



**ING Bank (Australia) Limited ABN 24 000 893 292**

*(incorporated with limited liability in the Commonwealth of Australia)*

**AUD7,500,000,000 IBAL Covered Bond Programme**

**unconditionally and irrevocably guaranteed as to payments of interest and principal by**

**Perpetual Corporate Trust Limited (ABN 99 000 341 533)**

*(incorporated with limited liability in the Commonwealth of Australia)*

**as trustee of the IBAL Covered Bond Trust and Covered Bond Guarantor**

Under the AUD7,500,000,000 IBAL Covered Bond Programme (the **Programme**) established by ING Bank (Australia) Limited (**IBAL** and the **Issuer**) on the Programme Date, the Issuer may from time to time issue bonds (the **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 at the time of issue in accordance with 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 herein and in any supplement thereto.

Perpetual Corporate Trust Limited in its capacity as trustee of the IBAL Covered Bond Trust (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 Loans and the related Mortgage Loan Rights (as defined below) and its other assets. Recourse against the Covered Bond Guarantor under its guarantee, except in limited circumstances, is limited to the extent of the Covered Bond Guarantor's right of indemnity from the assets of the IBAL Covered Bond Trust (the **Trust**).

Covered Bonds may be issued in bearer or registered form. The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed AUD7,500,000,000 (or its equivalent in other currencies calculated by reference to the spot rate for the sale of AUD 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 (or the preceding day on which commercial banks and foreign exchange markets are open for business in London) to issue between the Issuer and the relevant Dealer(s) (as defined below)), subject to increase as described in the Programme Agreement.

The Covered Bonds may be issued on a continuing basis to ING Bank N.V. 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 to a specific issue or on an ongoing basis. References in this Prospectus to the **relevant Dealers** 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.

**See the section entitled "Risk Factors" in this Prospectus for a discussion of material risk factors to be considered in connection with an investment in the Covered Bonds.**

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 (as defined under "*Conditions of the Covered Bonds*") of Covered Bonds will be set out in a separate document containing the final terms for that Series (**Final Terms**).

The Programme provides that Covered Bonds may be listed or admitted to trading, as the case may be, on such stock exchange(s) or regulated or unregulated markets as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee (as defined below) and the relevant Dealer(s) as specified in the Final Terms for that Series of Covered Bonds. The Issuer may also issue unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any regulated or unregulated market.

The Covered Bonds and the Covered Bond Guarantee (as defined below) have not been and will not be registered under the Securities Act of 1933 of the United States of America (U.S.), as amended (the **Securities Act**), or under any securities laws of any state or other jurisdiction of the United States and may not be offered or sold, pledged or otherwise transferred except in an offshore transaction to non-U.S. persons in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act (**Regulation S**) in accordance with any applicable securities laws of any state of the United States. See "*Form of the Covered Bonds*" for a description of the manner in which Covered Bonds will be issued. Covered Bonds are subject to certain restrictions on transfer, see "*Subscription and Sale and Selling Restrictions*".

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

The Covered Bonds issued under the Programme are expected on issue to be assigned an "Aaa" credit rating by Moody's Investors Service Pty Ltd (**Moody's**) and an "AAA" credit rating by Fitch Australia Pty Ltd (**Fitch** and, together with Moody's, the **Rating**

**Agencies**). The credit rating of certain Series or Tranches of Covered Bonds to be issued under the Programme may be specified in the Applicable Final Terms. Neither of the Rating Agencies is established in the European Union (**EU**) or in the United Kingdom (**UK**) and neither of the Rating Agencies has applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) or under Regulation (EC) No. 1060/2009 (as amended) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**) (the **UK CRA Regulation**). The ratings of Moody's and Fitch have been endorsed by Moody's Deutschland GmbH (**Moody's Europe**) and Fitch Ratings Ireland Limited (**Fitch Europe**) respectively in accordance with the CRA Regulation for use in the EEA. Each of Moody's Europe and Fitch Europe is established in the EEA and registered under the CRA Regulation. As such each of Moody's Europe and Fitch Europe is 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 the CRA Regulation. ESMA has indicated that ratings issued in Australia, which have been endorsed by Moody's Europe or Fitch Europe may be used in the EEA by the relevant market participants. The ratings of Moody's and Fitch have been endorsed by Moody's Investors Service Ltd (**Moody's UK**) and Fitch Ratings Limited (**Fitch UK**) respectively in accordance with the UK CRA Regulation for use in the UK. Each of Moody's UK and Fitch UK is established in the UK and registered under the UK CRA Regulation. There can be no assurance that such endorsement of the credit ratings of Moody's and Fitch will continue. Please also refer to "*Credit ratings assigned to the Covered Bonds may change and may not reflect all risks associated with an investment in 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.

This Prospectus has not been approved as a base prospectus for the purposes of Article 8 of the Prospectus Regulation. When used in this Prospectus, the **Prospectus Regulation** means Regulation (EU) 2017/1129 and the **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. This Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision or order under the Securities Act. This Prospectus has not been reviewed or approved by any European competent authority or an authority or government body of any other jurisdiction. This Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision or order under the Securities Act.

This Prospectus is issued in replacement of a Prospectus dated 3 April 2024 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**

**ING BANK N.V.**

#### **Dealer for the Programme**

**ING BANK N.V.**

The date of this Prospectus is 13 June 2025.

The Issuer accepts responsibility for the information contained in this Prospectus, the Final Terms for each Tranche of Covered Bonds issued under the Programme and any document incorporated by reference into this Prospectus in relation to the Issuer. The Covered Bond Guarantor only accepts responsibility for the information relating to its name and registered office and that which is contained in the section entitled "*The IBAL Covered Bond Trust – Perpetual Corporate Trust Limited*" of this Prospectus. To the best of the knowledge and belief 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. Any information sourced from third parties contained in this Prospectus has been accurately reproduced (and is clearly sourced where it appears in the document) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Copies of each set of Final Terms and supplements thereto will be available from the registered office of the Issuer and from the specified office set out below of each of the Paying Agents (as defined below).

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*" below). This Prospectus must, save as specified herein, be read and construed on the basis that those 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 Dealer or any other party to the Programme Documents (in respect of information obtained from the Issuer) 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 Dealer or any other party to the Programme Documents (other than in respect of the information for which it accepts responsibility as indicated above) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by a party to the Programme Documents in connection with the Programme. Neither the Dealer nor any of the other parties to the Programme Documents (other than in respect of the information for which it accepts responsibility as indicated above) accept 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 is or has been authorised by any party to the Programme Documents to give any information or to make any representation not contained in or not consistent with 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 such party.

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 Dealer or any party to the Programme Documents 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. 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 Dealer or any other party to the Programme Documents to any person to subscribe for or to purchase any Covered Bonds.

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act. The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations and the Securities Act (see "*Subscription and Sale and Selling Restrictions*" below). Terms used in this paragraph have the meanings given to them by the Code and the regulations of the U.S. Treasury promulgated thereunder.

As set forth in the Applicable Final Terms, the Covered Bonds are being offered and sold in accordance with Regulation S under the Securities Act (Regulation S) to non-U.S. persons in offshore transactions or pursuant to an exemption from registration under the Securities Act.

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. Neither the Dealer nor any other party to the Programme Documents represents 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 Dealer or any other party to the Programme Documents which would permit a public offering of any Covered Bonds 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, the United States, the European Economic Area (including France and The Netherlands), the United Kingdom, New Zealand, Japan, Singapore, Hong Kong, Malaysia, Korea and Taiwan, see "*Subscription and Sale and Selling Restrictions*".

Credit ratings in respect of the Covered Bonds or the Issuer are for distribution only to persons who are sophisticated investors, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 of the Corporations Act 2001 of Australia and, in all cases, in such circumstances as may be permitted by acceptable law in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive this Prospectus and anyone who receives this Prospectus must not distribute it to any person who is not entitled to receive it.

All references in this document to "Australian Dollar", "AUD" and "A\$" refer to the lawful currency for the time being of Australia, references to "U.S.\$" and "U.S. dollars" are to the lawful currency of the United States of America, references to "Sterling" and "£" are to the lawful currency of the United Kingdom and references to "euro" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union.

In connection with the distribution of any Covered Bonds (other than A\$ Registered Covered Bonds), the Dealer or Dealers (if any) named as the stabilising manager(s) in the Applicable Final Terms may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds and/or any associated securities at a level higher than that which might otherwise prevail, but in doing so such Dealer must act as principal and not as agent of the Issuer or Covered Bond Guarantor. However, stabilisation may not necessarily occur. Any stabilisation action may begin at any time after the date on which adequate public disclosure of the final terms of the offer of

the relevant Series or Tranche of 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 Series or Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Series or Tranche of Covered Bonds. Any stabilisation must be conducted by the relevant stabilising manager(s) (or persons acting on behalf of any stabilising manager(s)) in accordance with all applicable regulations. Any such stabilisation action may only be conducted outside Australia and/or through a market operated outside Australia.

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, including the merits and risks involved.

None of the parties to the Programme Documents make 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.

**MIFID II PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Covered Bonds may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "Distributor") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "MiFID II") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID Product Governance Rules"), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

**UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET** – The Final Terms in respect of any Covered Bonds will include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "distributor") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

**IMPORTANT - EEA RETAIL INVESTORS** – If the Final Terms in respect of any Covered Bonds includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Covered Bonds are not intended to be offered, sold or otherwise made available to and 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 MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution 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 Regulation. 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.

**IMPORTANT – UK RETAIL INVESTORS** – If the Final Terms in respect of any Covered Bonds includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE (THE "SFA")** – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "CMP Regulations 2018"), the Issuer has determined, and hereby notifies all relevant persons as defined in Section 309A(1) of the SFA, unless otherwise stated in the Applicable Final Terms in respect of any Covered Bonds, that all Covered Bonds issued or to be issued under the Programme are classified as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**BENCHMARKS REGULATION** - Amounts payable on certain Floating Rate Covered Bonds issued under the Programme may be calculated by reference to the Euro-zone inter-bank offered rate ("EURIBOR"), the Sterling Overnight Index Average ("SONIA"), the Secured Overnight Finance Rate ("SOFR"), the Hong Kong inter-bank offered rate ("HIBOR"), the Oslo inter-bank offered rate ("NIBOR"), the Australian Bank Bill Swap Reference Rate ("BBSW") or the New Zealand Bank Bill Benchmark Rate ("BKBM") as specified in the Applicable Final Terms and each as defined below or in the Conditions of the Covered Bonds. As at the date of this Prospectus, each of the European Money Markets Institute (as administrator of EURIBOR), Norske Finansielle Referanser AS (as administrator of NIBOR) and ASX Benchmarks Limited (as administrator of BBSW) appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the Regulation (EU) No. 2016/1011 (the "EU Benchmarks Regulation"). As at the date of this Prospectus, the administrators of SONIA, SOFR, HIBOR and BKBM do not appear on ESMA's register of administrators and benchmarks under Article 36 of the EU Benchmarks Regulation. As far as the Issuer is aware, (i) SONIA and SOFR do not fall within the scope of the EU Benchmarks Regulation, and (ii) the transitional provisions in Article 51 of the EU Benchmarks Regulation apply, such that each of the Treasury Markets Association (as administrator of HIBOR) and New Zealand Financial Benchmark Facility Limited (as administrator of BKBM) is not currently required to obtain recognition, endorsement or equivalence).

**This Prospectus has been prepared as at the date on the cover of this Prospectus, based upon information available, and the facts and circumstances known, to the Issuer at that time. Neither the delivery of this Prospectus, nor any offer or issue of the Covered Bonds, at any time after the date of this Prospectus implies, or should be relied upon as a representation or warranty, in any circumstances that: (i) (A) the information contained in it concerning the Issuer and/or the Covered Bond Guarantor is correct at any time subsequent to the date of this Prospectus or (B) 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; or (ii) there has been no change since the date of this Prospectus in the affairs or financial condition of Issuer, the Seller, the Servicer, the Trust Manager, the Covered Bond Guarantor or any other party named in this Prospectus.**

**Certain documents are incorporated by reference into this Prospectus and the Issuer may prepare and issue a supplement to this Prospectus as set out in "*Documents Incorporated by Reference*". However, neither such incorporation by reference nor any issuance of a supplement to this Prospectus implies, or should be relied upon as a representation and warranty, in any circumstances that: (i) the information contained in the Prospectus is correct at any time subsequent to the date of this Prospectus; or (ii) there has been no change since the date of this Prospectus in the Issuer, the Covered Bond Guarantor or any other party named in this Prospectus.**

**No person undertakes to review the financial condition or the affairs of the Issuer, the Seller, the Servicer, the Trust Manager, the Covered Bond Guarantor nor any other party named in this Prospectus at any time or to keep a recipient of this Prospectus or the holders of any Tranche of Covered Bonds (the Covered Bondholders) informed of changes in, or matters arising or coming to their attention which may affect, anything referred to in this Prospectus. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Prospectus and any supplement to this Prospectus when deciding whether or not to purchase any Covered Bonds.**

**None of the Issuer, the Seller, the Servicer, the Trust Manager, the Covered Bond Guarantor, the Dealer nor any other person accepts any responsibility to the Covered Bondholders or prospective Covered Bondholders to update this Prospectus after the date of this Prospectus with regard to information or circumstances which come to its attention after the date of this Prospectus.**

## **FORWARD-LOOKING STATEMENTS**

This Prospectus contains various forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 regarding events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of the Issuer to differ materially from the information presented herein. When used in this Prospectus, the words "estimate", "project", "intend", "anticipate", "believe", "expect", "should" and similar expressions, as they relate to the Issuer and its management, are intended to identify such forward-looking statements, which speak only as of the date thereof.

Projections are necessarily speculative in nature, and some or all of the assumptions underlying the projections and other forward-looking statements may not materialize 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) the economic environment in Australia. 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. The Issuer does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. 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 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.

## **PRESENTATION OF FINANCIAL AND OPERATING INFORMATION**

Unless otherwise indicated, the general purpose financial statements incorporated by reference into this Prospectus have been prepared in accordance with Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act. The consolidated financial statements and notes thereto incorporated by reference into this Prospectus also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

## **CAPITALISED TERMS**

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meaning set out in this Prospectus. A glossary of defined terms appears at the back of this Prospectus (see "*Glossary*").

In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

## **COVERED BONDS MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS**

Each potential investor in the Covered Bonds must determine the suitability of its investment in light of its own circumstances. In particular, each potential investor should:

- 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;



- 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;
- 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;
- understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- 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.

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 which are complex financial instruments 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.

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 (1) Covered Bonds are legal investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing, (3) Covered Bonds can be used as repo-eligible securities and (4) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

The Covered Bonds will not represent an obligation or be the responsibility of any of the Arranger, the Dealers, the Bond Trustee, the Security Trustee, the Principal Paying Agent or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and 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 (but not in its personal capacity) for its obligations in respect of the Covered Bond Guarantee. In both cases such obligations will not be the obligations of their respective officers, members, directors, employees, security holders or incorporators.

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## **RISK FACTORS**

*This section describes the principal risk factors associated with an investment in the Covered Bonds. Prospective purchasers of Covered Bonds should consider carefully all the information contained in this document, including the considerations set out below, before making any investment decision. The Issuer believes that the following factors may affect its and the Covered Bond Guarantor's ability to fulfil their obligations under Covered Bonds issued under the Programme. All of these factors are contingencies which may or may not occur and none of the Issuer nor the Covered Bond Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme are also described below. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and in the documents incorporated by reference and reach their own views prior to making any investment decision.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Covered Bonds issued under the Programme, but the inability of any of the Issuer or the Covered Bond Guarantor to pay interest, principal or other amounts on or in connection with any Covered Bonds may occur for other reasons which may not be considered significant risks by the Issuer or the Covered Bond Guarantor based on information currently available to them or which they may not currently be able to anticipate.*

***Investors should be aware that the materialisation of any of the below risks may adversely affect the value of any securities.***

### **FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE COVERED BONDS ISSUED UNDER THE PROGRAMME**

#### **RISKS SPECIFIC TO THE ISSUER**

The Covered Bonds constitute direct, unsecured and unconditional obligations of the Issuer. Each purchaser of Covered Bonds relies on the creditworthiness of the Issuer and no other person (other than the Covered Bond Guarantor in respect of payments under the Covered Bond Guarantee).

Any investment in the Covered Bonds involves the risk that subsequent changes in actual or perceived creditworthiness of the Issuer may adversely affect the market value of the Covered Bonds.

The Issuer operates within a risk management framework that is based on a Three Lines of Defence model, and which is the totality of systems, structures, policies, processes and people that manage all material internal and external sources of identified material risk. The Issuer has implemented risk management strategies and internal controls intended to identify, monitor and manage risks, including solvency risk, credit risk, market risk (such as interest rate, funding and liquidity risk), conduct risk, insurance risk, sustainability risk, related entity (contagion) risk, regulatory risk model risk and non-financial risk (such as compliance risk and operational risks), all of which may impact the Issuer's reputation or financial position. However, there are inherent limitations with any risk management framework as there may exist, or emerge in the future, risks that the Issuer has not anticipated or identified. If any of the Issuer's governance or risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, the Issuer could suffer unexpected losses and reputational damage which could adversely affect its business, prospects, financial performance or financial condition.

The principal risks and uncertainties associated with the Issuer are set out below. These risks and uncertainties are not in any order of significance, and in the event that one or more of these risks occur, the Issuer's business, operations, financial condition and future performance may be adversely impacted.

There may be other risks faced by the Issuer and its controlled entities that are deemed immaterial or are currently unknown, but which may subsequently become material or become known. These may individually, or in aggregate, adversely impact the Issuer's future financial performance and position.

As a result of these risk factors, no assurances or guarantees of future performance, profitability, distributions or returns of capital are given by the Issuer.

### ***Economic Risks specific to the Issuer***

*Changes in general business and economic conditions, including disruption in regional or global credit and capital markets, may adversely affect IBAL's business, operations and financial condition*

IBAL's financial performance is primarily influenced by the economic conditions and the level of business activity in Australia. IBAL's business, operations and financial condition can be negatively affected by changes in economic and business conditions in these markets.

The economic and business conditions that prevail in these markets are affected by domestic and international economic events, political events and natural disasters, and by movements and events that occur on global financial markets.

For example, the global financial crisis that commenced in 2007 saw a sudden and prolonged dislocation in credit and equity capital markets, a contraction in global economic activity and the emergence of many challenges for financial services institutions worldwide that still persist to some extent in many regions. Sovereign risk and its potential impact on financial institutions in Europe and globally, subsequently emerged as a significant risk. Prudential authorities have implemented and continue to implement increased regulations to mitigate the risk of such events recurring, although there can be no assurance that such regulations will be effective.

Economic conditions impacting IBAL and its customers include changes in the commercial and residential real estate markets in Australia, where IBAL has largest concentration of lending. The changes in the demand for natural resources is also an important economic influence given that sector is a significant contributor to Australia's economy and that sector's significant exposure to Asia, particularly China and India.

Should difficult economic conditions and markets eventuate, asset values in the housing, commercial or rural property markets could decline, unemployment could rise and corporate and personal incomes could suffer. Also, deterioration in global markets, including equity, property, currency and other asset markets, could impact IBAL's customers and the security IBAL holds against loans and other credit exposures, which may impact its ability to recover loans and other credit exposures.

All or any of the negative economic and business impacts described above could cause a reduction in demand for IBAL's products and services and/or an increase in loan and other credit defaults and bad debts, which could adversely affect IBAL's business, operations, and financial condition.

IBAL's financial performance could also be adversely affected if it were unable to adapt cost structures, products, pricing or activities in response to a drop in demand or lower than expected revenues. Similarly, higher than expected costs (including credit and funding costs) could be incurred because of adverse changes in the economy, general business conditions or the operating environment in the countries in which IBAL operates.

Natural and biological disasters such as, but not restricted to, cyclones, floods, droughts, bushfires, earthquakes and pandemics, and the economic and financial market implications of such disasters on domestic and global conditions can adversely impact IBAL's ability to continue operating or trading, which in turn may adversely affect IBAL's operations and financial condition.

*Dependence on the Australian economy*

IBAL's revenues and earnings are dependent on economic activity and the level of financial services customers require. In particular, lending is dependent on customer and investor confidence, the state of the economy, the residential lending market and prevailing market interest rates in Australia. These factors are, in turn, impacted by both domestic and international economic and political events, natural disasters and the general state of the global economy. A downturn in the Australian economy could adversely impact IBAL's results of operations, liquidity, capital resources and financial condition.

Geopolitical instability, such as threats of, potential for, or actual conflict, occurring around the world may also adversely affect global financial markets, general economic and business conditions and, in turn, IBAL's business, operations and financial condition.

*Changes in interest rates may adversely impact IBAL's financial performance and position.*

Interest rate risk is the risk to IBAL's financial performance and position caused by changes in interest rates. As interest rates and yield curves change over time, IBAL may be exposed to a loss in earnings and economic value due to the interest rate profile of its balance sheet. In the banking industry, such exposure commonly arises from the mismatch between the maturity profile of a bank's lending portfolio compared to its deposit portfolio (and other funding sources). Interest rate risk also includes the risk arising out of customers' demands for interest rate-related products with various repricing profiles. It is also possible that both short and long-term interest rates may change in a way that may have an adverse impact on IBAL's financial performance and position.

*Changes in monetary policies may adversely affect IBAL's business, operations and financial condition*

Central monetary authorities (including the Reserve Bank of Australia) set official interest rates or take other measures to affect the demand for money and credit in their relevant jurisdictions. These measures can significantly affect IBAL's cost of funds for lending and investing and the return that IBAL will earn on those loans and investments. These factors impact IBAL's net interest margin and can affect the value of financial assets and instruments it holds, such as debt securities and hedging instruments. The policies of the central monetary authorities can also affect IBAL's borrowers, potentially increasing the risk that they may fail to repay loans. Changes in such policies are difficult to predict and may adversely affect IBAL's business, operations and financial condition.

