deutsche Bank Trust Company Americas.

U.S. Registrar means Deutsche Bank Trust Company Americas.

U.S. Transfer Agent means Deutsche Bank Trust Company Americas.

Vesting Date means, in relation to the Trust, the earliest of:

(a) the day preceding the 80th anniversary of the Programme Date;

(b) the date upon which the Trust terminates by operation of law or in accordance with the Establishment Deed; and

(c) following the occurrence of a Covered Bond Guarantor Event of Default, the date on which the Security Trustee has notified the Covered Bond Guarantor in writing that it has enforced the Security and has distributed all of the amounts which it is required to distribute under the Security Deed.

wilful default in relation to the Covered Bond Guarantor or the Security Trustee means any intentional failure to comply, or intentional breach, by the defaulting party of any of its obligations under the Programme Documents, other than a failure or breach which:

(i) is in accordance with a lawful court order or direction or otherwise required by law; or

(ii) is in accordance with a proper instruction or direction from any person (other than the defaulting party) permitted to give such instruction or direction to the defaulting party under the Programme Documents; or

(iii) arose as a result of a breach by any person (other than the defaulting party) of any of its obligations under the Programme Documents and performance of the action (or non performance of which gave rise to such breach) is a precondition to the defaulting party performing its obligations under the Programme Documents.

Yield Shortfall has the meaning given to it in the section "*Overview of the Principal Documents – Servicing Deed – Yield Shortfall Test"* in this Prospectus.

Yield Shortfall Test has the meaning given to it in the section "*Overview of the Principal Documents – Servicing Deed – Yield Shortfall Test"* in this Prospectus.

DIRECTORY

THE ISSUER

Commonwealth Bank of Australia
Ground Floor, Darling Park, Tower 1
201 Sussex Street
Sydney NSW 2000
Australia

COVERED BOND GUARANTOR

Perpetual Corporate Trust Limited
Level 18
123 Pitt Street
Sydney NSW 2000
Australia

ARRANGER

Commonwealth Bank of Australia
Ground Floor, Darling Park, Tower 1
201 Sussex Street
Sydney NSW 2000
Australia

DEALERS

Barclays Capital Asia Limited
41/F Cheung Kong Center
2 Queen's Road Central
Hong Kong

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Commonwealth Bank of Australia
Ground Floor, Darling Park, Tower 1
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Sydney NSW 2000
Australia

Credit Suisse Securities (Europe) Limited
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London E14 4QJ
United Kingdom

Deutsche Bank Aktiengesellschaft
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60329 Frankfurt am Main
Germany

DZ BANK AG
Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Platz der Republik
60325 Frankfurt am Main
Germany

Goldman Sachs International
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133 Fleet Street
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United Kingdom

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8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
London E14 5JP
United Kingdom

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Nomura International plc
1 Angel Lane
London EC4R 3AB
United Kingdom

UBS Limited
5 Broadgate
London
EC2M 2QS
United Kingdom

SECURITY TRUSTEE

P.T. Limited
Level 18
123 Pitt Street
Sydney NSW 2000
Australia

BOND TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London, EC2N 2DB
United Kingdom

COVER POOL MONITOR

PricewaterhouseCoopers
One International Towers
Sydney
Watermans Quay
Barangaroo NSW 2000
Australia

TRUST MANAGER

Securitisation Advisory Services Pty Limited
Ground Floor, Darling Park, Tower 1
201 Sussex Street

Sydney NSW 2000
Australia

PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London, EC2N 2DB
United Kingdom

REGISTRAR and TRANSFER AGENT

Deutsche Bank Luxembourg, S.A.
2 Boulevard Konrad Adenauer
L-1115
Luxembourg

N COVERED BOND PAYING AGENT AND N COVERED BOND REGISTRAR

Citibank, N.A., London Branch
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33 Canada Square
Canary Wharf
London, E14 5LB
United Kingdom

U.S. PAYING AGENT

Deutsche Bank Trust Company Americas
Deutsche Bank National Trust Company
Trust and Securities Services
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Jersey City, New Jersey 07311-3901
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To the Issuer
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To the Covered Bond Guarantor and the Security Trustee
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