*Sovereign risk may destabilise financial markets adversely*

Sovereign risk is the risk that governments (at all levels both domestic and foreign) could default on their debt obligations, could be unable to refinance their debts as they fall due or could nationalise parts of their economy including assets of financial institutions such as IBAL.

Sovereign defaults could negatively impact the value of IBAL's holdings of high quality liquid assets. There may also be a cascading effect to other markets and countries, the consequences of which, while difficult to predict, may be similar to or worse than those experienced during the global financial crisis. Such an event could destabilise global financial markets adversely affecting IBAL's liquidity, financial performance or financial condition.

*Weakening of the broader economy including real estate markets in Australia may adversely affect IBAL's business, operations and financial condition*

Residential and commercial property lending constitute important businesses for IBAL. In addition, through its wholesale banking activities IBAL is exposed to utilities and infrastructure lending together with general corporate lending facilities. Major sub-segments within IBAL's lending portfolio include:

- (a) retail banking mortgages;
- (b) consumer lending;
- (c) business banking loans; and
- (d) wholesale banking loans such as infrastructure, utilities and corporate lending facilities.

Declining asset prices or a weakening economy could impact customers, counterparties and the value of the security (including residential and commercial property) IBAL holds against loans and may impair the ability of IBAL to recover amounts owing if customers or counterparties were to default.

A significant decrease in Australian housing valuations could adversely impact IBAL's home lending activities. The house prices directly impact risk costs through the loss given default component and indirectly through worsening default behaviour driven by the larger impact of house prices on the economy impacting probability of default as well. The same factors impact capital ratios as well through the risk weight function. The impact to risk costs and capital ratios results in an adverse financial performance leading to potential actions constraining home lending activities. The decrease in home valuations may be triggered by an event or series of events in the local or global economy such as an increase to the local unemployment, an increase in interest rates, the unwinding of negative gearing in Australia or the occurrence of natural disasters. The demand for IBAL's home lending products may also decline due to buyer concerns about decreases in values or concerns about rising interest rates, which could make IBAL's lending products less attractive to potential homeowners and investors.

A significant decrease in commercial property valuations or a significant slowdown in Australia could result in a decrease in the amount of new lending IBAL is able to write and/or increase the losses that IBAL may experience from existing loans, which, in either case, could materially and adversely impact IBAL's financial condition and operations. IBAL's portfolio of commercial property interest-only loans may be particularly susceptible to losses in the event of a decline in property prices as a result of refinance risk and deteriorating security values. A material decline in residential housing prices could also cause losses in IBAL's residential "build to sell" portfolio if customers who are pre-committed to purchase these dwellings are unable or unwilling to complete their contracts and IBAL is forced to re-sell these dwellings at a loss.

A significant slowdown in Australian economy leading to weaker business conditions, could impact the performance of the existing wholesale banking portfolio, while also leading to a slower rate of growth in these assets which, in either case, could materially and adversely impact IBAL's financial condition and operations.

*In conducting its business both domestically and around the world, IBAL is subject to political, economic, legal, operational and other risk*

In conducting its global businesses and maintaining and supporting its operations, IBAL is subject to risks of possible nationalisation, expropriation, price controls, capital controls, exchange controls, economic sanctions and other restrictive governmental actions. IBAL could also be affected by the occurrence of diseases. Geopolitical instability, such as threats of, potential for, or actual conflict, occurring around the world, may also adversely affect global financial markets, general economic and business conditions and

IBAL's ability to continue operating or trading in a country, which in turn may adversely affect IBAL's business, operations and financial condition.

IBAL is subject to rules and regulations relating to corrupt and illegal payments and money laundering, as well as laws, sanctions and economic trade restrictions relating to doing business with certain individuals, groups and countries. While IBAL has invested and continues to invest in its anti-money laundering (AML), sanctions, and anti-bribery and anti-corruption compliance programs, the nature of its operations, employees, clients and customers, as well as the vendors and other third parties that it deals with, increases the risk that it may be found in violation of such rules or regulations and any such violation could subject IBAL to significant penalties or adversely affect its reputation.

### ***Risk factors relating to the banking and financial services industry***

#### **Regulatory Risks**

##### *Changes in regulation and government policy*

IBAL is subject to substantial regulatory oversight in Australia. The agencies with regulatory oversight of IBAL include, among others, the Australian Prudential Regulation Authority (APRA), the Reserve Bank of Australia (RBA), the Australian Competition and Consumer Commission (ACCC), the Banking Code Compliance Committee (BCCC), Office of the Australian Information Commissioner (OAIC), Australian Securities and Investments Commission (ASIC), the Australian Transaction Reports and Analysis Centre (AUSTRAC) and the Australian Taxation Office (ATO) and the various state revenue offices in each Australian jurisdiction.

As IBAL is a wholly-owned subsidiary of ING Bank N.V. and part of the ING Groep, IBAL must also comply with applicable EU regulations.

Changing global economic conditions have created increased supervision and regulation by Australian regulators, and this together with heightened regulation in off-shore markets in which IBAL and the Group operate, particularly for financial institutions, will mean further change is certain. As regulatory change continues to increase in both foreign cross-jurisdictions and, in some cases, extends on an extra-territorial basis, IBAL finds that it must take a combined, focussed, co-ordinated and global approach to ensure consistent compliance in all jurisdictions where IBAL is affected by the regulatory changes.

Regulatory changes are often unpredictable and subject to on-going developments and progress in their advancement and these factors, by their very nature, are beyond IBAL's control.

Regulatory change is a constantly evolving environment, subject to the discussions held with different Government and Industry bodies as well as regulators. Accordingly there is operational and compliance risk associated with the implementation of new laws and regulations that apply to IBAL as a financial institution.

Changes in applicable laws, regulations, government policies or accounting standards, including changes in interpretation or implementation of laws, regulations, government policies or accounting standards could adversely affect IBAL's businesses and could require IBAL and/or the Group to incur substantial costs. Further impacts include required levels, or the measurement, of bank liquidity and capital adequacy, limiting the types of financial services and products that can be offered, and/or reducing the fees which banks can charge on their financial services.

APRA may introduce new prudential regulations or modify existing regulations, including those that apply to IBAL as an Authorised Deposit-Taking Institution (ADI).

Regulators may introduce new regulations and standards which will apply to IBAL as an ADI. For example, APRA may introduce new prudential regulations or modify existing regulations, which could potentially

adversely affect the business or financial performance of IBAL. Any new or amended rules may potentially result in changes to IBAL's capital adequacy ratio.

IBAL is responsible for ensuring that it complies with all applicable legal and regulatory requirements (including, but not limited to, accounting standards, where applicable, rules and regulations relating to responsible lending, money laundering, sanctions, mandatory compliance with the National Consumer Credit Protection Act 2009, including the National Credit Code and other regulatory guides issued by ASIC). IBAL must also ensure compliance with industry codes of practice, as well as meeting its Code of Conduct.

The failure to comply with applicable regulations could result in suspensions, restrictions of operating licenses, fines and penalties or limitations on its ability to do business. Importantly, such failure could also have materially adverse reputational consequences. The costs, fines and restrictions described could have an adverse effect on IBAL's and the Group's business, operations, financial performance or financial condition. The legal and regulatory requirements described above could also adversely affect the profitability and prospects of IBAL and the Group or their businesses to the extent that they limit IBAL's and the Group's operations and flexibility of IBAL's and the ING Group's businesses. The nature and impact of future changes in such requirements are not predictable and are beyond IBAL's and the Group's control.

### *Basel III and Revisions to the Capital Framework (Basel III)*

Basel III is a comprehensive set of reform measures, developed by the Basel Committee, to strengthen the regulation, supervision and risk management of the banking sector globally. The International Standards for Basel III have now been finalised and following this, APRA released its final requirements in relation to capital adequacy and credit risk capital requirements for ADIs in November 2021. Implementation came into effect from 1 January 2023 (**APRA's Capital Framework**). IBAL reports under APRA's Capital Framework since this date.

Significant aspects of APRA's final requirements in APRA's Capital Framework included but were not limited to greater alignment with internationally agreed Basel standards relating to non-residential mortgages exposures, introduction of the Basel II capital floor for Internal Ratings Based (**IRB**) ADIs, the implementation of more risk-sensitive risk weights for residential mortgage lending, improving the flexibility of the capital framework through the introduction of a default level of a countercyclical capital buffer (initially set at 1%) and increasing the capital conservation buffer for IRB ADIs, improving the transparency and comparability of ADIs' capital ratios and implementing a minimum leverage ratio for IRB ADIs at 3.5%. APRA's Capital Framework also introduced an aggregate output floor, which will ensure that banks' Risk Weighted Assets generated by internal models used in the IRB approach are no lower than 72.5% of Risk Weighted Assets as calculated by the Basel III framework's standardised approaches.

The Basel Committee continue to meet regularly to assess risks and vulnerabilities to the global banking system which includes evaluating the effectiveness of Basel III reforms. APRA has indicated that the above changes will likely result in a decrease in Risk Weighted Assets as calculated under the new standards, but that this would be offset by the increased capital requirements associated with the capital buffers.

IBAL operates under APRA's Capital Framework and is required at all times to hold capital above the regulatory minimums. Changes to regulatory frameworks and the requirement of IBAL to hold more capital can have an adverse impact on IBAL.

### *Additional Tier 1 Capital in Australia*

On 21 September 2023, APRA released a discussion paper on the challenges of using Additional Tier 1 (**AT1**) capital instruments in a potential bank stress scenario in an Australian context, particularly given the unusually large proportion of AT1 capital instruments issued by ADIs that is held by retail investors. On 10 September 2024, APRA released a set of potential amendments to APRA's prudential standards that would replace AT1 capital instruments with alternate forms of capital. The amendments are expected to minimise



the risks associated with AT1 capital instruments and simplify the resolution process. APRA will undertake a formal consultation on the amendments and has indicated that the effective date for any policy change will be in January 2027. While IBAL only has one AT1 capital instrument on issue which is held by ING Bank N.V., changes to the requirements for AT1 capital instruments may impact IBAL's capital position and may reduce investor demand for Covered Bonds issued under the Programme if new products are introduced by other ADIs to replace AT1 capital instruments.

*IBAL may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.*

Scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to the financial services sector generally, and IBAL's business operations, capital, liquidity and risk management, compensation and other matters, has increased dramatically over the past several years. The financial crisis and the subsequent political and public sentiment regarding financial institutions has subsequently resulted in heightened regulatory scrutiny, investigations and potential litigation.

Responding to and addressing such matters can divert the time and effort of IBAL's senior management from its other business. Penalties and fines imposed by regulatory authorities have increased substantially over the last several years, and regulators have become aggressive in commencing enforcement actions or with advancing or supporting legislation targeted at the financial services industry. Adverse publicity, governmental scrutiny, legal and enforcement proceedings can also have a negative impact on IBAL's reputation with clients and on the morale and performance of its employees, which could adversely affect IBAL's businesses and the results of their operations.

Ongoing changes in the regulatory environment may have a negative impact on IBAL's business operations and financial condition. Risk of non-compliance to prudential standards and regulatory reporting requirements could result in fines and/or regulatory overlays.

### **Systemic & Competition Risks**

#### *Disruptions to Financial Markets*

Financial markets globally may also be disrupted by biological hazards, health pandemics and contagious diseases.

Any such market and economic disruptions could have an adverse effect on financial institutions such as IBAL because consumer and business confidence may decrease, unemployment may rise and demand for the products and services IBAL provides may decline, thereby reducing IBAL's earnings. These conditions may also affect the ability of its borrowers to repay their loans, or IBAL's counterparties to meet their obligations, causing it to incur higher credit losses. These events could also result in the undermining of confidence in the financial system, reducing liquidity and impairing IBAL's access to funding and impairing its customers and counterparties and their businesses.

The nature and consequences of any such event are difficult to predict and there can be no guarantee that IBAL could respond effectively to any such event. Any such event and/or the effectiveness of IBAL's response could adversely impact IBAL's financial performance, financial position, capital resources and prospects.

*Defaults by one or more other large financial institutions or counterparties could adversely affect financial markets generally*

The commercial soundness of many financial institutions may be closely interrelated as a result of credit, trading, clearing or other relationships among financial institutions. As a result of concerns about, or a default by, one or more financial institutions or by a sovereign could lead to market-wide liquidity problems, losses or defaults by other institutions globally that may further affect IBAL. This is sometimes referred to as

"systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, hedge funds and exchanges that IBAL interacts with on a daily basis. These risks may impact the value of financial instruments and other financial assets that are carried at fair market value by IBAL and IBAL's ability to deal in those assets.

If these risks eventuate, they may have an impact on IBAL's results, financial condition and prospects.

*Competitive pressure in the financial services industry could adversely impact its business and results of operation*

IBAL faces significant competition from local and international competitors, which compete vigorously in the financial services industry. IBAL competes on the basis of a number of factors, including their products and services, depth of client relationships, innovation, reputation and price. IBAL believes that it will continue to experience pricing pressures in the future as some of their competitors seek to obtain or increase market share. IBAL competes, with retail and commercial banks, private banking firms, investment banking firms, non-bank lenders, neobanks, payment providers and other investment and service firms in connection with the various assets they lend against and services they provide. In addition, any trend toward consolidation in the global financial services industry may create stronger competitors with broader ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power. In recent years, competition in the financial services industry has also increased as large insurance and banking industry participants have sought to establish themselves in markets that are perceived to offer higher growth potential and as local institutions have become more sophisticated and competitive and have sought alliances, mergers or strategic relationships. Many of IBAL's competitors are larger and may have significantly greater financial resources than IBAL and/or may be able to offer a wider range of products which may enhance their competitive position. The effect of competitive market conditions, especially in IBAL's main markets, products and services, may lead to an erosion in IBAL's market share or margins and adversely impact the results of operation.

***Credit Risks***

*A protracted period of elevated interest rates may result in a deterioration in the IBAL's credit risk profile in the short to medium term through increases in defaulted loans*

A protracted period of elevated interest rates, coupled with existing inflationary pressures, will further reduce disposable income for households and may increase household financial stress across Australia. Sectors exposed to changes in household discretionary spending (including retail trade, tourism, hospitality, and personal services) may experience significant financial stress in the event of changes to consumer spending behaviour. This includes a heightened risk of corporate and business bankruptcies, job losses and higher unemployment.

The increased credit risk in affected sectors and elevated levels of household financial stress may result in an increase in losses if customers default on their loan obligations and/or higher capital requirements through an increase in the probability of default.

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

Credit ratings are independent opinions on IBAL's creditworthiness. IBAL's credit ratings can affect the cost and availability of its funding from capital markets and other funding sources and they may be important to customers or counterparties when evaluating IBAL's products and services. Therefore, maintaining high quality credit ratings is important.

The credit ratings assigned to IBAL by rating agencies are based on an evaluation of a number of factors, including IBAL's financial strength, structural considerations regarding the Australian financial system and

the credit rating of Australia. A credit rating downgrade for IBAL could be driven by a downgrade of Australia, the occurrence of one or more of the other risks identified in this section or by other events including changes to the methodologies used by the rating agencies to determine ratings.

A weakening of IBAL's credit ratings could adversely affect its cost of funds and related margins, collateral requirements, liquidity, competitive position and its access to capital markets. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change, whether IBAL's ratings differ among agencies (split ratings) and whether any ratings changes also impact IBAL's competitors or the sector.

*A weakening of the real estate market in Australia may adversely affect IBAL's business, operations and financial condition*

Residential and commercial property lending, constitute important businesses to IBAL. In addition, through its wholesale banking activities IBAL is exposed to utilities and infrastructure lending together with general corporate lending facilities. Large decreases in property valuations or a significant downturn in the global and or local economy may increase losses on the loan portfolio and also decrease asset growth from new lending. This could adversely impact earnings.

*An increase in the failure of third parties to honour their commitments in connection with IBAL's lending and other activities, including funds that they manage, may adversely impact their business*

IBAL is exposed to the potential for credit-related losses that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations. IBAL is also exposed to potential concentration risk arising from large individual exposures or groups of exposures. Like any financial services organisation, IBAL assumes counterparty risk in connection with their lending, dealing, derivatives and other businesses where they rely on the ability of a third party to satisfy their financial obligations to IBAL on a timely basis.

The resulting net credit exposure will depend on a number of factors, including declines in the financial condition of the counterparty, the value of any collateral held and the market value of such collateral and the market value of the counterparty instruments and obligations that IBAL holds.

Credit losses can and have resulted in financial services organisations realising significant losses and in some cases failing altogether. To the extent IBAL's credit exposure increases, it could have an adverse effect on its business and profitability if material unexpected credit losses occur. IBAL is also subject to the risk that their rights against third parties may not be enforceable in all circumstances, which may also adversely impact IBAL business and its profitability.

*An increase in defaults in credit exposures could adversely affect IBAL's liquidity, capital resources, financial performance or financial condition*

Credit risk is the risk of financial loss where a customer or counterparty fails to meet their financial obligations to IBAL. It is a significant risk and arises primarily from IBAL's lending activities.

IBAL establishes provisions for credit impairment based on current information and with the forward-looking economic outlook also being considered. If economic conditions deteriorate, some customers and/or counterparties could experience higher levels of financial stress and IBAL may experience a significant increase in defaults and write-offs, and be required to increase its provisioning. Such events would diminish available capital and could adversely affect IBAL's liquidity, capital resources, financial performance or financial condition.

Credit risk also arises from certain derivative, clearing and settlement contracts IBAL enters into and from IBAL's dealings with, and holdings of debt securities issued by, other banks, financial institutions,

companies, governments and government bodies, the financial conditions of which may be affected to varying degrees by economic conditions in global financial markets.

*IBAL may experience write-downs of their investments, loans and other assets related to volatile market conditions*

A higher level of loan impairments and provision is required if the market value of assets similar to those held were to decline.

Sudden declines and significant volatility in the prices of assets may substantially curtail or eliminate the trading markets for certain assets, which may make it very difficult to sell, hedge or value such assets. The inability to sell or effectively hedge assets reduces IBAL's ability to limit losses in such positions and the difficulty in valuing assets may negatively affect their capital, liquidity or leverage ratios, increase their funding costs and generally require them to maintain additional capital.

### **Market Risks**

*IBAL's liquidity, profitability and business may be adversely affected by an inability to access capital markets or by an increase in their cost of funding*

Liquidity is essential to IBAL and its business activities. IBAL relies in part on financial markets to fund its operations. IBAL's liquidity may be impaired by an inability to access secured or unsecured debt markets, an inability to sell assets or unforeseen outflows of cash including but not limited to IBAL's retail deposit base or collateral. IBAL's liquidity may also be impaired due to circumstances that IBAL may be unable to control, such as general market disruptions, which may occur suddenly and dramatically, an operational problem that affects IBAL's credit spreads, which are market-driven, and subject at times to unpredictable and highly volatile movements. While ING Groep N.V. has a directive to downstream capital in a crisis, there is a risk that parental support would not be provided to IBAL during an adverse macroeconomic environment that has geopolitical implications.

General business and economic conditions are key considerations in determining IBAL's access to financial markets, cost of funding and ability to meet their liquidity needs. The impact of these include, but are not limited to, changes in short-term and long-term interest rates, inflation, money supply, commodities, volatility and results, fluctuations in both debt and equity capital markets, relative changes in foreign exchange rates, consumer confidence and changes in the strength of the Australian economy. Renewed turbulence or a worsening general economic climate could adversely impact any or all of these factors. Should conditions remain uncertain for a prolonged period, or deteriorate further, IBAL's funding costs may increase and may limit its ability to replace, in a timely manner, maturing liabilities, which could adversely affect IBAL's ability to fund and grow the businesses or otherwise have a material impact on IBAL's performance.

To mitigate this risk, IBAL maintains a diverse funding mix in terms of both instruments and concentration (both from a counterpart or segment and a maturity viewpoint).

However, in the event that IBAL's current sources of funding prove to be insufficient, it may be forced to seek alternative financing, which could include selling liquid securities or other assets. The availability of alternative financing will depend on a variety of factors, including prevailing market conditions, the availability of credit, IBAL's credit ratings and its capacity for credit. The cost of these alternatives may be more expensive than IBAL's current sources of funding or include other unfavourable terms, or IBAL may be unable to raise as much funding as it needs to support business activities. This could slow the growth rate of the IBAL business, cause a reduction in term assets and increase IBAL's cost of funding, all of which could reduce its profitability. In the event that IBAL is required to sell assets, there is no assurance that IBAL will be able to obtain favourable prices on some or all of the assets it offers for sale or that it will be

able to successfully complete asset sales at an acceptable price or in an acceptable timeframe. In addition, the sale of income earning assets may adversely impact IBAL's income in future periods.

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

IBAL's liquidity and funding policies are designed to allow it to meet its contractual and contingent payment obligations as and when they fall due, by seeking to ensure it is able to borrow funds on an unsecured basis, has sufficient assets to borrow against on a secured basis, and has sufficient high quality liquid assets to sell to raise immediate funds without adversely affecting the Issuer's net asset value. IBAL actively monitors and manages its liquidity and funding profile through its approved liquidity framework, which models IBAL's ability to fund under both normal conditions and during a variety of crises or stress situations. If IBAL is unable to maintain adequate levels of liquid assets, which may be due to a number of factors including significant unforeseen changes in interest rates, ratings downgrades, higher than anticipated losses on investments, unforeseen contingent liability payments, significant counterparty defaults, disruptions in the financial markets generally or if financial markets were unavailable for an extended period of time, IBAL's operations and financial condition could be adversely affected.

*IBAL is exposed to funding and liquidity risk*

Funding risk is the risk that the IBAL is unable to raise short- and long-term funding to support its ongoing operations, regulatory requirements, strategic plans and objectives. IBAL accesses domestic and global capital markets to help fund its business, along with using customer deposits. Periods of significant market volatility in particular may limit IBAL's access to funding sources. Dislocation in global capital markets, reduced investor interest in IBAL's securities and/or reduced customer deposits, may adversely affect IBAL's funding and liquidity position. This may increase the cost of obtaining funds, reduce the tenor of available funds or impose unfavourable terms on IBAL's access to funds, constrain the volume of new lending, or adversely affect IBAL's capital position.

Liquidity risk is the risk that IBAL is unable to meet its financial obligations as they fall due. These obligations include the repayment of deposits on demand or at their contractual maturity, the repayment of wholesale borrowings and loan capital as they mature, the payment of interest on borrowings and the payment of operational expenses and taxes. IBAL must also comply with prudential and regulatory liquidity obligations across the jurisdictions in which it operates. Any significant deterioration in IBAL's liquidity position may lead to an increase in funding costs, constrain the volume of new lending, or cause IBAL to breach its prudential or regulatory liquidity obligations. This may adversely impact IBAL's reputation and financial performance and position.

*Market risks could adversely impact IBAL's results*

Market risk is the potential of loss arising from adverse changes in interest rates, foreign exchange rates, credit spreads, and implied volatility levels for all assets and liabilities where some interest rate optionality is included. For the purposes of market risk management, IBAL is only exposed to non-traded market risk in the form of interest rate risk in the banking book.

*IBAL could suffer losses due to market volatility*

IBAL is exposed to market risk as a result of interest rate risk in the banking book and through the asset and liability management of its financial position. This is the risk of an adverse impact on earnings resulting from changes in market factors such as interest rates. This includes the risk to interest income from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities. If IBAL were to suffer substantial losses due to any market volatility it may adversely affect its business, prospects, liquidity, capital resources, financial performance or financial condition.

*Insufficient capital may adversely impact IBAL's operations and financial performance and position.*

Capital risk is the risk that IBAL does not have sufficient capital and reserves to meet prudential standard requirements, achieve its strategic plans and objectives, cover the risks to which it is exposed or protect against unexpected losses. IBAL is required to maintain minimum levels of capital and reserves relative to the balance sheet size and risk profile of its operations.

IBAL's capital ratios may be affected by a number of factors, such as (i) lower earnings (ii) increased asset growth and (iii) changes in business strategy (including acquisitions, divestments and investments or an increase in capital intensive businesses).

Under current regulatory requirements, risk-weighted assets and expected loan losses increase as a counterparty's risk grade worsens. These additional regulatory capital requirements compound any reduction in capital resulting from lower profits in times of stress. As a result, greater volatility in capital ratios may arise and may require IBAL to raise additional capital. There can be no certainty that any additional capital required would be available or could be raised on reasonable terms.

Prudential capital requirements (and changes to these requirements) may require IBAL to raise or use more capital of higher quality, or to restrict balance sheet growth. Additionally, if the information or the assumptions upon which assessments of capital requirements are made prove to be inaccurate, this may adversely impact IBAL's operations and financial performance and position. Risk of non-compliance to prudential standards and regulatory reporting requirements could result in fines and/or regulatory overlays.

### ***Operational Risks***

IBAL defines operational risk as the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes reputational risk resulting from operational risk events. The Non-Financial Risk Framework describes how IBAL manages its operational risks within its business processes.

*IBAL could suffer financial loss, adverse regulatory consequences or reputational damage due to inadequate or failed internal processes, people and systems or from external events*

IBAL's business is dependent on its ability to process and monitor, on a daily basis, a very large number of diverse transactions. As IBAL's client base and business activities expand, developing and maintaining operational systems and infrastructure becomes increasingly challenging. IBAL must continuously update these systems to support operations and growth, which may entail costs and risks of successful integration. IBAL's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond its control, such as a spike in transaction volume or disruption in internet services provided by third parties, adversely affecting the ability to process these transactions or provide these services.

IBAL faces third and intragroup party risk as it relates to termination or capacity constraints of any of the counterparties, clearing agents, exchanges, clearing houses or other financial intermediaries IBAL uses to facilitate its securities or derivatives transactions, and as IBAL's interconnectivity with clients and counterparties grows, IBAL increasingly faces the risk of operational failure with respect to clients' and counterparties' systems. Any such failure, termination or constraint could adversely affect IBAL's ability to effect or settle transactions, service clients, manage exposure to risk, meet obligations to counterparties or expand businesses or result in financial loss or liability to clients and counterparties, impairment of liquidity, disruption of businesses, regulatory intervention or reputational damage.

*IBAL could suffer losses due to other operational risks, including losses resulting from processing errors, outsourcing, fraud, scams or data quality.*

IBAL is exposed to a variety of operational risks such as processing, outsourcing, fraud (internal/external) and other unauthorised activities, management practices, workplace safety, project and change management, operational resilience and business continuity, reliance on key persons, improper business practices, mishandling of client moneys or assets, product complexity and pricing, and improper recording of transactions leading to incorrect valuations or accounting for transactions or breaches of internal policies and regulations.

Operational risks could impact IBAL's operations or reputation adversely affecting demand for products and services, financial results and prospects.

IBAL relies on a number of external service providers (e.g. third party brokers) to provide services. Failure by these suppliers to deliver services as required could result in reduced operational effectiveness, regulatory enforcement actions and reputational damage, and could adversely impact the Issuer's operations and profitability. There is increasing regulatory and public scrutiny concerning outsourced and offshore activities and their associated third and intragroup party risks, including, for example, the appropriate management and control of confidential data. In this context, IBAL generates significant volume of its mortgage business via third party brokers, which introduces additional risk elements. The failure to appropriately manage these risks, including where external service providers are used, may adversely impact IBAL's reputation, financial performance and position.

IBAL runs the risk that employee/customer misconduct/fraud could occur. It is not always possible to deter or prevent employee/customer misconduct/fraud and the precautions IBAL takes to prevent and detect this activity may not be effective in all such cases. Further, IBAL could be significantly impacted if an employee, contractor or external service provider does not act in accordance with community standards, laws, 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, misleading or deceptive conduct in advertising and inadequate or defective financial advice. IBAL's policies and processes that are intended to minimise the risk of human error and employee, contractor or external service provider misconduct, may not always be effective. If stakeholders perceive that the Issuer has been behaving inappropriately, significant reputational and financial impacts could also be incurred.

In addition, IBAL may incur losses from scams (including, for example, investment scams and romance scams) and fraud (including, for example, fraudulent applications for credit or from manipulated or falsified payments and settlement instructions). Fraudulent conduct can also emerge from external parties seeking to access the bank's systems and customers' accounts, the use of mule accounts and through other scams. If systems, procedures and protocols for managing scams and fraud fail, or are ineffective, they may lead to losses which could adversely affect IBAL's business, compliance, reputation, financial performance, or financial condition.

Further, IBAL manages a large volume of sensitive data and relies on the secure processing, transmission, storage and retrieval of confidential, proprietary and other information in its data management systems and technology, and in those managed, processed and stored by third parties on behalf of IBAL. Inadequate data governance, management and control across the data lifecycle, which include the capture, processing, retention, publication, use, archiving and disposal of data, could lead to poor decision making in the provision of credit as well as affecting its data management regulatory obligations, all of which may cause the IBAL to incur losses or lead to regulatory actions.

## ***Information Technology Risks***

*IBAL may face information security risks, including cyber-attacks*

IBAL's business is highly dependent on its information technology systems. IBAL 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, IBAL's security measures cannot provide absolute security.

Information security risks for 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 IBAL's products and services, customers may use personal smartphones, personal computers and other computing devices that are beyond IBAL's control systems. Although IBAL 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 IBAL, its employees, customers or of third parties or otherwise materially disrupt IBAL or its customers' or third parties' network access or business operations.

It is possible that IBAL (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 IBAL'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 IBAL's business operations and the threat of cyber terrorism.

An information security failure could have serious consequences for IBAL 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 IBAL.

IBAL maintains technology risk policies and standards which prescribe control objectives to mitigate material information technology and risk. IBAL believes that it, and its third party suppliers and vendors, have and maintain adequate anti-virus and malware software and have control frameworks in place to mitigate these risks, however, no assurance can be given that these controls would always mitigate every information and technology risk.

*Disruption of technology systems or breaches of data security may adversely impact IBAL's operations, reputation and financial performance and position.*

Most of the day-to-day operations of IBAL are computer-based, and therefore the reliability and security of IBAL's information technology systems and infrastructure is essential to its business. Technology risk may arise from events including a failure of these systems to operate effectively, an inability to restore or recover such systems in acceptable timeframes, a breach of data security, or other form of cyber-attack or physical attack. These events may be wholly or partially beyond the control of IBAL. Such events may result in disruption to operations, reputation damage, litigation, loss or theft of customer data, or regulatory investigations and penalties. This may adversely impact IBAL's reputation and financial performance and position.



The rapid evolution of technology in the financial services industry and the increased expectation of customers for internet and mobile services on demand, expose IBAL to new challenges in these areas.

IBAL processes, stores and transmits large amounts of personal and confidential information through its computer systems and networks. IBAL invests significant resources in protecting the confidentiality and integrity of this information. However, threats to information security are constantly evolving and techniques used to perpetrate cyber-attacks are becoming increasingly sophisticated. IBAL may not be able to anticipate a security threat, or be able to implement effective measures to prevent or minimise the resulting damage. An information security breach may result in operational disruption, regulatory enforcement actions, financial losses, theft or loss of customer data, or breach of applicable privacy laws, all of which may adversely impact IBAL's reputation and financial performance and position.

As with other business activities, IBAL uses select external providers (both in Australia and overseas) to continue to develop and provide its technology solutions. There is increasing regulatory and public scrutiny of outsourced and off-shored activities and their associated risks, such as the appropriate management and control of confidential data. The failure of any external providers to perform their obligations to IBAL or the failure of IBAL to appropriately manage those providers, may adversely impact IBAL's reputation and financial performance and position.

### ***Compliance Risks***

*IBAL is exposed to the risk of receiving significant regulatory fines and sanctions in the event of breaches of relevant regulation and laws*

IBAL operates in an increasingly complex regulatory environment; examples of this include, responsible lending, the Corporations Act, the Australian Banking Act, National Consumer Credit Protection Laws, trade practices, data security, anti-money laundering, counter-terrorist financing, modern slavery and sanctions. The increased compliance breaches reported across the industry and the related fines and settlements means that these risks continue to be an area of focus for IBAL.

IBAL works closely with the relevant regulators where conduct risk events materialise to ensure timely notification, repair and remediation as required but this remains a risk for IBAL. Failure to operate a robust compliance programme could have serious legal and reputational consequences for IBAL and its employees. Consequences can include fines, criminal and civil penalties, civil claims, reputational harm and limitations on business operations.

*IBAL is exposed to increased compliance costs and the risk of penalties and regulatory scrutiny with respect to the significant obligations imposed by global tax reporting regimes which are still evolving*

The U.S. Foreign Account Tax Compliance Act (**FATCA**) requires non-U.S. banks and other financial institutions to undertake specific customer due diligence and provide information on account holders who are U.S. citizens or tax residents to the United States Federal tax authority, the Internal Revenue Service (**IRS**) either directly or via local tax authorities. If the required customer due diligence and provision of account holder information is not undertaken and provided in a manner and form meeting the applicable requirements, IBAL and/or persons owning assets in accounts with IBAL may be subject to a 30 per cent withholding tax on certain amounts.

In addition to FATCA, the U.S. may require IBAL in certain circumstances to provide certain information to U.S. payers (withholding agents, custodians, etc.) and IBAL may face adverse consequences in case it does not provide such information in compliance with the applicable rules and regulations.

The OECD's Common Reporting Standard (**CRS**) provides for the automatic exchange of (financial account) information (**AEOI**) in tax matters. Australian financial institutions that do not fully comply with all the

requirements of the CRS (as modified by the implementing legislation) will be subject to administrative penalties.

In line with other global financial institutions, IBAL has made and is expected to make investments in order to comply with the extensive requirements of FATCA, the CRS and the various other in-country tax reporting initiatives.

#### *Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018*

On 5 March 2018, the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018 (the **Crisis Act**) received royal assent and was enacted. The Crisis Act gives APRA additional powers for crisis resolution and resolution planning in relation to regulated entities.

The Crisis Act provides:

- clear powers that enable APRA to set requirements on resolution planning and ensure banks and insurers are better prepared for a crisis; and
- an expanded set of crisis resolution powers that equip APRA to act decisively to facilitate the orderly resolution of a distressed bank or insurer.

Under the Crisis Act, if APRA appoints a statutory manager to an APRA regulated entity, or if it intends to do so, APRA has the power to appoint a statutory manager to any of the APRA regulated entity's related entities if:

- the entity provides essential services to the regulated entity; or
- the appointment is necessary to facilitate the resolution of the regulated entity.

This may impact IBAL. APRA has the power to appoint a statutory manager to IBAL as IBAL is an APRA regulated entity.

#### *Unexpected changes to IBAL's licence to operate in Australia may adversely affect its business, operations and financial condition*

IBAL is licensed to operate in the various States and Territories in which it operates in Australia. Unexpected changes in the conditions of the licence to operate by APRA which prohibits or restricts IBAL from trading in a manner that was previously permitted may adversely impact IBAL's financial results.

#### *IBAL could suffer losses due to conduct risk*

Conduct risk is the risk that IBAL's provision of services and products results in unsuitable or unfair outcomes for IBAL's stakeholders or undermines market integrity. IBAL is highly dependent on the conduct of its employees, contractors and external service providers. IBAL could, for example, be adversely affected in the event that an employee, contractor or external service provider engages in unfair or inappropriate conduct. This could include losses from a failure to meet a professional obligation to specific clients, including fiduciary and suitability requirements or from the nature or design of a product.

While IBAL has policies and processes to manage employee, contractor or external service provider misconduct, these policies and processes may not always be effective.

## ***Reputational Risks***

### ***Reputation***

Reputation risk may arise through the actions of IBAL or other financial services market participants and adversely affect perceptions of IBAL held by the public, regulators or rating agencies. This is especially relevant given the significant role financial services play in the Australian economy. These issues include appropriately dealing with potential conflicts of interests, legal and regulatory requirements, ethical issues, modern slavery, money laundering laws, trade sanctions legislation, privacy laws, information security policies and sales and trading practices. Damage to IBAL's reputation may have an adverse impact on IBAL's financial performance, capacity to source funding and liquidity, cost of sourcing funding and liquidity and by constraining business opportunities.

Specifically, as IBAL is a digital bank and is highly dependent on information processes and systems (a number of which are outsourced or provided by third parties), IBAL is exposed to the risk of loss resulting from the failure of these processes and systems, such as the disruption or failure of IT systems, or from third party service providers, including outsourced cloud-based technology platforms. There is increasing regulatory and public scrutiny concerning the appropriate management of data and outsourced activities and their associated risks (including, for example, the appropriate management and control of confidential data). If IBAL fails to manage these risks appropriately, it may incur financial losses and/or penalties as a result of regulatory intervention and cause damage to IBAL's reputation, which may affect IBAL's ability to attract and retain customers.

*Litigation and contingent liabilities arising from IBAL's business conduct may adversely impact its reputation and financial performance and position.*

Entities within IBAL (and related to IBAL) may be involved from time to time in legal proceedings arising from the conduct of their business. The aggregate potential liability and costs in respect thereof cannot be accurately assessed. Any material legal proceedings may adversely impact IBAL's reputation and financial performance and position.

*IBAL's ability to retain and attract qualified employees is critical to the success of its business and the failure to do so may materially adversely affect its performance*

IBAL's employees are its most important resource, and its performance is largely dependent on the talents and efforts of highly skilled individuals. As such, IBAL's continued ability to compete effectively in its business and to expand into new business areas and geographic regions depends on its ability to retain and motivate its existing employees and attract new employees. Competition from within the financial services industry and from businesses outside the financial services industry, such as professional service firms, hedge funds, private equity funds and venture capital funds, for qualified employees has historically been intense and could increase during periods of economic growth.

In order to attract and retain qualified employees, IBAL must compensate such employees at market levels. Typically, those levels have caused employee remuneration to be IBAL's largest expense category relates to employment expenses which consists of both fixed and variable components. As an ADI regulated by APRA, IBAL may be subject to limitations on remuneration practices (which may or may not affect its competitors). These limitations may require IBAL to alter its remuneration practices in ways that could adversely affect its ability to attract and retain qualified and talented employees. If IBAL is unable to continue to attract and retain qualified employees, as a result of such changes or otherwise, or is required to pay higher remuneration in order to attract and retain qualified employees to maintain its competitive position, or if increased regulation requires IBAL to change its remuneration policies, its performance, including its competitive position, could be materially adversely affected.

The Treasury Laws Amendment (Banking Executive Accountability and Related Measures) Act 2018 (Cth) (the **BEAR legislation**) established accountability obligations for ADIs and their senior executives and directors.

On 5 September 2023, the Financial Accountability Regime Act 2023 (the **FAR Act**) was passed by the Australian Parliament and received Royal Assent on 14 September 2023. The Financial Accountability Regime (**FAR**) replaces the BEAR legislation and extends the responsibility and accountability framework established under BEAR to all prudentially regulated entities. The FAR Act commenced on 15 September 2023 and the regime applies to the Australia banking industry (including ADIs, such as IBAL) from 15 March 2024. Transitional arrangements for ADIs, such as IBAL, are provided by the FAR (Consequential Amendments) Act 2023. This will involve repealing the BEAR legislation following the application of FAR to the Australian banking industry.

FAR is intended to improve the operating culture of entities in the banking, insurance and superannuation industries and to increase transparency and accountability across these industries – both in relation to prudential and conduct related matters. The regime will be jointly administered by APRA and ASIC.

IBAL has implemented controls to meet the requirements of FAR as it applies to both IBAL and ING Bank N.V (Sydney branch). IBAL has engaged external consultants to support with the transition from BEAR to FAR and are working to ensure compliance by the date set out by APRA and ASIC.

In addition, current and future laws (including laws relating to immigration and outsourcing) may restrict IBAL's ability to move responsibilities or personnel from one jurisdiction to another. This may impact IBAL's ability to take advantage of business and growth opportunities or potential efficiencies, which could adversely affect its profitability.

### ***Strategic Risks***

*IBAL may consider acquisition and divestment opportunities at various times, and there is a risk that IBAL may undertake an acquisition or divestment that could result in a material adverse effect on its business, operations and financial condition*

IBAL regularly examines a range of corporate opportunities, including material acquisitions and disposals, with a view to determining whether those opportunities will enhance IBAL's strategic position and financial performance.

There can be no assurance that any acquisition (or divestment) would have the anticipated positive results, including results relating to the total cost of integration (or separation), the time required to complete the integration (or separation), the amount of longer-term cost savings, the overall performance of the combined (or remaining) entity, or an improved value of the IBAL entity. IBAL's operating performance, risk profile and capital structure may be affected by these corporate opportunities and there is a risk that IBAL's credit ratings may be placed on credit watch or downgraded if these opportunities are pursued. Integration (or separation) of an acquired (or divested) business can be complex and costly, sometimes including combining (or separating) relevant accounting and data processing systems, and management controls, as well as managing relevant relationships with employees, customers, regulators, counterparties, suppliers and other business partners. Integration (or separation) efforts could create inconsistencies in standards, controls, procedures and policies, as well as diverting management attention and resources. This could adversely affect IBAL's ability to conduct its business successfully and impact IBAL's operations or results. Additionally, there can be no assurance that employees, customers, counterparties, suppliers and other business partners of newly acquired (or retained) businesses will remain post-acquisition (or post-divestment), and the loss of employees, customers, counterparties, suppliers and other business partners could adversely affect IBAL's operations or results.

*IBAL may incur losses as a result of ineffective risk management processes and strategies*

While IBAL employs a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. As such, IBAL may, in the course of its activities, incur losses. There can be no assurance that the risk management processes and strategies that IBAL has developed will adequately anticipate or be effective in addressing market stress or unforeseen circumstances.

*Future growth, including through acquisitions, mergers and other corporate transactions, may place significant demands on IBAL's managerial, legal, accounting, IT, risk management, operational and financial resources and may expose them to additional risks*

IBAL regularly assesses various strategic opportunities to enhance shareholder value that may, from time to time, include mergers, acquisitions or divestments. IBAL may be unsuccessful in identifying such strategic opportunities on acceptable terms in the future. Furthermore, significant risks exist in both the execution and implementation of such strategic opportunities.

Future growth may place significant demands on IBAL's legal, accounting, IT, risk management and operational infrastructure and result in increased expenses. IBAL's future growth will depend, among other things, on its ability to integrate new businesses, maintain an operating platform and management system sufficient to address its growth, attract employees and other factors described below. If IBAL does not manage the expanding operations effectively, the ability to generate revenue and control expenses could be adversely affected.

A number of IBAL's recent and planned business initiatives and further expansions of existing businesses are likely to bring it into contact, directly or indirectly, with individuals and entities that are new clients, with new asset classes and other new products or new markets. These business activities expose IBAL to new and enhanced risks, including reputational concerns arising from dealing with a range of new counterparties and investors, actual or perceived conflicts of interest, regulatory scrutiny of these activities, potential political pressure, increased credit-related and operational risks, including risks arising from accidents or acts of terrorism, and reputational concerns with the manner in which these businesses are being operated or conducted. If these risks eventuate, they may have a negative impact on IBAL's results, financial conditions or operations.

*IBAL could suffer losses due to environmental factors*

IBAL and its customers operate businesses and hold assets in a diverse range of geographic locations. Any significant environmental change or external event (including fire, storm, flood, earthquake, pandemic, civil unrest or terrorism events) in any of these locations has the potential to disrupt business activities, impact on IBAL's operations, damage property and otherwise affect the value of assets held in the affected locations and IBAL'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.

*Strategic risks could adversely impact IBAL's results*

IBAL is subject to strategic risks which could impact its future results. Strategic business risk is defined as the risk of economic loss resulting from changes in the business environment caused by the following factors:

- macroeconomic conditions;
- competitive forces at work;

- technology;
- regulatory; or
- social trends.

Strategic business risk is taken into account as business strategies and objectives are defined. The Board of Directors of IBAL receives reports on business strategy, financial forecasts, major projects and change initiatives. The Board of Directors of IBAL monitors progress of these items compared to the plans.

### ***Business Operations Risks***

*IBAL's business operations generate exposure to potential tax liabilities that could have an adverse impact on the results of operations and reputation*

IBAL is exposed to risks arising from the manner in which the Australian and international tax regimes may be applied and enforced, in terms of their own tax compliance and the tax aspects of transactions.

Additionally, as a result of increased funding needs by governments employing fiscal stimulus measures, revenue authorities in many of the jurisdictions in which IBAL operates are known to have become more active in their tax collection activities.

Whilst IBAL believes that it has in place controls and procedures that are designed to ensure that transactions involving third parties comply with applicable tax laws and regulations, any actual or alleged failure to comply with or any change in the interpretation, application or enforcement of applicable tax laws and regulations could adversely affect its reputation and affected business areas, significantly increase its own tax liability and expose it to legal, regulatory and other actions.

*Failure of IBAL's insurance carriers or failure to maintain adequate insurance cover could adversely impact its results of operations*

If IBAL's insurance carriers fail to perform their obligations to IBAL and/or its third party cover is insufficient for a particular matter or group of related matters, its net loss exposure could adversely impact its results of operations.

*IBAL may be exposed to losses if critical accounting judgements and estimates are subsequently found to be incorrect.*

The preparation of IBAL's financial statements requires management to make estimates and assumptions and to exercise judgement in applying relevant accounting policies, each of which may directly impact the reported amounts of assets, liabilities, income and expenses. Some areas involving a higher degree of judgement, or where assumptions are significant to the financial statements, include the estimates used in the calculation of provisions and intangible assets and the fair value of financial instruments.

If the judgements, estimates and assumptions used by IBAL in preparing its consolidated financial statements are subsequently found to be incorrect, there could be a significant loss to IBAL beyond that anticipated or provided for which may adversely impact IBAL's financial performance and position.

*Changes to accounting policies may adversely affect IBAL's business, operations and financial condition*

The accounting policies and methods that IBAL applies are fundamental to the recording and reporting of its financial position, and results of its operations. Management of IBAL must exercise judgment in selecting and applying many of these accounting policies and methods so that they not only comply with generally accepted accounting principles but they also reflect the most appropriate manner in which to record and

report on the financial position and results of operations. Accounting policies are determined in accordance with generally accepted accounting principles. Where interpretational or accounting judgement arise, management follows an internal governance process to ensure alignment with internal policy, both locally and globally and where required obtain third party assurance on complex accounting treatments.

In addition, the application of new or revised generally accepted accounting principles could have a material adverse effect on IBAL's financial position and results of operations.

In some cases, management must select an accounting policy or method from two or more alternatives, any of which might comply with generally accepted accounting principles and is reasonable under the circumstances, yet might result in reporting materially different outcomes than would have been reported under another alternative.

*IBAL could suffer losses due to impairment of capitalised software, goodwill and other intangible assets that may adversely affect its business, operations and financial condition*

In certain circumstances IBAL may be exposed to a reduction in the value of intangible assets. Capitalised software and other intangible assets are assessed for indicators of impairment at least annually or on indication of impairment. In the event that an asset is no longer in use, or its value has been reduced or its estimated useful life has declined, an impairment will be recorded, adversely impacting IBAL's financial condition. The estimates and assumptions used in assessing the useful life of an asset can be affected by a range of factors including changes in strategy and the rate of external changes in technology and regulatory requirements.

#### *Reliance on external parties*

IBAL's operations depend on performance by a number of external parties under contractual arrangements with IBAL. IBAL outsources a number of operational services such as information technology and a number of customer facing products such as general insurance, auto finance and wealth management services. Although IBAL has taken steps to protect it from the effects of defaults under these arrangements, such defaults may have an adverse effect on IBAL business continuity, reputation and financial performance.

#### *Reliance on Models*

As a financial services organisation, IBAL is reliant on the use of data and models in the conduct of its business. IBAL is therefore exposed to model risk, being the risk of loss arising because of errors or inadequacies in data or a model or in the control and use of the model. If this risk were realised it may adversely affect IBAL's financial performance and position. As an Advanced-Internal Rating Based (A-IRB) accredited ADI, IBAL is responsible for the use of internally developed models to calculate regulatory capital requirements. Risk arising from incorrect calculation can pose significant impact on IBAL's capital position and may result in APRA imposing regulatory add-ons and overlays.

### **FACTORS THAT MAY AFFECT THE COVERED BOND GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE COVERED BONDS ISSUED UNDER THE PROGRAMME**

#### *There is limited recourse to the 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 its 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.

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

Subsequent to an Issuer Event of Default that is continuing, the Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. 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, subject to being indemnified and/or secured and/or prefunded to its satisfaction, give an Issuer Acceleration Notice to the Issuer (copied to the Covered Bond Guarantor) that as against the Issuer (but not, for the avoidance of doubt, as against the Covered Bond Guarantor) 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 will forthwith serve a Notice to Pay on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee) and the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts when the same will become Due for Payment in accordance with the terms of the Covered Bond Guarantee. The Covered Bond Guarantor will have no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee prior to receipt of an Issuer Acceleration Notice and Notice to Pay.

Following service of a Notice to Pay on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee) the Covered Bond Guarantor must 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 may 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 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 taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Australia or any political subdivision 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. 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, had the Issuer been making payments on the Covered Bonds, have become payable by the Issuer under Condition 7 of the Conditions. Prior to service on the Covered Bond Guarantor 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 per cent. 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, subject to being indemnified and/or secured and/or prefunded to its satisfaction, 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 Conditions, although in such circumstances the Covered Bond Guarantor will not be obliged to gross up in respect of any withholding which may be required in respect of any payment). Following service of a Covered Bond Guarantee Acceleration Notice, the Security Trustee may enforce the Security over the Charged Property. The proceeds of enforcement and realisation of the Security will 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 on an accelerated basis.

There is no guarantee that the Covered Bond Guarantor will be able to satisfy its obligations to make payments under the Covered Bond Guarantee. Should the Covered Bond Guarantor be unable to meet the claims of Covered Bondholders under the Covered Bond Guarantee, the interests of Covered Bondholders may be adversely affected and Covered Bondholders may not receive payment in full of all amounts due in respect of the Covered Bonds held by them.

***The obligations under the Covered Bond Guarantee may be extendable.***

If the Applicable Final Terms for a Series of Covered Bonds provide that such Covered Bonds are subject to an Extended Due for Payment Date (**Extendable Maturity Covered Bonds**) then (subject to no Covered Bond Guarantor Event of Default having occurred) following the failure by the Issuer to pay, in full, the Final Redemption Amount of the relevant Series of Extendable Maturity Covered Bonds on their Final Maturity Date (subject to applicable grace periods) and if, following the service of a Notice to Pay on the Covered Bond Guarantor (by no later than the date which falls one Business Day prior to the Extension Determination Date), payment of the Guaranteed Amounts corresponding to the unpaid portion of such Final Redemption Amount in respect of the relevant Series of Extendable Maturity Covered Bonds are not paid in full by no later than the Extension Determination Date, then the payment of such Guaranteed Amounts will be automatically deferred to the Extended Due for Payment Date for the relevant Series of Extendable Maturity Covered Bonds. The Trust Manager is required to notify the Covered Bondholders in accordance with Condition 13 of the Conditions of such deferral (but failure to do so does not affect the validity or effectiveness of the extension).

To the extent that the Covered Bond Guarantor has received a Notice to Pay in sufficient time and has sufficient moneys available to pay in whole or in part the Guaranteed Amounts corresponding to the relevant unpaid portion of the Final Redemption Amount in respect of the relevant Series of Extendable Maturity Covered Bonds, the Covered Bond Guarantor will be required to make such payment in accordance with the Guarantee Priority of Payments and as described in Condition 6(a) of the Conditions on any Interest Payment Date (from, and including, subject to applicable grace periods, the Final Maturity Date for such Covered Bonds) up to and including the relevant Extended Due for Payment Date. Payment of the unpaid amount will be deferred automatically until the applicable Extended Due for Payment Date. The Extended Due for Payment Date of the relevant Series of Covered Bonds will be specified in the Applicable Final Terms. Interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 4 of the Conditions and the Covered Bond Guarantor will pay Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date. In these circumstances, except where the Covered Bond Guarantor has failed to apply money in accordance with the Guarantee Priority of Payments, failure by the Covered Bond Guarantor to make payment in respect of the Final

Redemption Amount on the Final Maturity Date (or such later date within any applicable grace period) will not constitute a Covered Bond Guarantor Event of Default. However, failure by the Covered Bond Guarantor to pay Guaranteed Amounts corresponding to the Final Redemption Amount or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay Guaranteed Amounts constituting Scheduled Interest on any Original Due for Payment Date up to and including the Extended Due for Payment Date will (subject to any applicable grace period) be a Covered Bond Guarantor Event of Default.

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 Trust Payment 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 Available Income Amounts and Available Principal Amounts 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 Available Principal Amounts 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.

***Payments by the Covered Bond Guarantor may be treated as interest for Australian withholding tax purposes.***

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 will be paid to the Covered Bond Guarantor following the occurrence of an Issuer Event of Default.***

Following the occurrence of an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice any Excess Proceeds received by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series will be paid 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 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 Covered Bond Guarantor). 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, 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 Covered Bondholder 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 as described above.

***There are finite resources available to the Covered Bond Guarantor to make payments due under the Covered Bond Guarantee.***

Following service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer (copied to the Covered Bond Guarantor), all amounts payable under the Covered Bonds will be accelerated by the Bond Trustee as against the Issuer and a Notice to Pay must be served by the Bond Trustee on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee). The Covered Bond Guarantor's ability to meet its obligations under the Covered Bond Guarantee will depend on: (i) the realisable value of the sale of Selected Mortgage Loan Rights forming part of the Assets of the Trust; (ii) the amount of Interest Collections and Principal Collections generated by the Mortgage Loans forming part of the Assets of the Trust and the timing thereof; (iii) amounts received from the Swap Providers; (iv) the realisable value of Substitution Assets and Authorised Investments held by it and; (v) 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 extent of its right of indemnity from the property of the Trust (including as described in the foregoing) (except to the extent of any reduction in the extent of the Covered Bond Guarantor's right of indemnity as a result of the Covered Bond Guarantor's fraud, negligence or wilful default) and the Covered Bond Guarantor will not have any obligation to use its own funds or any other assets held by it (except in those limited circumstances) to meet its obligations under the Covered Bond Guarantee.

If a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer 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 Covered Bondholders 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 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 service of a Notice to Pay or, if earlier, 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 in amounts to pay the Covered Bondholders (although there is no assurance of this – in particular, the sale of further Mortgage Loans and their related Mortgage Loan Rights by the Seller to the Covered Bond Guarantor or other action may be required to avoid or remedy any non-satisfaction or 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 met on each relevant Calculation 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 Trust and 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 Agreement – Interest Rate Shortfall Test*", "*Overview of the Principal Documents – Servicing Agreement – Yield Shortfall Test*", "*Overview of the Principal Documents – Establishment Deed – Pre-Maturity Test*" and "*Credit Structure – Pre-Maturity Test*").

***The Covered Bond Guarantor relies 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 administer and service the Mortgage Loans forming part of the Assets of the Trust and to provide certain other administration and management services to the Covered Bond Guarantor pursuant to the provisions of the Servicing Agreement;
- (b) the Trust Manager has been appointed to provide the administration, cash management and calculation services set out in the Programme Documents including, operating the Trust Accounts prior to the service of a Notice to Pay on the Covered Bond Guarantor, keeping and maintaining records, preparing annual accounts of the Trust and arranging for those to be audited, directing the Covered Bond Guarantor to invest moneys standing to the credit of the GIC Account in Substitution Assets or Authorised Investments, performing all calculations on each Calculation Date or other relevant date which are required to determine whether the Mortgage Loans forming part of the Assets of the Trust are in compliance with the Asset Coverage Test or the Amortisation Test, as applicable or to determine whether the Pre-Maturity Test has been satisfied and providing information to the Cover Pool Monitor;
- (c) the Cover Pool Monitor has been appointed to test and report on the accuracy of the Trust Manager's calculations in respect of the Asset Coverage Test or Amortisation Test, as the case may be, to assess whether the Trust Manager is keeping an accurate register of the assets of the Trust and examine and report on compliance of the Assets of the Trust with the requirements of the Australian Banking Act and the limits on investment in Substitution Assets in the Establishment Deed; and
- (d) 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 Loans and other Assets of the Trust or any part thereof or pending such realisation (if the Mortgage Loans and other Assets of the Trust or any part thereof 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, this may lead to higher incidences of non-payment or default by Obligor.

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

If a Servicer Default occurs and is continuing, then the Covered Bond Guarantor (acting on the direction of the Trust Manager) may terminate the appointment of the Servicer. Further, the Servicer may resign, following the expiry of not less than 3 months' notice. Following delivery of notice of termination of the appointment of the Servicer or notice of resignation of the Servicer, the Trust Manager agrees to use its best endeavours to appoint a substitute servicer. Any termination of the appointment of the Servicer is of no effect unless and until a substitute servicer has been appointed and such substitute has executed a deed under

which it covenants to act as Servicer. Any appointment of a substitute servicer is conditional upon the Issuer having delivered a Rating Affirmation Notice in respect of such appointment. There can be no assurance that either (x) 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 Loans forming part of the Assets of the Trust on the terms of the Servicing Agreement, or (y) a Rating Affirmation Notice could be delivered by the Issuer in respect of such substitute servicer. The ability of a replacement servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a replacement servicer may affect payments on the Mortgage Loans forming part of the Assets of the Trust, the realisable value of such Mortgage Loans and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

The Servicer has no obligation itself to advance payments that Obligors fail to make in a timely fashion. Covered Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Servicing Agreement.

The Servicer is required to collect all payments (including Mortgage Loan Scheduled Payments) made by an Obligor. If the Servicer receives, during a Calculation Period, any money whatsoever arising from the Mortgage Loans forming part of the Assets of the Trust and the related Mortgage Loan Rights which money belongs to the Covered Bond Guarantor and such money is to be credited to the GIC Account pursuant to the Servicing Agreement, the Servicer must 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 Calculation Date is mitigated by an obligation of the Servicer to transfer the collections into the GIC Account within two AU Business Days of receipt if the Servicer's short term credit ratings are downgraded to below P-1 (by Moody's) or F1 (by Fitch) or long term credit ratings are downgraded to below A- by Fitch, respectively.

Neither 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.

If a Trust Manager Default occurs and is continuing, then the Covered Bond Guarantor may remove the Trust Manager from office. If an Insolvency Event occurs in relation to the Trust Manager, then the Covered Bond Guarantor must remove the Trust Manager from office. The Trust Manager may retire on 3 months' notice to the Covered Bond Guarantor. The Covered Bond Guarantor will be entitled to appoint a substitute trust manager and until such appointment is made, the Covered Bond Guarantor must act as Trust Manager. There can be no assurance that a replacement trust manager would be found who would be willing and able to provide such trust management services on the terms of the Management Agreement. None of 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 replacement trust manager) of its obligations.

Any delay or inability to appoint a replacement 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 accordingly the ability of the Cover Pool Monitor to perform its obligations) 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 Obligors 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 Management Agreement.

***The Covered Bond Guarantor relies 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 and from certain other Assets of the Trust, amounts payable by the Covered Bond Guarantor under the Intercompany Notes and the Demand Note 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 a number of swap providers (each, a **Swap Provider**).

If the Covered Bond Guarantor fails to make timely payments 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 one or more Swaps under such Swap Agreement) 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 payment date under such Swap Agreements, 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 or in respect of the Intercompany Notes, the Demand Note or the Covered Bond Guarantee.

If a Swap Agreement (or one or more Swaps under such Swap Agreement) 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 credit 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 Interest Rate Swap Provider is not the Issuer or, if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has occurred or is likely to occur) and such termination payment in respect of the Interest Rate Swaps will rank ahead of amounts due on the Covered Bonds; and
- (ii) any such termination payment in respect of the Covered Bond Swaps, and (if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has not occurred or is not likely to occur) any such termination payment in respect of the Interest Rate Swaps 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 (see further "*Risk Factors - General Risk Factors – There is uncertainty as to the validity and/or enforceability of priority of Excluded Swap Termination Amounts*").

***There are differences in timings of obligations of the Covered Bond Guarantor and the Covered Bond Swap Providers under the Covered Bond Swaps that may affect the Covered Bond Guarantor's ability to make payments under the Covered Bond Guarantee.***

With respect to the Covered Bond Swaps, the Covered Bond Guarantor will pay a monthly amount, on each Trust Payment Date, to each Covered Bond Swap Provider based on the Bank Bill Rate (or such other rate as

may be specified in the relevant confirmation). A Covered Bond Swap Provider may not be obliged to make corresponding swap payments to the Covered Bond Guarantor under a Covered Bond Swap for up to 12 months until amounts are due and payable by the Covered Bond Guarantor under the relevant Intercompany Note (prior to the service of a Notice to Pay or Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor) or are Due for Payment under the Covered Bond Guarantee (after the service of a Notice to Pay or Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor). If a Covered Bond Swap Provider does not meet its payment obligations to the Covered Bond Guarantor under the relevant Covered Bond Swap and such Covered Bond Swap Provider does not make a termination payment that has become due from it to the Covered Bond Guarantor, 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 Covered Bond Guarantee. Hence, the difference in timing between the obligations of the Covered Bond Guarantor and the Covered Bond Swap Providers under the Covered Bond Swaps may affect the Covered Bond Guarantor's ability to make payments under the Covered Bond Guarantee with respect to the Covered Bonds.

***Covered Bondholders receive a limited description of the Mortgage Loans forming part of the Assets of the Trust.***

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

- the Seller selling additional Mortgage Loans and the related Mortgage Loan Rights to the Covered Bond Guarantor;
- payments by the Obligor on those Mortgage Loans; and
- the Covered Bond Guarantor's interest in the Mortgage Loans and the related Mortgage Loan Rights being transferred to or extinguished in favour of the Seller in accordance with the Mortgage Sale Agreement, in particular, in connection with non-compliance with the Representations and Warranties, an Additional Advance, a Redraw, or exercise of the Seller's right to extinguish the Covered Bond Guarantor's interest in any Mortgage Loan and the related Mortgage Loan Rights (see *"Overview of the Principal Documents - Mortgage Sale Agreement - Extinguishment and transfer"*).

There is no assurance that the characteristics of any additional Mortgage Loans sold to the Covered Bond Guarantor on any Closing Date will be the same as those of the other Mortgage Loans then held as 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"* (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"* above). In addition, the Asset Coverage Test is intended to ensure that on each Calculation Date the Adjusted Aggregate Mortgage Loan Amount (as at the last day of the immediately preceding Collection Period) 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 credit and origination policies of the Seller may change and if any Mortgage Loans have been originated under revised policies 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 Loans

forming part of the Assets of the Trust could change. This could adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

### ***Maintenance of Assets of the Trust***

*The Asset Coverage Test may not be satisfied which may lead to an Issuer Event of Default.*

The Asset Coverage Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds on a monthly basis (prior to the service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor). This is to ensure that the Assets of the Trust 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* 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 efforts to transfer Mortgage Loans and the related Mortgage Loan Rights to the Covered Bond Guarantor in order to ensure that the Asset Coverage Test is satisfied. The consideration payable to the Seller for the sale of such Mortgage Loans and the related 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 Loans and the related Mortgage Loan Rights in accordance with the Pre-Issuer Event of Default Principal Priority of Payments; and/or (ii) a subscription for an Increase in the Demand Note.

Alternatively, the Covered Bond Guarantor may purchase Substitution Assets or request a subscription for an Increase in the Demand Note 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 Calculation Date and also on the next following Calculation Date, the Trust Manager will immediately notify the Covered Bond Guarantor, the Bond Trustee and the Security Trustee and the Bond Trustee must serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the non-satisfaction of the Asset Coverage Test). The Bond Trustee will be deemed to revoke an Asset Coverage Test Breach Notice if, on any Calculation Date falling on or prior to the third Calculation Date after the Asset Coverage Test was initially not satisfied, the Asset Coverage Test is subsequently 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 will immediately notify in writing the Bond Trustee of such revocation. If the Asset Coverage Test Breach Notice is not revoked by the Bond Trustee as described above, then an Issuer Event of Default will occur. The Bond Trustee will then be entitled to, and in certain circumstances required to, serve an Issuer Acceleration Notice on the Issuer. Following the service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor.

*The Senior Demand Note Component ranks senior to payments on the Covered Bonds, provided that the Asset Coverage Test is met.*

The Demand Noteholder is entitled to require repayment of any principal amount of the Demand Note at any time by notice in writing to the Covered Bond Guarantor (copied to the Trust Manager). Any amount so demanded must be repaid on an AU Business Day no later than the date which falls on the second Trust Payment Date after the demand is made by the Demand Noteholder, 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 revoked.

Repayment of the Demand Note in those circumstances will be made in accordance with the applicable Priorities of Payments. In the Pre-Issuer Event of Default Principal Priority of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments repayment of the Demand Note in respect of the Senior Demand Note Component (such that the Asset Coverage Test continues to be met after such repayment) ranks senior to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee and to the Intercompany



Noteholder under the Intercompany Notes. However, the amounts so due and payable in respect of the Senior Demand Note Component must only be satisfied by *in specie* distribution of the Mortgage Loans and the related Mortgage Loan Rights to the Demand Noteholder. This means that the Covered Bondholders and Couponholders will not have the benefit of any voluntary over-collateralisation. This may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

*Failure to comply with the Asset Coverage Test or Amortisation Test may result in the acceleration of the obligations of the Issuer and the Covered Bond Guarantor.*

The Amortisation Test is intended to ensure that, following service of an Issuer Acceleration Notice and a Notice to Pay (but prior to service of a Covered Bond Guarantee Acceleration Notice), the assets of the Covered Bond Guarantor do not fall below a certain threshold to ensure that the assets of the Covered Bond Guarantor are sufficient to meet its obligations under the Covered Bond Guarantee and senior expenses which rank in priority 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 Calculation 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 (as at the last day of the immediately preceding Collection Period) under the Covered Bonds.

If the aggregate collateral value of the Mortgage Loans forming part of the Assets of the Trust has not been maintained in accordance with the terms of the Asset Coverage Test or the Amortisation Test, then that may affect the realisable value of such Mortgage Loans or any part thereof (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 Calculation Date following an Issuer Event of Default that is continuing (and service of an Issuer Acceleration Notice and a Notice to Pay on the Covered Bond Guarantor) will constitute a Covered Bond Guarantor Event of Default, thereby entitling the Bond Trustee to accelerate the Covered Bonds against the Issuer (to the extent not already accelerated against the Issuer) and also the Covered Bond Guarantor's obligations under the Covered Bond Guarantee against the Covered Bond Guarantor subject to and in accordance with the Conditions.

None of the Covered Bond Guarantor, the Security Trustee or the Bond Trustee will be responsible for monitoring compliance with, nor the monitoring of, the Asset Coverage Test or the Amortisation Test or any other test.

*There is no guarantee or assurances that the Covered Bond Guarantor will be able to sell Selected Mortgage Loans and the Related Security following service of an Asset Coverage Test Breach Notice or a Notice to Pay at the times required or for an amount equal to or in excess of the Adjusted Required Redemption Amount..*

Following the service of an Asset Coverage Test Breach Notice on the Covered Bond Guarantor or a breach of the Pre-Maturity Test or the service of a Notice to Pay on the Covered Bond Guarantor, the Trust Manager must direct the Covered Bond Guarantor to sell Selected Mortgage Loan Rights (selected on a basis that is representative of the Mortgage Loans then held as Assets of the Trust as a whole). The proceeds from any such sale must be deposited into the GIC Account and applied in accordance with the applicable Priorities of Payments (see "Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loan Rights if the Pre-Maturity Test is breached ", "Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loan Rights following service of an Asset Coverage Test Breach Notice" and "Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loan Rights following service of a Notice to Pay").

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 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) in respect of a sale in connection with the service of a Notice to Pay on the Covered Bond Guarantor (i) the Final Maturity Date in respect of the Earliest Maturing Covered Bonds (where the relevant Covered Bonds are not subject to an Extended Due for Payment Date), or (ii) the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds (where the relevant Covered Bonds are subject to an Extended Due for Payment Date), or (b) 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 Covered Bond Guarantor (at the direction of the Trust Manager) will 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 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), on each Trust Payment Date the Covered Bond Guarantor will apply Available Income Amounts and Available Principal Amounts to redeem or repay in part the relevant Series of Covered Bonds, to the extent (a) due and payable and (b) that the Covered Bond Guarantor has sufficient moneys available to make such payments in accordance with the Guarantee Priority of Payments. Available Principal Amounts will include 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) and all principal repayments received on the Mortgage Loans then held as Assets of the Trust generally. This may adversely affect 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 in the Trust (such as Principal Collections) to redeem that earlier maturing Series of Covered Bonds.

For the purposes hereof:

**Adjusted Required Redemption Amount** means in relation to a Series of Covered Bonds:

- (a) the Australian Dollar Equivalent of the Required Redemption Amount; plus or minus
- (b) 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; and (iii) the principal balance of any Substitution Assets and Authorised Investments (excluding all amounts to be applied on the next following Trust Payment Date to repay higher ranking amounts in the relevant Priorities 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
- (c) the Australian Dollar Equivalent of any swap termination amounts payable to or by the Covered Bond Guarantor under any Interest Rate Swap.

*There is no guarantee or assurances that the Covered Bond Guarantor will be able to sell Selected Mortgage Loans and the Related Security if the Pre-Maturity Test is breached at the times required or as to the price that may be able to be obtained.*

The Establishment Deed will provide 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 credit ratings of the Issuer fall below a specified level and such Series of Hard Bullet Covered Bonds is due for repayment within a specified period of time thereafter. If the Pre-Maturity Test is breached the Trust Manager will direct the Covered Bond Guarantor to, subject to first utilising the proceeds of any subscription for an Increase in the Demand Note in connection with a Pre-Maturity Demand Note Funding from the Demand Note Subscriber under the Demand Note Subscription Agreement and the Seller's right of pre-emption, sell Selected Mortgage Loan Rights in order to enable the Covered Bond Guarantor to pay the Australian Dollar Equivalent of the Required Redemption Amount on a Series of Hard Bullet Covered Bonds to the relevant Covered Bond Swap Provider to make a payment under the Covered Bond Guarantee. 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 Covered Bond Guarantor is unable to sell sufficient Selected Mortgage Loan Rights within a specified period of time, an Issuer Event of Default will occur.

There is no guarantee that a suitable buyer will be found to acquire 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 may not be sufficient to repay all Secured Creditors 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 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.

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.

*A number of factors may affect the realisable value of the Mortgage Loans forming part of the Assets of the Trust or any part thereof or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.*

Following the occurrence of an Issuer Event of Default that is continuing, the service on the Issuer and the Covered Bond Guarantor of an Issuer Acceleration Notice and the service on the Covered Bond Guarantor (copied to the Trust Manager) of a Notice to Pay, the realisable value of Selected Mortgage Loan Rights comprised in 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:

- representations or warranties not being given by the Covered Bond Guarantor or (unless otherwise agreed with the Seller) the Seller;
- default by Obligors of amounts due on their Mortgage Loans;

- changes to the Seller's credit and origination policies;
- the Covered Bond Guarantor not having legal title to the Mortgage Loans forming part of the Assets of the Trust;
- risks in relation to some types of Mortgage Loans which may adversely affect the value of the Assets of the Trust or any part thereof;
- limited recourse to the Seller;
- the state of the Australian economy and/or residential mortgage market (which may impact potential buyers);
- possible regulatory changes by ASIC or APRA in Australia and other regulatory authorities;
- regulations in Australia that could lead to some terms of the Mortgage Loans being unenforceable; and
- other issues which impact on the enforceability of the Mortgage Loans.

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 Loans 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 the 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 will 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, service on the Issuer and the Covered Bond Guarantor of an Issuer Acceleration Notice and service on the Covered Bond Guarantor (copied to the Trust Manager) 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 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 – Seller's right of pre-emption in respect 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, warranties or indemnities in respect of those Selected Mortgage Loan Rights (unless expressly permitted to do so by the Security Trustee). There is no assurance that the Seller would give any warranties or representations in respect of the Selected Mortgage Loan Rights originated by it and sold to the Covered Bond Guarantor. 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.

*Deterioration in the Australian housing market could adversely affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.*

The Issuer's business includes mortgage lending in Australia with loans secured against residential property. Any deterioration in the quality of the Mortgage Loans forming part of the Assets of the Trust could have an adverse effect on the Covered Bond Guarantor's ability to make payments 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.

Residential property prices in Australia have increased for some years up until 2021, but experienced a decline in 2022 following the central banks' moves to increase policy rates. House prices stabilised in 2023, with some markets recording price increases. Any declines in the value of residential property used as collateral may give rise to greater losses to IBAL resulting from customer defaults.

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 Obligors, which could in turn adversely affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

*Regional economic declines may adversely affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.*

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 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.

*Default by Obligors in paying amounts due on their Mortgage Loans could affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.*

Obligors 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; 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. Given that the majority of Mortgage Loans have a variable rate of interest, most Mortgage Loans are sensitive to changes in monetary policy and interest rates. Other factors in Obligors' individual, personal or financial circumstances may also affect the ability of Obligors to repay the Mortgage Loans. Overcommitment, loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Obligors, and could ultimately have an adverse impact on the ability of Obligors to repay the Mortgage Loans.

The rate of prepayments on Mortgage Loans may be increased due to Obligors refinancing their Mortgage Loans and sales of any property charged by a Mortgage (either voluntarily by Obligors or as a result of

enforcement action taken), as well as the receipt of proceeds from 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 an Obligor 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. The downturn in the Australian economy has 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 and may also affect the repayment rate of existing Mortgage Loans.

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.

The Current Principal Balance of any Defaulted Mortgage Loans forming part of the Assets of the Trust will be given no value for the purposes of any calculation of the Asset Coverage Test and the Amortisation 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 Obligor'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 Agreement, 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.

*The value of the Mortgage Loans forming part of the Assets of the Trust may decline, which may result in losses to the Covered Bondholders.*

The guarantee granted by Covered Bond Guarantor in respect of the Covered Bonds, will, *inter alia*, be backed by the Covered Bond Guarantor's interest in the Mortgage Loans forming part of the Assets of the Trust (through its right of indemnity from the Assets of the Trust). Since the economic value of the Mortgage Loans forming part of the Assets of the Trust may increase or decrease, the value of the Trust'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 a Mortgaged Property 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 Loans 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 such property values. This, ultimately, may result in losses to the Covered Bondholders if such security is required to be enforced.

*The Seller's credit and origination policies may be revised from time to time, which may affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.*

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 credit and origination policies applicable at the time of origination. The Seller's credit and origination policies consider a variety of factors such as a potential Obligor's credit history, employment history and status and repayment ability, as well as the value of the Mortgaged Property. The Seller retains the right to revise its credit and origination policies from time to time.

If any new Mortgage Loans which have been originated under revised credit and origination policies are then sold to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement, notwithstanding that such Mortgage Loans would need to be Eligible Mortgage Loans and the subject of Representations and Warranties given in the Mortgage Sale Agreement by the Seller, the characteristics of the Mortgage Loans 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.

*The Servicer may initiate certain changes to the terms and conditions of the Mortgage Loans, which could impact the rates of principal repayment on the Mortgage Loans.*

Most frequently, the Servicer will change the interest rate applying to a Mortgage Loan, including as required to comply with changes in law or due to changes in market conditions. In addition, subject to certain conditions, the Servicer may from time to time offer additional features and/or products with respect to the Mortgage Loans.

As a result of such changes, the characteristics of the Mortgage Loans may differ from the characteristics of the Mortgage Loans at any other time. If the Servicer elects to change certain features of the Mortgage Loans, this could result in different rates of principal repayment on the Mortgage Loans than initially anticipated.

*The Seller will initially retain legal title to the Mortgage Loans and related Mortgage Loan Rights, which may affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.*

The Seller will initially retain legal title to the Mortgage Loans and the related Mortgage Loan Rights. The Covered Bond Guarantor will initially hold only equitable title to the Mortgage Loans and the related Mortgage Loan Rights forming part of the Assets of the Trust as the Obligor in respect of the relevant Mortgage Loan will not be notified of the assignment of that Mortgage Loan and related Mortgage Loan Rights to the Covered Bond Guarantor. This is different to holding legal title which would require 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 Obligor. The Covered Bond Guarantor will take certain steps to protect its interest in, and title to, the Mortgage Loans and related 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 Loans to the Covered Bond Guarantor" and until such right arises the Covered Bond Guarantor will not give notice of the sale of the Mortgage Loans and the related Mortgage Loan Rights to any Obligor 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 Loans and related Mortgage Loan Rights forming part of the Assets of the Trust, the following risks exist:

- (a) first, if the Seller wrongly sells a Mortgage Loan and the related Mortgage Loan Rights to another person when that Mortgage Loan and the related Mortgage Loan Rights have already been sold to the Covered Bond Guarantor that other person would acquire an interest in such Mortgage Loans and related 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 and the related Mortgage Loan Rights was not perfected for the purposes of the PPSA at the time of acquisition; or
- (ii) which ranks 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 the 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 Loans and related 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 Loans and related Mortgage Loan Rights to be perfected by registration on the PPSR. However, if such registration is not completed or is completed incorrectly, the Covered Bond Guarantor's security interest in relation to a Mortgage Loan and related Mortgage Loan Rights may not be perfected and a third party may be able to take an interest in that Mortgage Loan and related Mortgage Loan Rights 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) second, until notice of the transfer to the Covered Bond Guarantor has been provided to the relevant Obligors, the rights of the Covered Bond Guarantor may be subject to the rights of the Obligors against the Seller, as applicable, such as rights of set-off, which occur in relation to transactions made between Obligors and the Seller, and the rights of Obligors 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 Loans and related Mortgage Loan Rights has been transferred to the Covered Bond Guarantor, an Obligor 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 Loans and related 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 Loans and related Mortgage Loan Rights to the relevant Obligor in the name of the Seller; and
- (c) third, unless the Covered Bond Guarantor, or the Trust Manager, has perfected the Covered Bond Guarantor's title to the Mortgage Loans and the related 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 Obligor's obligations under a Mortgage Loan and the related Mortgage Loan Rights itself but would have to join the Seller as a party to any legal proceedings.



If the risks described in (a), (b) or (c) above were to occur, then the realisable value of the Mortgage Loans 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.

*There is limited recourse to the Seller in respect of a breach of Representation and Warranty.*

The Covered Bond Guarantor, the Bond Trustee and the Security Trustee will not undertake any investigations, searches or other actions on any Mortgage Loan or the related 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 Loans 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 untrue, in each case in respect of any Mortgage Loan forming part of the Assets of the Trust and/or the related Mortgage Loan Rights as at the Closing Date of that Mortgage Loan (having regard in determining materiality 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), and further provided that (a) the Covered Bond Guarantor has given the Seller notice in writing, and (b) such breach or untruth, where capable of remedy, is not remedied to the satisfaction of the Covered Bond Guarantor within 2 AU Business Days from the date the notice referred to in (a) is served on the Seller or such longer period as may be specified), then the Seller must pay an amount equal to the Current Principal Balance of the Mortgage Loan plus all accrued interest and arrears of interest on the next Trust Payment Date and following such payment, the Covered Bond Guarantor's interest in the relevant Mortgage Loan and related Mortgage Loan Rights will either be extinguished or held by the Covered Bond Guarantor as trustee of the Seller Trust Back.

There can be no assurance that the Seller, in the future, will have the financial resources to pay the Covered Bond Guarantor as contemplated above with respect to an incorrect Representation and Warranty. However, if the Seller does not make such a payment, then the Current Principal Balance of those Mortgage Loans will be excluded from the calculation of the Asset Coverage Test. There is no further recourse to the Seller in respect of a material breach of a Representation or Warranty. The sole remedy is as described above.

## **RISK FACTORS RELATED TO THE COVERED BONDS**

### **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 the most common such features.

*The Issuer will be liable to make payments when due on the Covered Bonds.*

The Issuer will be liable to make payments when due on the Covered Bonds issued by it. The obligations of the Issuer under the Covered Bonds will be direct, unsecured, unsubordinated and unconditional obligations, ranking *pari passu* (without any preference amongst themselves) and (subject to applicable law and any applicable statutory provisions) equally with all other present and future direct, unsecured, unconditional and unsubordinated obligations (save for any obligations to be preferred by law). The Covered Bonds do not constitute deposit liabilities of the Issuer, are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Australian Banking Act (or of the Financial Claims Scheme) and are not guaranteed or insured by any government, government agency or compensation scheme of the Commonwealth of Australia or any other jurisdiction or by any other party. If the Issuer becomes unable to meet its obligations or suspends payment its assets in Australia are to be available to meet its indebtedness evidenced by the Covered Bonds only after the liabilities referred to in Section 13A(3)(a)-(e) of

the Australian Banking Act have been met. The Australian Banking Act provides that the Issuer's assets in Australia for these purposes do not include the assets in a Cover Pool.

*Further issue of Covered Bonds under the Programme may adversely affect the existing Covered Bondholders.*

Save in respect of the first issue of Covered Bonds issued under the Programme, 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 from 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 (save 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. Prior to the occurrence of a Covered Bond Guarantor Event of Default, if an Issuer Event of Default occurs in respect of a particular Series of Covered Bonds then, following the service of an Issuer Acceleration Notice on the Issuer (copied to the Covered Bond Guarantor) and service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bonds of all Series then outstanding will accelerate at the same time as against the Issuer but will be subject to, and have the benefit of, payments made by the Covered Bond Guarantor under the Covered Bond Guarantee. If a Covered Bond Guarantor Event of Default occurs in respect of a particular Series of Covered Bonds, then following the service of a Covered Bond Guarantee Acceleration Notice, the Covered Bonds of all Series outstanding will accelerate as against the Issuer (if not already accelerated following the occurrence of an Issuer Event of Default and the service on the Issuer and the Covered Bond Guarantor of an Issuer Acceleration Notice) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will accelerate.

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

- the Issuer (as Intercompany Note Subscriber) will be obliged to subscribe for an Intercompany Note issued by the Covered Bond Guarantor in an amount equal to either (i) the Principal Amount Outstanding of such further issue of Covered Bonds; or (ii) the Australian Dollar Equivalent of the nominal value of such further issue of Covered Bonds, and for a matching term. The Covered Bond Guarantor will use the proceeds of such issue (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Non-Forward Starting Covered Bond Swap) only: (i) to fund (in whole or in part) the Initial Consideration of Mortgage Loans and the related Mortgage Loan Rights to be purchased from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or (ii) to invest in Substitution Assets in an amount not exceeding the prescribed limits (as specified in the Establishment Deed), in each case, to the extent required to meet the Asset Coverage Test and thereafter the Covered Bond Guarantor may use such proceeds (subject to compliance with the Asset Coverage Test) only:
  - (a) to redeem the Demand Note provided that the Trust Manager has determined that the Asset Coverage Test will continue to be met after giving effect to such repayment; and/or
  - (b) 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 Intercompany Note relates), to repay the Intercompany Note(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Intercompany Note being repaid (if necessary)); and/or
  - (c) to make a deposit of all or part of the proceeds in the GIC Account (including to fund the Reserve Fund up to an amount equal to the Reserve Fund Required Amount).

- the Seller will, subject to the satisfaction of certain conditions (including the criteria for Eligible Mortgage Loans), be permitted to sell further Mortgage Loans to the Covered Bond Guarantor from time to time.

*Covered Bonds are subject to Optional Redemption by the Issuer, which may limit their market value.*

If an Issuer Call is specified in the Applicable Final Terms, the Issuer may elect to redeem all or some of the Covered Bonds at the Optional Redemption Amount (specified in the Applicable Final Terms) plus accrued interest. An optional redemption feature of Covered Bonds is likely to limit the market value of such Covered Bonds. 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.

*The value of Fixed Rate Covered Bonds may be adversely affected by movements in market interest rate.*

Investment in Fixed Rate Covered Bonds involves the risk that if market interest rates subsequently increase above the rate paid on Fixed Rate Covered Bonds, this will adversely affect the value of the Fixed Rate Covered Bonds.

*If the Covered Bonds include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Covered Bonds concerned.*

The Issuer may issue Covered Bonds which 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 Covered Bonds may be less favourable than the 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 the then prevailing rates on its Covered Bonds.

*The market value of Covered Bonds issued at a substantial discount or premium may fluctuate more than the market value of conventional interest-bearing securities.*

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.

*If a Covered Bond is issued without the benefit of tax gross-up, its returns and market value may be affected.*

The Issuer may issue Covered Bonds without any obligation to gross-up the relevant Covered Bondholders or Couponholders in the event it is required to make a withholding or deduction in respect of a payment made by it in relation to the Covered Bonds by any law or regulation or the administrative practice of any jurisdiction. This may affect the return of relevant Covered Bondholders or Couponholders in respect of the Covered Bonds and may affect the market value of those Covered Bonds.

*Withdrawal or downgrading of the initial credit ratings of the Covered Bonds, the issuance of unsolicited credit ratings on the Covered Bonds, or unfavourable regulatory actions with respect to Moody's or Fitch may adversely affect the value of the Covered Bonds.*

It is a condition to the issuance of the Covered Bonds that the Covered Bonds receive appropriate credit ratings from Fitch and Moody's. A credit rating is not a recommendation to purchase, hold or sell the Covered Bonds, inasmuch as such credit rating does not address the market price or the suitability for a particular investor of a security. The credit rating of the Covered Bonds addresses the likelihood of the payment of principal and interest on the Covered Bonds pursuant to their terms but does not address the timing of distributions of principal on the Covered Bonds prior to their Final Maturity Date, or, if applicable, their Extended Due Date for Payment. There is no assurance that a Covered Bond will remain outstanding for any given period of time or that a credit rating will not be lowered or withdrawn entirely by a Rating Agency, if in its judgment circumstances in the future so warrant. Any action taken by a Rating Agency to lower or withdraw the credit rating on a Covered Bond could adversely affect the value of that Covered Bond on resale. In addition, if a Rating Agency issues a credit rating lower than the solicited credit rating, changes its credit rating or withdraws its credit rating, no one has any obligation to provide additional credit enhancement or to restore the original credit rating. Investors should make their own evaluation of an investment in the Covered Bonds and not rely solely on the credit ratings assigned to the Covered Bonds. See "*Credit ratings assigned to the Covered Bonds may change and may not reflect all risks associated with an investment in the Covered Bonds*" below.

*Credit ratings assigned to the Covered Bonds may change and may not reflect all risks associated with an investment in the Covered Bonds.*

The credit ratings assigned to a Series 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 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 the Covered Bonds will be set out in the Applicable Final Terms for such Series of Covered Bonds. In addition, the Final Terms will specify which Rating Agencies are giving a credit rating to the relevant Series of Covered Bonds. A relevant Series of Covered Bonds may be rated by one or more Rating Agencies as set out therein. Any Rating Agency may lower its credit rating or withdraw its rating if, in the sole judgment of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. In the event that a credit rating assigned to the Covered Bonds or the Issuer is subsequently lowered or withdrawn or qualified for any reason, no 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, at any time any Rating Agency may revise its relevant credit rating methodology with the result that, amongst other things, any rating assigned to the Covered Bonds may be lowered.

A credit rating is not a recommendation to buy, sell or hold any Covered Bonds in so far as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any credit rating will remain in effect for a given period of time and any credit rating may be subject to revision, suspension or withdrawal by any Rating Agency at any time (including as a result of changes to credit rating methodologies), if, in the judgment of such relevant Rating Agency, circumstances warrant. The Issuer is under no obligation to update information regarding such credit ratings should they change over time. A credit rating may not reflect the potential impact of all of the risks related to the structure, market, additional factors discussed above and other factors that may affect the value of the Covered Bonds. A downgrade in the credit rating of the Issuer may have a negative impact on the credit ratings of the Covered Bonds.

Neither of the Rating Agencies is established in the European Union and neither of the Rating Agencies has applied for registration under 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 Service Limited and Fitch Ratings Limited, respectively, pursuant to, and in accordance with, the CRA Regulation. Moody's Investors Service Limited and Fitch Ratings Limited are established in the European Union and registered under the CRA Regulation. References in this Prospectus to Moody's and/or Fitch shall be construed accordingly.

*A Rating Agency may be removed as a rating agency on the Programme unless the requisite number of Covered Bondholders object to such removal*

There is no assurance that both Rating Agencies will rate the Covered Bonds up to their relevant Final Maturity Date. Covered Bondholders should note that pursuant to Condition 14, the Bond Trustee and the Security Trustee are required to concur in and effect any modifications required to any of the Programme Documents to accommodate the removal of any one of the Rating Agencies from the Programme or the addition of any Rating Agency, provided that:

- (a) at all times, there are at least two rating agencies rating the Programme and any Covered Bonds then outstanding; and
- (b) in respect of the removal of any one of the Rating Agencies from the Programme only:
  - (i) the Issuer has provided at least 30 calendar days' notice to the Covered Bondholders of the proposed modification effecting the removal in the manner provided in Condition 13 and by publication on Bloomberg on the "Company News" screen relating to the Covered Bonds; and
  - (ii) Covered Bondholders holding, in aggregate, at least 10 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 the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Swap Rate) have not notified the Bond Trustee in writing (or otherwise in accordance with the then current practice of any relevant Clearing System through which such Covered Bonds may be held) within the notification period referred to in paragraph (b)(i) above that such Covered Bondholders do not consent to the proposed modification effecting the removal.

If Covered Bondholders holding, in aggregate, at least 10 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 the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Swap Rate) have notified the Bond Trustee in writing (or otherwise in accordance with the then current practice of any relevant Clearing System through which such Covered Bonds may be held) within the notification period referred to in paragraph (b)(i) above that they do not consent to the proposed modification effecting the removal (an **Objected Modification**), then such Objected Modification will not be made unless the Bond Trustee is (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 (and, if applicable, converted into Australian Dollars at the relevant Swap Rate) or (b) requested to do so in writing by Covered Bondholders holding 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 and, if applicable, converted into Australian Dollars at the relevant Swap Rate) then outstanding and at all times then only if the Bond Trustee is first 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.

Objections made in writing other than through the relevant Clearing System must be accompanied by evidence to the Bond Trustee's satisfaction (having regard to prevailing market practices) of the relevant Covered Bondholder's holding of the Covered Bonds.

*A Rating Affirmation Notice may not address certain matters that may be of relevance to Covered Bondholders.*

Each Series or Tranche of Covered Bonds to be issued under the Programme will, unless otherwise specified in the Applicable Final Terms, 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.

The terms of certain of the Programme Documents provide that, if certain events or circumstances occur, the Issuer must deliver a Rating Affirmation Notice to the Covered Bond Guarantor (and copied to the Trust Manager and each Rating Agency) confirming that it has notified each Rating Agency of the events or circumstances and that the Issuer is satisfied, for the purposes of the Programme Documents, following discussions with each Rating Agency, that the events or circumstances, as applicable, will not result in a reduction, qualification or withdrawal of the credit ratings then assigned by such Rating Agency (a **Rating Affirmation Notice**). 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 credit 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, such non-response or co-operation will not be interpreted to mean that such Rating Agency has given any deemed confirmation or affirmation of credit 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 closing date.

By acquiring the Covered Bonds, investors will be deemed to have acknowledged and agreed that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to Covered Bondholders including, without limitation, in the case of discussions undertaken by a Rating Agency in the context of a Rating Affirmation Notice to be issued by the Issuer, 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 (i) permitted by the terms of the relevant Programme Document, or (ii) 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 credit ratings of the Covered Bonds would not be adversely affected or withdrawn does not impose or extend any actual or contingent liability on a Rating Agency 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.

*Covered Bonds that are not in physical form are subject to certain risks.*

Unless the Bearer Global Covered Bonds or the Registered Global Covered Bonds are exchanged for Bearer Definitive Covered Bonds or Registered Definitive Covered Bonds, respectively, which exchange will only occur in the limited circumstances set out under "*Form of the Covered Bonds – Bearer Covered Bonds*" and "*Form of the Covered Bonds – Registered Covered Bonds*" below, the beneficial ownership of the Covered Bonds will be recorded in book-entry form only with Euroclear and Clearstream, Luxembourg or, in the case of A\$ Registered Covered Bonds, the Austraclear System. The fact that the Covered Bonds are not represented in physical form could, among other things:

- result in payment delays on the Covered Bonds because distributions on the Covered Bonds will be sent by or on behalf of the Issuer to Euroclear, Clearstream, Luxembourg or the Austraclear System instead of directly to Covered Bondholders;
- make it difficult for Covered Bondholders to pledge the Covered Bonds as security if Covered Bonds in physical form are required or necessary for such purposes; and
- hinder the ability of Covered Bondholders to resell the Covered Bonds because some investors may be unwilling to buy Covered Bonds that are not in physical form.

*Holders of Covered Bonds issued in the form of Global Covered Bonds and deposited with a common depository for Euroclear and Clearstream, Luxembourg and/or an alternative clearing system will have to rely on their procedures, including for transfer, payment and communications.*

Covered Bonds (other than A\$ Registered Covered Bonds) issued under the Programme will be represented on issue by one or more global Covered Bonds that may be deposited with a common depository for Euroclear and Clearstream, Luxembourg (each as defined under "*Conditions of the Covered Bonds*"). Except in the circumstances described in each global Covered Bond, investors will not be entitled to receive Covered Bonds in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each global Covered Bond held through it. While the Covered Bonds are represented by a global Covered Bond, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants, and investors will have to rely on the procedures of the relevant clearing system and of their respective participants, including for transfer, payment and communications.

While the Covered Bonds are represented by global Covered Bonds, the Issuer will discharge its payment obligation under the Covered Bonds by making payments through the relevant clearing systems. A holder of a beneficial interest in a global Covered Bond must rely on the procedures of the relevant clearing system and its participants to receive payments under the Covered Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any global Covered Bond.

*A Covered Bondholder who holds less than the minimum Specified Denomination may not receive a definitive Covered Bond in respect of such holding, making such denomination illiquid and difficult to trade.*

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 an amount which (after deducting integral multiples of such minimum Specified Denomination) 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 a principal amount of Covered Bonds such that its holding amounts to a Specified Denomination. If 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.

*Investors may be exposed to 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 other than the Specified Currency (the **Investor's 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 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.

*There are restrictions on the transfer of the Covered Bonds.*

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or under any securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or, to or for the account or the benefit of, U.S. persons (as defined in Regulation S) 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 and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

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.

*The regulation and reform of "benchmarks" may adversely affect the value of Covered Bonds linked to or referencing such "benchmarks"*

Interest rates and indices which are deemed to be "benchmarks" (including, amongst others, SONIA, EURIBOR, BBSW and BKBM) are the subject of ongoing national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Covered Bonds linked to or referencing such a "benchmark".

In Australia, examples of reforms that are already effective include changes to the methodology for calculation of BBSW, and amendments to the Corporations Act made by the Treasury Laws Amendment (2017 Measures No. 5) Act 2018 of Australia which, among other things, enable ASIC to make rules relating to the generation and administration of financial benchmarks. On 6 June 2018, ASIC designated BBSW as a "significant financial benchmark" and made the ASIC Financial Benchmark (Administration) Rules 2018 and the ASIC Financial Benchmarks (Compelled) Rules 2018. On 27 June 2019, ASIC granted ASX Benchmarks Pty Limited a licence to administer BBSW from 1 July 2019. Further, the RBA has amended its criteria for repo eligibility to include a requirement that floating rate bonds and marketed asset-backed securities issued on or after 1 December 2022 that reference the BBSW must contain at least one "robust" and "reasonable and fair" fallback rate for the BBSW in the event that it permanently ceases to exist, if such securities are to be accepted by the RBA as being eligible collateral for the purposes of any repurchase agreements to be entered into with the RBA. The Australian Financial Markets Association published the



"AFMA Fallback Language Template For Floating Rate Notes" on 1 November 2022 which was subsequently revised in June 2024 (the **AFMA Market Guidelines**) for voluntary use in contracts that reference BBSW to assist market participants to meet the requirements of the RBA's updated criteria, with a view to these becoming standardised provisions for BBSW-linked floating rate bond issuances. However, market participants are not required to adopt the AFMA Market Guidelines approach where the underlying securities are not intended to be repo-eligible, which has resulted in inconsistent application. Further, reference to a specific risk-free rate (such as AONIA) as a fallback for the BBSW Rate has not yet been settled at an industry level in Australia or adopted. There is therefore risk of inconsistency in the application of potential risk-free fallback rates across different products. However, the RBA is actively promoting a co-ordinated industry-agreed position on the relevant fallback rate to use. The fallback provisions relating to the BBSW Rate included in Condition 4(b)(ii)(D)(3) for the Covered Bonds are based on the AFMA Market Guidelines (the **BBSW Rate Fallback Provisions**).

In New Zealand, the current regulatory regime for the New Zealand Bank Bill Benchmark Rate (**BKBM**) has been judged as not sufficient to meet the EU equivalence standard under the Benchmarks Regulation. Without regulatory reform, the use of BKBM will be restricted in the EU from 1 January 2020. To address this, the Financial Markets (Derivatives Margin and Benchmarking) Reform Amendment Act 2019 was enacted on 30 August 2019 which introduced a licensing regime for administrators of financial benchmarks. Regulations setting out further detail of licence obligations came into force on 15 March 2021.

In Europe, the EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent, recognised or endorsed).

In the UK, the UK Benchmarks Regulation among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

These reforms (including the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable) could have a material impact on any Covered Bonds linked to or referencing a benchmark in particular, if the methodology or other terms of the relevant benchmark are changed in order to comply with the requirements imposed thereunder. It is also not possible to predict whether such reforms will lead to any such benchmarks (including BBSW) not being supported going forward. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

The euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, among other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates. On 4 December 2023, the working group issued its final statement, announcing completion of its mandate.

It is not possible to predict with certainty whether, and to what extent, EURIBOR, BBSW, BKBM, SONIA, SOFR or any other benchmark will continue to be supported going forwards. This may cause EURIBOR,

BBSW, BKBM, SONIA, SOFR or any other such benchmark to perform differently than they have done in the past, and may have other consequences which cannot be predicted. The transition from the London inter-bank offered rate (**LIBOR**) to SONIA or SOFR, or from the inter bank offered rate (**IBOR**) for any other currency to a new risk free rate, or the elimination of EURIBOR, BBSW, BKBM, SONIA, SOFR or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Conditions of the Covered Bonds, or result in other consequences, in respect of any Covered Bonds referencing such benchmark. Such factors may have (without limitation) the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to a "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" and/or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to, referencing, or otherwise dependent (in whole or in part) upon, a "benchmark". In addition, if the "benchmarks" are 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. It should also 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. The consequences 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.

For instance, SOFR is a relatively new rate, and the Federal Reserve Bank of New York (the **New York Federal Reserve**) (or a successor), as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to the method by which SOFR is calculated, eligibility criteria applicable to the transactions used to calculate SOFR, or timing related to the publication of SOFR (which may include withdrawing, suspending or discontinuing the calculation or dissemination of SOFR). The New York Federal Reserve may make any or all of these changes in its sole discretion and without notice, and it has no obligation to consider the interests of holders of the Covered Bonds in calculating, withdrawing, modifying, amending, suspending or discontinuing SOFR. In respect of any SOFR-referenced Covered Bonds for which the Rate of Interest is determined by reference to the SOFR Index, the SOFR Index may be modified or discontinued and such SOFR-referenced Covered Bonds may bear interest by reference to a rate other than compounded SOFR, which could adversely affect the value of any such SOFR-referenced Covered Bonds. The SOFR Index is published by the New York Federal Reserve based on data received by it from sources other than the Issuer, and the Issuer has no control over the methods of calculation, publication schedule, rate revision practices or availability of the SOFR Index at any time. In addition, the New York Federal Reserve may withdraw, modify or amend the published SOFR Index or SOFR data in its sole discretion and without notice. The interest rate for any interest period will not be adjusted for any modifications or amendments to the SOFR Index or SOFR data that the New York Federal Reserve may publish after the interest rate for that interest period has been determined.

SONIA is a relatively new rate, and the Bank of England (or a successor), as administrator of SONIA, may make methodological or other changes that could change the value of SONIA, including changes related to the method by which SONIA is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, or timing related to the publication of SONIA. If the manner in which SONIA is calculated is changed, that change may result in a reduction of the amount of interest payable on the relevant Covered Bonds, which may adversely affect the trading prices of such Covered Bonds. The administrator of SONIA may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of SONIA, respectively, in its sole discretion and without notice and has no obligation to consider the interests of holders of the Floating Rate Covered Bonds in calculating, withdrawing, modifying, amending, suspending or discontinuing SONIA.

Further, although the provisions of the Conditions of the Covered Bonds for determining the Rate of Interest by reference to the SONIA Compounded Index Rate are based upon the guidance published by the Bank of England for calculating compounded SONIA rates by reference to the SONIA Compounded Index Rate,

there can be no assurance that the Bank of England's methodology for determining the SONIA Compounded Index Rate, or its guidance for calculating compounded SONIA rates by reference to such index, will not change over time.

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark discontinuation or benchmark replacement provisions of the Covered Bonds, including in relation to the risks associated with the potential discontinuation of BBSW and the application of the BBSW Rate Fallback Provisions, in making any investment decision with respect to any Covered Bonds referencing a benchmark.

*The Conditions of certain Floating Rate Covered Bonds provide for fallback arrangements that may not operate as intended or may result in a Rate of Interest on such Covered Bonds that would be less than the original Reference Rate*

Investors should be aware that in the case of certain Floating Rate Covered Bonds, the Conditions of the Covered Bonds provide for certain fallback arrangements in the event that a published benchmark, including an inter-bank offered rate (such as EURIBOR) or another relevant reference rate (such as the BBSW Rate, SOFR or SONIA) ceases to exist or be published or another temporary or permanent trigger event occurs as set out in the Conditions.

Where the original benchmark for the Floating Rate Covered Bonds is the BBSW Rate, the BBSW Rate Fallback Provisions distinguish between temporary and permanent triggers affecting the BBSW Rate. If a Temporary Disruption Trigger occurs in respect of the BBSW Rate, the interest rate for any day on which that Temporary Disruption Trigger is continuing will be the interest rate determined in accordance with the Temporary Disruption Fallback which provides that, in the first instance, preference will be given to the Administrator Recommended Rate (which is a rate formally recommended for use as the replacement for the BBSW Rate by the Administrator). The second preference will be given to the Supervisor Recommended Rate (which is a rate formally recommended for use as the replacement for the BBSW Rate by the Supervisor). Finally, preference will be given to the Final Fallback Rate. In the event that a Permanent Discontinuation Trigger occurs in respect of the BBSW Rate, the rate for any Interest Determination Date which occurs on or following the applicable Permanent Fallback Effective Date will be the Fallback Rate which is determined in accordance with Condition 4(b)(ii)(D)(2) and which may be AONIA. Investors should be aware that whilst the BBSW Rate is based on a forward-looking basis and on observed bid and offer rates for Australian prime bank eligible securities (which rates may incorporate a premium for credit risk), AONIA is an overnight, risk free cash rate and will be applied to calculate interest by compounding observed rates in arrears and the application of a spread adjustment. There can be no assurance that AONIA as described above will produce the economic equivalent of the BBSW Rate. Certain amendments may be made to the Conditions in respect of a Series of Covered Bonds without the consent of the Covered Bondholders (as further described under Condition 4(b)(ii)(D)(3) of the Conditions of the Covered Bonds) if at any time a Permanent Discontinuation Trigger occurs with respect to the BBSW Rate (or other Applicable Benchmark Rate) and the Issuer determines that such amendments to the Conditions are necessary to give effect to the application of the applicable Fallback Rate in the manner contemplated by Condition 4(b)(ii)(D)(2).

Where the original benchmark is SOFR, these fallback arrangements include the possibility that the Rate of Interest could be determined by reference to a Benchmark Replacement, together with the making of certain Benchmark Replacement Conforming Changes to the Conditions of the Covered Bonds (without the consent of the Covered Bondholders or Couponholders, as further described under Condition 4(b)(ii)(C)(5) of the Conditions of the Covered Bonds). Where the original benchmark is SOFR, the Benchmark Replacement

provisions in the Conditions of the Covered Bonds specify a "waterfall" of alternative rates that may become the Benchmark Replacement. These alternative rates are uncertain and no market convention currently exists, or may ever exist, for their determination. Uncertainty surrounding the establishment of market conventions related to the calculation of alternative rates, and whether any of the alternative rates is a suitable replacement or successor for the original Reference Rate, may adversely affect the value of and return on Covered Bonds referencing SOFR as the original Reference Rate.

Where the original benchmark for the Floating Rate Covered Bonds is other than the BBSW Rate or SOFR, the applicable fallback arrangements include the possibility that the Rate of Interest could be determined by reference to a Successor Rate or an Alternative Rate and that an Adjustment Spread may be applied to such Successor Rate or Alternative Rate as a result of the replacement of the relevant benchmark or screen rate (as applicable) originally specified with the Successor Rate or the Alternative Rate (as the case may be), together with the making of certain Benchmark Amendments to the Conditions of such Covered Bonds (without the consent of the Covered Bondholders, as further described under Condition 4(d)(iii) of the Conditions of the Covered Bonds, which in the case of any Alternative Rate, any Adjustment Spread (unless formally recommended or provided for) and any Benchmark Amendments shall be determined by the Issuer (acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser). An Adjustment Spread that is applied could be positive, negative or zero and may not be effective in reducing or eliminating any economic prejudice to investors arising out of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be). The Rate of Interest on the Covered Bonds may therefore cease to be determined by reference to the original Reference Rate, and instead be determined by reference to the Successor Rate or Alternative Rate, as applicable, even if the original Reference Rate continues to be published. Such Rate of Interest may be lower than that which would result from the original Reference Rate for so long as the original reference rate continues to be published, and the value of and return on the Covered Bonds may be adversely affected. The use of a Successor Rate or Alternative Rate (including with the application of an Adjustment Spread) will still result in any Covered Bonds referencing an original benchmark performing differently (which may include payment of a lower Rate of Interest) than they would if the original benchmark were to continue to apply in its current form. In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Covered Bonds based on the rate which was last observed on the Relevant Screen Page or the initial Rate of Interest applicable to such Covered Bonds on the Interest Commencement Date. In addition, due to the uncertainty concerning the availability of any Successor Rate or Alternative Rate, any determinations that may need to be made by the Issuer and the involvement of any Independent Adviser, the relevant fallback provisions may not operate as expected or as intended at the relevant time.

Investors should be aware that any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Covered Bonds or could have a material adverse effect on the value or liquidity of, and the amount payable under, such Floating Rate Covered Bonds.

*The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates, and such risk-free rates differ from term rates such as LIBOR and EURIBOR in a number of material respects*

Interest on Floating Rate Covered Bonds may be determined by reference to a risk-free rate, such as SONIA, SOFR or (in certain circumstances) AONIA. SONIA, SOFR and AONIA whether determined on a compounded daily basis or as a weighted average rate for a specified period, which differ from term rates such as LIBOR, EURIBOR and any other IBOR and BBSW in a number of material respects, including (without limitation) that SONIA, SOFR and AONIA is a backwards-looking risk-free overnight rate, whereas such term rates are expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. While forward-looking term rates based on certain risk-free rates have been or are being developed, it is uncertain whether the capital markets will move to referencing those term rates for

public bond issues, or whether regulators would be content to allow such adoption. As such, investors should be aware that risk-free rates such as SONIA, SOFR and AONIA may behave materially differently as interest reference rates, in contrast to an IBOR, for Covered Bonds issued under the Programme. The use of SONIA, SOFR and AONIA, whether on a compounded daily or a weighted average basis, as a reference rate for bonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA, SOFR or AONIA.

Prospective investors in any Covered Bonds referencing SONIA or SOFR or any Covered Bonds where the Rate of Interest is originally to be determined by reference to the BBSW Rate (and for which AONIA acts as a Fallback Rate) (**AONIA-linked Covered Bonds**) should be aware that the market continues to develop in relation to SONIA, SOFR and AONIA as a reference rate in the capital markets and its adoption as an alternative to Sterling LIBOR. For example, in the context of backwards-looking SONIA and SOFR rates, market participants and relevant working groups have, as at the date of this Prospectus, explored different methodologies, such as daily compounding rates and weighted average rates, and forward-looking 'term' SONIA and SOFR reference rates (which seek to measure the market's forward expectation of an average SONIA or SOFR rate over a designated term) have also been or are being, developed. The adoption of SONIA may also see component inputs into swap rates or other composite rates transferring from LIBOR or another reference rate to SONIA.

The market or a significant part thereof may adopt an application of SONIA, SOFR or AONIA that differs significantly from that set out in the Conditions as applicable to Covered Bonds referencing SONIA, SOFR or AONIA that are issued under this Prospectus. In addition, the methodology for determining any overnight rate index by reference to which the Rate of Interest in respect of certain Covered Bonds may be calculated could change during the life of any Covered Bonds. Furthermore, the Issuer may in future issue Covered Bonds referencing SONIA, SOFR and/or AONIA that differ materially in terms of interest determination when compared with any previous SONIA- or SOFR- referenced Covered Bonds or AONIA-linked Covered Bonds issued by it under the Programme. The nascent development of SONIA, SOFR and AONIA as interest reference rates for bond markets, as well as continued development of SONIA-, SOFR- and AONIA-based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any SONIA-, or SOFR-referenced Covered Bonds or AONIA-linked Covered Bonds issued under the Programme from time to time.

The manner of adoption or application of SONIA-, SOFR- and AONIA-based rates in one market may differ materially compared with the application and adoption of SONIA-, SOFR- and AONIA-based rates in other markets, such as the derivatives and loan markets, including the manner of adoption or application by the Issuer. Investors should carefully consider how any mismatch between the adoption of SONIA, SOFR and AONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Covered Bonds referencing SONIA or SOFR or AONIA-linked Covered Bonds. If the market adopts a different calculation method, that may adversely affect the market value of such SONIA-referenced Covered Bonds.

Since SOFR is a relatively new market index, Covered Bonds linked to SOFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to SOFR, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of any Covered Bonds linked to SOFR may be lower than those of later-issued indexed debt securities as a result. The SOFR-referenced Covered Bonds may not be able to be sold or may not be able to be sold at prices that will provide a yield comparable to similar investments that have a developed secondary market and may consequently suffer from increased pricing volatility and market risk.

Investors should carefully consider these matters when making their investment decision with respect to any such Covered Bonds.

*SOFR and the SOFR Index may be modified or discontinued by their administrator, which could adversely affect the value of any SOFR-referenced Covered Bonds*

The New York Federal Reserve notes on its publication page for SOFR that the New York Federal Reserve may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR and/or the SOFR Index (as defined in Condition 4(b)(ii)(C)) at any time without notice. Because SOFR and the SOFR Index are published by the New York Federal Reserve based on data received from other sources, the Issuer has no control over its determination, calculation or publication. The New York Federal Reserve has no obligation to consider the interests of holders of the Covered Bonds in calculating, adjusting, converting, revising or discontinuing SOFR or the SOFR Index.

There can be no guarantee that SOFR and/or the SOFR Index will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in relevant Covered Bonds linked to SOFR. If the manner in which SOFR and/or the SOFR Index are calculated is changed, such change may result in a reduction in the amount of interest payable on the SOFR-referenced Covered Bonds and the trading prices of such Covered Bonds. The Rate of Interest for SOFR-referenced Covered Bonds for any Interest Period will not be adjusted for any modifications or amendments to SOFR or the SOFR Index that the New York Federal Reserve may publish after the Rate of Interest for that Interest Period has been determined.

Investors should carefully consider these matters when making their investment decision with respect to any such Covered Bonds.

*Historical levels of SOFR are not an indication of its future levels and SOFR may be more volatile than other benchmarks or market rates*

The New York Federal Reserve began to publish SOFR in April 2018. While some pre-publication hypothetical performance data has been published by the New York Federal Reserve, such data inherently involves assumptions, estimates and approximations. Hypothetical or historical performance data and trends are not indicative of, and have no bearing on, the potential performance of SOFR and therefore investors should not rely on any such data or trends as an indicator of future performance.

Since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates. Although changes in compounded SOFR generally are not expected to be as volatile as changes in daily levels of SOFR, the return on and value of SOFR-referenced Covered Bonds may fluctuate more than floating rate securities that are linked to less volatile rates. In addition, the volatility of SOFR has reflected the underlying volatility of the overnight U.S. Treasury repo market. The New York Federal Reserve has at times conducted operations in the overnight U.S. Treasury repo market in order to help maintain the federal funds rate within a target range. There can be no assurance that the New York Federal Reserve will continue to conduct such operations in the future, and the duration and extent of any such operations is inherently uncertain. The effect of any such operations, or of the cessation of such operations to the extent they are commenced, is uncertain and could be materially adverse to investors in SOFR-referenced Covered Bonds. The future performance of SOFR is impossible to predict, and therefore no future performance of SOFR should be inferred from any hypothetical or historical data or trends.

*The Rate of Interest on Covered Bonds which reference SONIA or SOFR will be capable of being determined only near the end of the relevant Interest Period*

The Rate of Interest on Covered Bonds which reference SONIA or SOFR is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Covered Bonds which reference SONIA or SOFR to estimate reliably the amount of interest which will be payable on such Covered Bonds, and some investors may be unable or unwilling to trade such Covered Bonds without changes to their IT systems, both of which factors could adversely impact the liquidity of

such Covered Bonds. Because of the delay between the final day on which SONIA or SOFR (as applicable) is observed in connection with any interest determination and the related Interest Payment Date, increases in the level of SONIA or SOFR (as the case may be) which occur during such period will not be reflected in the interest payable on such Interest Payment Date, and any such increase will (if "Lag", "Lookback" or "Observation Shift" is specified as being the "Observation Method" in the Applicable Final Terms) instead be reflected in the following Interest Period. Further, in contrast to LIBOR-based Covered Bonds, if Covered Bonds referencing SONIA or SOFR become due and payable as a result of an Event of Default under Condition 9, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Covered Bonds shall only be determined immediately prior to the date on which the Covered Bonds become due and payable, and shall not be reset thereafter.

*Covered Bondholders' ability to enforce certain rights in connection with the Covered Bonds may be limited or affected by reforms to Australian insolvency legislation relating to "ipso facto" rights.*

On 18 September 2017, the Treasury Laws Amendment (2017 Enterprise Incentives No. 2) Act 2017 (the **Ipsso Facto Act**) received Royal Assent and was enacted. The Ipsso Facto Act contains reforms to Australian insolvency laws. Under the Ipsso Facto Act, any right under a contract, agreement or arrangement (such as a right entitling a creditor to terminate a contract or to accelerate a payment under a contract) arising merely because a company, among other circumstances, is under administration, has appointed a managing controller or is the subject of an application under section 411 of the Corporations Act (i.e. ipso facto rights), will not be enforceable during a prescribed moratorium period.

The Ipsso Facto Act took effect on 1 July 2018 and applies to "ipso facto" rights arising under contracts, agreements or arrangements entered into at or after that date, subject to certain exclusions. On 21 June 2018, the Australian Government introduced the Corporations Amendment (Stay on Enforcing Certain Rights) Regulations 2018 (the **Ipsso Facto Regulations**) which sets out the types of contracts that will be excluded from the operation of the stay on the enforcement of ipso facto rights.

The Ipsso Facto Regulations provide that a contract, agreement or arrangement that is, or governs, securities, financial products, bonds or promissory notes will be exempt from the moratorium. Furthermore, a contract, agreement or arrangement under which a party is or may be liable to subscribe for, or to procure subscribers for, securities, financial products, bonds or promissory notes is also excluded from the stay. However, as the Ipsso Facto Act and the Ipsso Facto Regulations are new to the insolvency regime in Australia, they have not been the subject of judicial interpretation. If the Regulations are determined not to exclude the Covered Bonds from their operation under the exclusions mentioned above or any other exclusion under the Regulations, this may render unenforceable in Australia provisions of the Covered Bonds conditioned solely on the occurrence of events giving rise to ipso facto rights.

## **GENERAL RISK FACTORS**

### **Risks related to the Covered Bonds generally**

Set out below is a brief description of certain risk relating to the Covered Bonds generally:

*It may be necessary for a Covered Bondholder to bring a suit in the courts of England or New South Wales, Australia (as applicable) to enforce its rights against the Issuer or the Covered Bond Guarantor.*

The Issuer and the Covered Bond Guarantor have agreed to submit to the exclusive jurisdiction of the courts of England in any action arising out of the Bond Trust Deed, the Principal Agency Agreement, the Programme Agreement and the Covered Bonds (but, in each case, excluding the A\$ Registered Covered Bonds) and the non-exclusive jurisdiction of the courts of New South Wales, Australia in any action arising out of the documents governed by Australian law. In the limited instances where a Covered Bondholder or Couponholder may proceed directly against the Issuer or Covered Bond Guarantor due to a failure to act by the Bond Trustee or the Security Trustee, as the case may be, as described herein, it may be necessary for

such Covered Bondholder or Couponholder to bring a suit in the courts of England or New South Wales, Australia (as applicable) to enforce its rights against the Issuer or the Covered Bond Guarantor, as the case may be, with respect to the Bond Trust Deed or any other Programme Document (excluding the Programme Documents to the extent that they refer only to the A\$ Registered Covered Bonds), the Covered Bonds (but excluding the A\$ Registered Covered Bonds), the Coupons or the Security.

*There is currently no active and liquid secondary market for the Covered Bonds and there can be no assurance that an active and liquid secondary market will develop*

Whilst a limited secondary market for the Covered Bonds may exist, there is not, at present, an active and liquid secondary market for the Covered Bonds, and there can be no assurance that an active and liquid secondary market in the Covered Bonds will develop. The Covered Bonds have not been, and will not be, registered under the Securities Act or any other applicable securities laws and are subject to certain restrictions on the resale and other transfer thereof as set forth under "*Subscription and Sale and Selling Restrictions*". If an active and liquid secondary market does develop, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment. Further, if a Tranche of Covered Bonds is issued to a single investor or a limited number of investors, this may result in an even more illiquid or volatile market in such Covered Bonds. Any of the foregoing may result in a Covered Bondholder not being able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Covered Bondholder to realise a desired yield. Consequently, a Covered Bondholder must be able to bear the economic risk of an investment in a Covered Bond for an indefinite period of time.

*The parties who receive and hold moneys pursuant to the terms of the Programme Documents and the criteria that such parties must satisfy may change.*

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 moneys.

These criteria will include requirements in relation to the short-term and 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 ratings criteria, then the rights and obligations of that party (including the right or obligation to receive moneys) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the Programme Documents.

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.

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

Except where expressly provided otherwise in the Security Deed, the Security Trustee may exercise, or refrain from exercising, all of its rights, powers, authorities, discretions and remedies under the Security Deed and the other Programme Documents, and may form opinions, and give consents, approvals and waivers under the Security Deed and the other Programme Documents, in accordance with the direction or instructions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee (acting pursuant to and in accordance with the terms of the Bond Trust Deed) or (where no Covered Bonds are outstanding) the Majority Secured Creditors. 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 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 will 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 Conditions.

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 thereby, 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 thereof.

Provided that the Security Trustee acts in good faith, as described in the foregoing, 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 and subject 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 and without the consent or sanction 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 at the direction of the Trust Manager) and any other party in making any modification to the Covered Bonds of one or more Series, the related Coupons or to the Security Deed or the other Programme Documents if: (a) so directed by the Bond Trustee (if there are Covered Bonds outstanding) or the Majority Secured Creditors (if there are no Covered Bonds outstanding); or (b) the modification is: (1) of a formal, minor or technical nature; (2) made to correct a manifest or proven error or an error established as such to the satisfaction of the Security Trustee; or (3) made to ensure compliance with mandatory provisions of law; and, in each case, the Bond Trustee (if any Covered Bonds are outstanding) has approved of the modification.

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 any 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, and/or direct the Security Trustee to concur with the Issuer, and the Covered Bond Guarantor (acting at the direction of the Trust Manager) and any other party in making: (a) any modification to the Covered Bonds of one or more Series, the related Coupons or to any Programme Document which does not relate to a Series Reserved Matter and which in the opinion of the Bond Trustee is not materially prejudicial to the interests of the Covered Bondholders of any Series; or (b) any modification to the Covered Bonds of one or more Series, the related Coupons or to the Security Deed or any Programme Document which is, in the opinion of the Bond Trustee, of a formal, minor or technical nature or is, in the opinion of the Bond Trustee, made to correct a manifest error or comply with mandatory provisions of law (and for these purposes the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter); or (c) any

modification referred to in the following paragraph. 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 it must have regard to a Rating Affirmation Notice issued by the Issuer.

The Security Trustee and the Bond Trustee will be obliged to concur in and to effect modifications to the Programme Documents requested by 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) accommodate the removal of any one of the Rating Agencies from the Programme or the addition of any Rating Agency, provided that at all times there are at least two rating agencies rating the Programme and any Covered Bonds then outstanding and, in respect of the removal of any one of the Rating Agencies from the Programme only, the proposed modification effecting such removal is not an Objected Modification; (c) take into account any new covered bonds ratings criteria of the Rating Agencies, or any changes or updates to, or any replacement or application of, the covered bonds ratings criteria of the Rating Agencies (including, without limitation, any manner in which a Rating Agency applies or construes any then existing covered bonds ratings criteria), subject to receipt by the Bond Trustee and the Security Trustee of a Rating Affirmation Notice from the Issuer; (d) allow a Swap Provider to transfer securities as Swap Collateral under a relevant Swap Agreement Credit Support Document, including to appoint a custodian to hold such securities in a custody agreement; (e) enable N Covered Bonds to be issued under the Programme subject to receipt by the Bond Trustee and the Security Trustee of certain certifications from the Issuer and the Trust Manager; (f) ensure compliance of the Programme, the Issuer or a Swap Provider (as applicable) with, or ensure that the Programme, the Issuer or a Swap Provider (as applicable) may benefit from, any existing, new or amended legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including, without limitation, APRA) in relation to covered bonds (or a Swap) provided that 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; or (g) enable the Programme or any Covered Bonds issued or to be issued under the Programme to be listed or admitted to trading on any stock exchange or market as determined by the Issuer. For the purposes of providing a certificate to the Bond Trustee and the Security Trustee under paragraph (f) relating to modifications in connection with a Swap, the Trust Manager may rely on a certification by an Authorised Signatory of the relevant Swap Provider.

In addition, the Bond Trustee shall be obliged to concur, and shall be obliged to direct the Security Trustee to concur, with the Issuer in effecting any Benchmark Replacement Conforming Changes, BBSW Rate Amendments or Benchmark Amendments (as applicable) in the circumstances and as otherwise set out in Condition 4(b)(ii)(C)(5), Condition 4(b)(ii)(D)(3) or Condition 4(d) (as applicable) without the consent of the Covered Bondholders or Couponholders, provided the Bond Trustee shall not be obliged to concur, and/or direct the Security Trustee to concur, with the Issuer and the Covered Bond Guarantor in respect of any BBSW Rate Amendments which, in the sole opinion of the Bond Trustee, would have the effect of (i) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee in the Bond Trust Deed and/or the Conditions.

*If the Bond Trustee is required to hold an Australian Financial Services Licence and is unable to rely on an exemption or enter into some other arrangement, it may not be able to perform certain obligations required to be performed by it in accordance with the terms of the Bond Trust Deed.*

The Bond Trustee does not hold an Australian Financial Services Licence (AFSL). In the event that the Bond Trustee is required to hold an AFSL, and is unable to rely on an exemption from the requirement to hold an AFSL or is unable to enter into some other arrangement, the Bond Trustee may not be able to perform actions otherwise required to be performed by it in accordance with the terms of the Bond Trust Deed (but for the fact that it does not hold an AFSL) in respect of the Covered Bonds. This may affect

dealings by the Bond Trustee in respect of the Covered Bonds or under the Covered Bond Guarantee in relation to the Covered Bonds.

*Certain decisions of the Covered Bondholders must be 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 and any direction to the Bond Trustee or Security Trustee to take any enforcement action must be passed at a single meeting of the holders of all Covered Bonds 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 in the case of Security Trustee, it will not be bound to take any enforcement proceedings which may, in its opinion, in its absolute discretion, result in its failing to receive any payment to which it is or would be entitled.

*There is uncertainty as to the validity and/or enforceability of priority of Excluded Swap Termination Amounts.*

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 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 of the type described above is valid under English law. However, contrary to the determination of the UK Supreme Court, the U.S. Bankruptcy Court for the Southern District of New York held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such a provision would violate the automatic stay which applies under such law in the case of a U.S. 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 implications of the conflict in the findings of the English courts and the U.S. Bankruptcy Court remain unresolved at this time. Furthermore, Australia has recently introduced legislation that makes ipso facto clauses unenforceable. See "*Insolvency law reform (ipso facto legislation)*" above.

If a Swap Provider becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or Australia (including, but not limited to, the U.S.), 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 the provisions of the relevant Priority of Payments which refer to the ranking of the Swap Providers' payment rights in respect of Excluded Swap Termination Amounts. In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions such as those included in the Programme Documents relating to the subordination of Excluded Swap Termination Amounts would not be upheld under U.S. bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as Swap Provider, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the

relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). As at the date of this Prospectus, the Issuer is the only Swap Provider.

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 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 credit rating pressure in respect of the Covered Bonds. If any credit rating assigned to the Covered Bonds is lowered, the market value of the Covered Bonds may decrease.

#### ***APRA's powers under the Australian Banking Act***

*APRA has the power to direct the Covered Bond Guarantor to return certain assets to the Issuer, which may affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.*

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 owned by it which secure such senior-ranking liabilities of the Covered Bond Guarantor to the Issuer. In the context of the Programme, if a Regulatory Event has occurred or will occur, this means that APRA will have the power to direct the Covered Bond Guarantor to return to the Issuer any Assets of the Trust which secure the repayment of the Demand Note in respect of the Senior Demand Note Component as such amounts will at that point in time rank senior to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders, and Couponholders under the applicable Priorities of Payments.

Under the Australian Prudential Standard APS 121 (Covered Bonds), 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.

*APRA has the power to prevent additional sales to meet the Asset Coverage Test on any day, which could affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.*

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 exercise of 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.

*APRA has the power to prevent further issues of covered bonds by the Issuer.*

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 ADI exceeds eight per cent. (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 bond provisions of the Australian Banking Act, the Australian Banking Act or any other prudential requirement regulation or a prudential standard relating to covered bonds.

*Mortgage Loans are regulated by the consumer credit legislation, which may affect the timing or amount of principal repayments under the relevant Mortgage Loans and which may in turn affect the timing or amount of payments by the Covered Bond Guarantor under the Covered Bond Guarantee when due.*

The National Consumer Credit Protection Act 2009 (**NCCP Act**), which includes the National Credit Code (**Credit Code**), commenced on 1 July 2010.

The Credit Code applies (with some limited exceptions) to Mortgage Loans that had previously been regulated under the Consumer Credit Code and also to all new consumer loans made after 1 July 2010.

The NCCP Act incorporates a requirement for providers of credit related services to hold an "Australian credit licence" and to comply with "responsible lending" requirements, including a mandatory "unsuitability assessment" before a loan is made or there is an agreed increase in the amount of credit under a loan.

The responsible lending obligations under the NCCP Act are broadly expressed. In recent years, there have been a number of Federal Court of Australia decisions, regulatory guidance from ASIC and actions which ASIC has taken against licensees, including issuing infringement notices. The practical effect of these developments, among other things, is that the interpretation of, and guidance in relation to, these obligations can change, particularly in respect of whether a credit licensee has taken sufficient steps to comply with its responsible lending obligations.

Obligations under the NCCP Act extend to the Seller and, following a perfection of title by the Covered Bond Guarantor in respect of any Mortgage Loans, the Covered Bond Guarantor and their respective service providers (including the Servicer) in respect of the Mortgage Loans.

Under the terms of the Credit Code each of the Seller and, following a perfection of title by the Covered Bond Guarantor in respect of any Mortgage Loans, the Covered Bond Guarantor would be a "credit provider" with respect to regulated loans, and as such is exposed to civil and criminal liability for certain violations. These include violations caused in fact by the Servicer. The Servicer has indemnified the Covered Bond Guarantor for any civil or criminal penalties in respect of Credit Code violations caused by

the Servicer (except to the extent such penalties arise as a result of the fraud, negligence or wilful default of the Covered Bond Guarantor). There is no guarantee that the Covered Bond Guarantor will have the financial capability to pay any civil or criminal penalties which arise from Credit Code violations.

If for any reason the Servicer does not discharge its obligations to the Covered Bond Guarantor, then the Covered Bond Guarantor will be entitled to indemnification from the Assets of the Trust. Any such indemnification may reduce the amounts available to the Covered Bond Guarantor to make payments under the Covered Bond Guarantee when due.

Under the Credit Code, an Obligor in relation to a regulated Mortgage Loan may have the right to apply to a court to:

- (a) vary the terms and conditions of the Mortgage applicable to that Mortgage Loan on the grounds of hardship or that it is an unjust contract;
- (b) reduce or cancel any interest rate payable on the Mortgage Loan which is unconscionable;
- (c) have certain provisions of the Mortgage Loan or the related Mortgage Loan Rights which are in breach of the legislation declared unenforceable; or
- (d) obtain restitution or compensation in relation to any breach of the Credit Code.

Any order made under any of the above consumer credit laws may affect the timing or amount of principal repayments under the relevant Mortgage Loans which may in turn affect the timing or amount of payments by the Covered Bond Guarantor under the Covered Bond Guarantee when due.

*Changes of law and/or regulatory, accounting and/or administrative practices could adversely affect the ability of the Issuer and the Covered Bond Guarantor to satisfy their payment obligations when due.*

The structure of the issue of the Covered Bonds and the credit 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 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 or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee when due.

In addition, 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 Loans, 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 the Mortgage Loans forming a part of the Assets of the Trust or any part thereof in a timely manner and/or the realisable value of the Assets of the Trust to any part thereof and accordingly affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee when due.

*The Anti-Money Laundering and Counter-Terrorism Financing Act may result in a delay or decrease in the amounts received by a Covered Bondholder in respect of the Covered Bonds.*

The Australian Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) (**AML/CTF Act**) regulates reporting entities. Reporting entities are identified by reference to a list of various designated services. These include making a loan in the course of carrying on a loan business or the issuing or selling of a security (e.g., a share or debenture) by a company (other than a security in the company itself). The AML/CTF Act imposes the following key obligations (among others) on reporting entities:

- (a) registering with the regulator AUSTRAC and paying relevant fees;
- (b) adopting and complying with an AML/CTF programme in managing compliance with their AML/CTF obligations and in verifying customer identities;
- (c) verifying customer identities and collecting customer information;
- (d) reporting suspicious transactions, significant cash transactions (being transfers of A\$10,000 or more) and international funds transfer instructions;
- (e) retaining records; and
- (f) conducting ongoing due diligence of customers in relation to money laundering and financing of terrorism risks.

The AML/CTF Act operates in conjunction with the Anti-Money Laundering and Counter-Terrorism Financing Rules Instrument 2007 (No. 1) (the **AML/CTF Rules**) and any other Anti-Money Laundering and Counter-Terrorism Financing rules which may be made by the Chief Executive Officer of the AUSTRAC from time to time. Among other things, the AML/CTF Rules outline more detailed risk-based requirements for verifying customer identities and monitoring customer transactions on an ongoing basis. Contravention of the AML/CTF Act attracts certain civil and criminal penalties, including fines and imprisonment.

The obligations placed upon a reporting entity can affect the services of an entity or the funds it provides and ultimately may result in a delay or decrease in the amounts received by a Covered Bondholder in respect of the Covered Bonds.

*If the security interests arising under the Programme Documents are not perfected, such security interests may not have priority over competing interests.*

A personal property securities regime commenced operation throughout Australia on 30 January 2012 pursuant to the Personal Property Securities Act 2009 (Cth) (**PPSA**). The PPSA adopts a "functional approach" to security interests. This means that the PPSA regulates any interest in relation to personal property that, in substance, secures payment or performance of an obligation. In addition, the PPSA regulates security interests which are deemed to arise upon the transfer of certain types of assets (including loans); these are generally referred to as "deemed security interests". The PPSA does not regulate the granting of security interests in land.

Generally, in order to be perfected under the PPSA, a security interest should be registered on the register maintained pursuant to the PPSA (the **PPS Register**). 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.

The Trust Manager has arranged for 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 from a legal and practical perspective because 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.

*A legal regime governing unfair terms applies to certain Mortgage Loans and Mortgage Loan Conditions.*

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 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) came into force on 12 November 2016 and has the effect of extending the national regime to small business contracts. The Mortgage Loans that will be affected are those where: at least one party is a business that employs less than 20 people and the upfront price payable under the contract is: A\$300,000 or less; or A\$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 July 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) as well as the validity of the Mortgage Loan.



From 9 November 2023, amendments to the national unfair terms regime set out in the Treasury Laws Amendment (More Competition, Better Prices) Act 2022 (the **Unfair Terms Amendments**) took effect to:

- (a) expand the class of small business contracts to include a small business that employs fewer than 100 employees or has a turnover of less than \$10,000,000. The upfront price payable threshold requirement for contracts continues to apply, but the Unfair Terms Amendments increase the threshold to \$5,000,000;
- (b) introduce civil penalties for each contravention of the prohibition on proposing, applying or relying on an unfair contract term in a standard form contract; and
- (c) introduce more flexible remedies to allow courts to order additional remedies including further injunctive powers once a term has been declared unfair.

The Unfair Terms Amendments took effect and apply to all contracts entered into, renewed or varied on or after 9 November 2023.

IBAL is monitoring developments in regulatory guidance in this space and will make appropriate changes to its documentation, processes and policies as necessary.

*The list of registered and certified credit rating agencies published by ESMA in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant credit rating agency included in such list*

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such credit ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country credit rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified credit rating agencies published by ESMA on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant credit rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant credit rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and credit ratings will be disclosed in the Final Terms.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Covered Bonds changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Covered Bonds may have a different regulatory treatment, which may impact the value of the Covered Bonds and their liquidity in the secondary market.

*Implementation of and/or changes to the Basel III framework may affect the capital requirements and/or the liquidity associated with a holding of the Covered Bonds for certain investors.*

The Basel Committee on Banking Supervision has implemented significant changes to the Basel Framework with Basel III. Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio (**NSFR**)).

Basel Committee member countries, including, but not limited to, the Commonwealth of Australia, agreed to implement Basel III from 1 January 2013, subject to transitional and phase-in arrangements for certain requirements (e.g., the LCR requirements refer to implementation from 1 January 2015, with full implementation by January 2019 and the NSFR requirements refer to implementation from January 2018). As implementation of Basel III requires national legislation, the final rules and the timetable for its implementation in each jurisdiction, as well as the treatment of covered bonds (e.g., as LCR eligible assets or not), may be subject to some level of national variation. APRA did not adopt the transitional arrangements for LCR, requiring 100 per cent. compliance from 1 January 2015.

APS 210 details the local implementation of the Basel III liquidity framework for Australian banks and incorporates the LCR and the NSFR. Under Prudential Standard APS 210 (Liquidity) (**APS 210**), the LCR requirement (which became effective in Australia from 1 January 2015) and the NSFR requirement (which became effective in Australia from 1 January 2018) apply specifically to IBAL (as an ADI regulated by APRA) and IBAL is required to manage liquidity in compliance with APS 210's qualitative requirements.

On 1 January 2013, new capital requirements of APRA's Basel III prudential standards came into effect. These standards require ADIs to maintain a minimum CET1 ratio, which is a capital requirement relative to risk weighted assets, of at least 4.5 per cent. On 1 January 2023, revisions to these capital requirements were implemented under APRA's Capital Framework which increased the minimum CET1 ratio applicable to ADIs such as IBAL. As at the date of this Prospectus, the minimum CET1 ratio applicable to IBAL is comprised of:

- (a) a minimum prudential capital requirement of 4.5 per cent;
- (b) a capital conservation buffer of 3.75 per cent; plus
- (c) a baseline countercyclical buffer of 1 per cent, which may be varied by APRA in the range of zero per cent to 3.5 per cent.

On 24 July 2024, APRA published updated prudential standards, a prudential practice guide and a 'Response to submissions' paper to its November 2023 consultation on targeted changes to liquidity and capital requirements aimed at strengthening the banking sector's resilience to future stress. These updates will come into effect from 1 July 2025. In addition, APRA plans to conduct a comprehensive review of APS 210. The consultation for this is expected to be in the first half of calendar year 2025, ahead of an expected implementation date for the revised APS 210 standard in 2026.

The changes approved by the Basel Committee and their implementation in Australia or elsewhere may have an impact on the capital requirements in respect of the Covered Bonds and/or on incentives to hold the Covered Bonds for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Covered Bonds.

Risk of non-compliance to prudential standards and regulatory reporting requirements could result in fines and/or regulatory overlays.

None of the Issuer, the Covered Bond Guarantor, the Lead Manager (if applicable), the Arranger or any Dealer makes any representation to any prospective investor or purchaser of the Covered Bonds regarding the treatment of their investment on the relevant Issue Date or at any time in the future. Prospective investors should consult their own advisers as to the regulatory capital requirements described above (and any corresponding implementing rules of their regulator) to the extent such regulatory capital requirements are applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Covered Bonds and as to the consequences for and effect on them of any changes to the Basel framework and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

*Insolvency and similar proceedings will be subject to Australian law.*

In the event that the Issuer becomes insolvent, insolvency proceedings are likely to be governed by Australian law or the law of another jurisdiction determined in accordance with Australian law. Australian insolvency laws are, and the laws of that other jurisdiction can be expected to be, different from the insolvency laws of certain other jurisdictions. In particular (i) the administration procedure under the Corporations Act and regulations thereunder, which provides for the potential reorganisation of an insolvent company, may differ significantly from similar provisions under the insolvency laws of other non-Australian jurisdictions (e.g., there are significant differences between administration procedure under the Corporations Act and regulations thereunder and Chapter 11 under the United States Bankruptcy Code), and (ii) in Australia, some statutory claims by shareholders for breach of statutory requirements can rank equally with claims of other creditors. In connection with such insolvency proceedings generally, all debts payable by, and all claims against, the insolvent debtor, being debts or claims the circumstances giving rise to which occurred before the day on which the winding-up is taken to have commenced, will be admissible to proof in those proceedings. In these circumstances, a creditor will be entitled to lodge proof of any such debt owed to them (and thereby "prove" in respect of their debt) in those proceedings. For the purposes of proof, a claim in a currency that is not in Australian Dollars is converted into Australian Dollars at a rate prevailing at the date of commencement of the winding-up, such rate being determined either by a method agreed in the terms of the relevant debt or, if there is no such agreement, by a rate as specified in the Corporations Act.

In addition, to the extent that holders of Covered Bonds are entitled to any recovery with respect to Covered Bonds in any bankruptcy, or certain other events in bankruptcy, insolvency, dissolution or reorganisation relating to the Issuer, those holders might not be entitled in such proceedings to a recovery in the currency of their choice and might be entitled only to a recovery in Australian dollars.

## PRINCIPAL CHARACTERISTICS OF THE PROGRAMME

The following synopsis does not purport to be complete and is taken from, and is qualified in its entirety by, the information contained in the remainder of this Prospectus. For further information, namely regarding the Asset Coverage Test and the Amortisation Test, please see "*Overview of the Principal Documents*".

<b>Issuer:</b>	ING Bank (Australia) Limited (ABN 24 000 893 292), is a public limited company incorporated in the Commonwealth of Australia and its registered office is Level 28, 60 Margaret Street, Sydney NSW 2000, Australia ( <b>IBAL</b> or <b>Issuer</b> ).
<b>Covered Bond Guarantor:</b>	Perpetual Corporate Trust Limited (ABN 99 000 341 533), incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 14, 123 Pitt Street, Sydney, NSW 2000, as trustee of the IBAL Covered Bond Trust (the <b>Trustee</b> ).
<b>Nature of eligible property:</b>	Residential Mortgage Loans and the related Mortgage Loan Rights, Substitution Assets and Authorised Investments.
<b>Location of eligible residential property securing Mortgage Loans:</b>	Australia.
<b>Asset Coverage Test:</b>	Yes, see " <i>Credit Structure</i> " and " <i>Overview of the Principal Documents – the Establishment Deed – Asset Coverage Test</i> ".
<b>Amortisation Test:</b>	Yes, see " <i>Credit Structure</i> " and " <i>Overview of the Principal Documents – the Establishment Deed – Amortisation Test</i> ".
<b>Legislated Collateralisation Test:</b>	Yes, see " <i>Structure Overview – Structure Overview – Legislated Collateralisation Test</i> ."
<b>Pre-Maturity Test:</b>	Yes, see " <i>Credit Structure – Pre-Maturity Test</i> ".
<b>Reserve Fund:</b>	A Reserve Fund of an amount up to the Reserve Fund Required Amount will be established to trap a specified amount of Available Income Amounts or the proceeds of the issue of Intercompany Notes or the Demand Note (or the proceeds of any Increase in the Demand Note) if the Issuer's credit ratings fall below the Moody's Specified Rating and/or the Fitch Specified Rating.
<b>Extendable Maturities:</b>	Available.
<b>Hard Bullet Maturities:</b>	Available.
<b>Cover Pool Monitor:</b>	KPMG, having an office at Level 38, Tower Three, International Towers Sydney, 300 Barangaroo Avenue, Sydney NSW 2000, Australia.
<b>Asset Segregation:</b>	Yes.

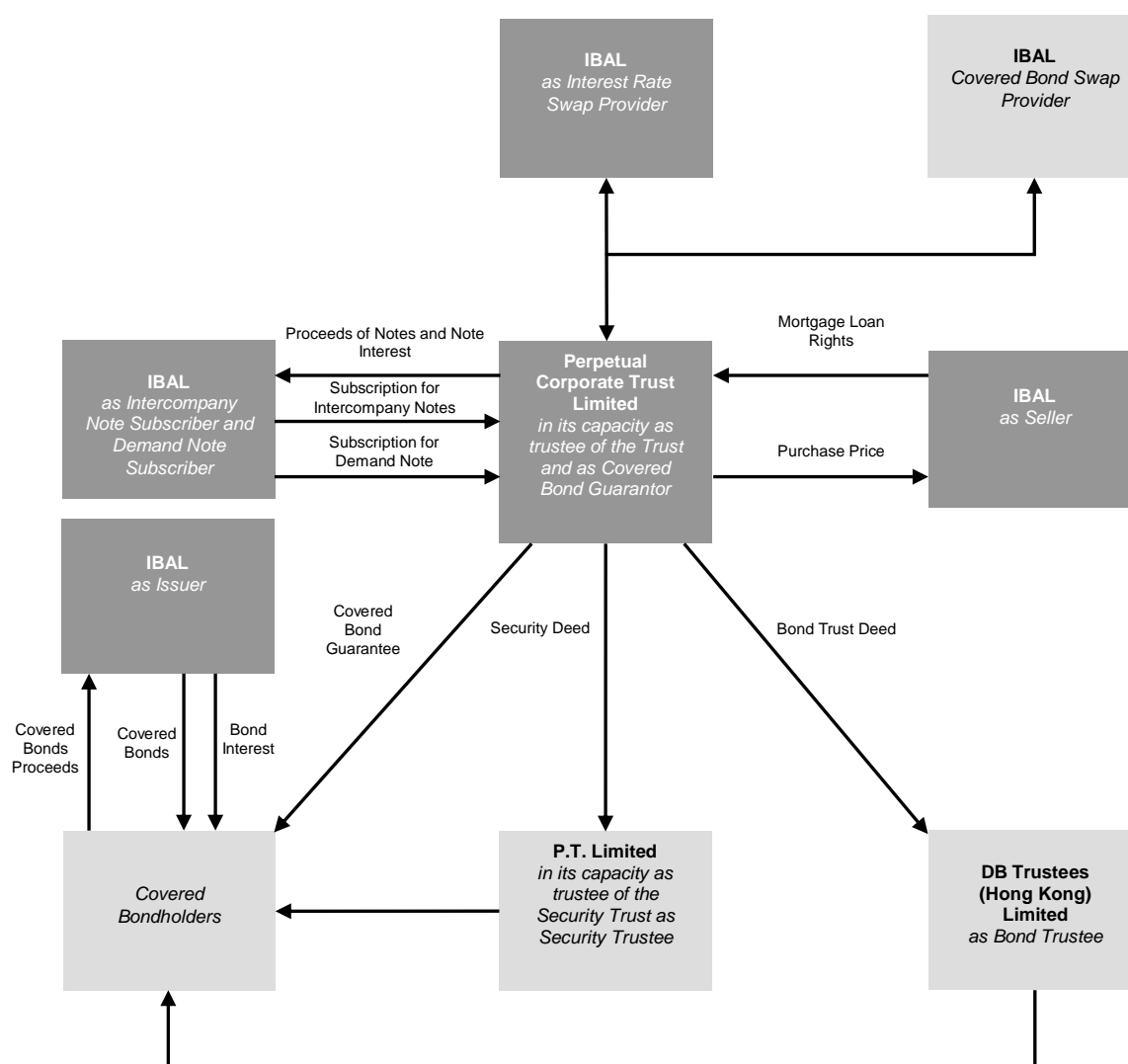
<b>Terms:</b>	As set out in the Applicable Final Terms for the relevant Series or Tranche of Covered Bonds.
<b>Clearing Systems:</b>	<p>Covered Bonds (other than A\$ Registered Covered Bonds) may be traded on the settlement system operated by Euroclear, the settlement system operated by Clearstream, Luxembourg and/or any other clearing system outside Australia specified in the Applicable Final Terms.</p> <p>The Issuer may apply to Austraclear Limited (ABN 94 002 060 773) (<b>Austraclear</b>) for approval for the A\$ Registered Covered Bonds to be traded on the settlement system operated by Austraclear (<b>Austraclear System</b>). Such approval of the A\$ Registered Covered Bonds by Austraclear is not a recommendation or endorsement by Austraclear of the A\$ Registered Covered Bonds.</p>
<b>Listing and admission to trading:</b>	<p>No application has been made by the Issuer to list any Covered Bonds issued under the Programme on any stock exchange or to admit any Covered Bonds issued under the Programme to trading on any regulated or unregulated market. Covered Bonds issued under the Programme may be unlisted or may be listed on 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(s). Any A\$ Registered Covered Bonds issued under the Programme may be unlisted.</p> <p>Perpetual Corporate Trust Limited and P.T. Limited have not made any application to admit Covered Bonds issued under the Programme to any list or to admit the Covered Bonds to trading on any regulated or unregulated market.</p>

## STRUCTURE OVERVIEW

*The information in this section is an overview of the structure relating to the Programme and does not purport to be complete. This Structure Overview must be read as an introduction to this Prospectus and any decision to invest in any Covered Bonds should be based on a consideration of this Prospectus as a whole, including the documents incorporated herein by reference.*

*Words and expressions defined elsewhere in this Prospectus will have the same meanings in this Structure Overview.*

### Structure Diagram



### Structure Overview

#### Programme

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

The Issuer's indebtedness under the Covered Bonds will not be a protected account for the purposes of the Financial Claims Scheme in Division 2AA of Part II of the Australian Banking Act, will not be a deposit liability of the Issuer for the purposes of the Australian Banking Act and is not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. If the Issuer becomes unable to meet its obligations or suspends payment, its assets in Australia are to be available to meet its indebtedness evidenced by the Covered Bonds only after the liabilities referred to in sections 13A(3)(a) - (e) of the Australian Banking Act have been met. The Australian Banking Act provides that the Issuer's assets in Australia for these purposes do not include the assets in the Cover Pool.

### ***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 which would otherwise be unpaid by the Issuer. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute direct, absolute and (following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice) unconditional obligations of the Covered Bond Guarantor, secured as provided in the Security Deed and limited in recourse against the Covered Bond Guarantor. The Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor following the occurrence of an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice on 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).

A Covered Bond Guarantee Acceleration Notice may be served by the Bond Trustee on the Issuer and the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee) 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 as 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 to pay Guaranteed Amounts 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. Payments made by the Security Trustee will be made subject to, and in accordance with, the Post-Enforcement Priority of Payments, as applicable.

### ***Intercompany Note Subscription Agreement***

Pursuant to the terms of the Intercompany Note Subscription Agreement, IBAL as Intercompany Note Subscriber has agreed to subscribe for Intercompany Notes issued by the Covered Bond Guarantor in an amount equal to, the Principal Amount Outstanding (or the Australian Dollar Equivalent thereof) on the Issue Date of each Series or, as applicable, each Tranche of Covered Bonds, and for a matching term. The Intercompany Notes will be denominated in the same currency as the relevant Series or Tranche of Covered Bonds or in Australian Dollars. Payments by the Issuer of amounts due under the Covered Bonds will not be conditional upon receipt by IBAL of payments from the Covered Bond Guarantor in respect of the Intercompany Notes. Payments by the Covered Bond Guarantor in respect of the Intercompany Notes will be subordinated to amounts owed by the Covered Bond Guarantor to the Covered Bondholders under the Covered Bond Guarantee in accordance with the applicable Guarantee Priority of Payments and the Post-Enforcement Priority of Payments.

### ***The proceeds of issue of Intercompany Notes***

The Covered Bond Guarantor will use the proceeds of issue of Intercompany Notes to IBAL under the Intercompany Note Subscription Agreement from time to time (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Covered Bond Swap): (i) to fund (in whole or part) the Initial Consideration for Mortgage Loan Rights to be purchased from the Seller in accordance with

the terms of the Mortgage Sale Agreement; (ii) if Mortgage Loan Rights are purchased from the Seller in advance of the issue of a Series or Tranche of Covered Bonds using the proceeds from an issue of, or an Increase in, the Demand Note, to make a repayment of the Demand Note in an amount equal to the Series or Tranche of Covered Bonds issued which relate to those Intercompany Notes and/or (iii) to invest in Substitution Assets in an amount not exceeding the prescribed limits (as described in "*Overview of the Principal Documents – Establishment Deed – Limit on Investing in Substitution Assets and Authorised Investments*") to the extent required to meet the Asset Coverage Test; and thereafter the Covered Bond Guarantor may use such proceeds (subject to compliance 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 Intercompany Note being issued relates, to repay the Intercompany Note(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Intercompany Note(s) being repaid, if necessary); (B) to make a repayment of the Demand Note; and/or (C) 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).

### ***Demand Note Subscription Agreement***

Pursuant to the Demand Note Subscription Agreement, IBAL as Demand Note Subscriber will subscribe for a Demand Note to be issued by the Covered Bond Guarantor and fund an Increase in the Demand Note previously issued to the Demand Note Subscriber, as requested by the Covered Bond Guarantor from time to time in accordance with the Demand Note Subscription Agreement. The Demand Note will be denominated in Australian Dollars. The proceeds of the issue of and Increase in the Demand Note may only be used by, or on behalf of, the Covered Bond Guarantor: (i) as whole or partial consideration for the acquisition of Mortgage Loan Rights from the Seller on a Closing Date; (ii) to prevent or rectify a failure to meet the Asset Coverage Test; (iii) to rectify a breach of the Pre-Maturity Test; (iv) to rectify an Interest Rate Shortfall; (v) to fund the repayment by the Covered Bond Guarantor of any outstanding Intercompany Notes issued by the Covered Bond Guarantor; or (vi) to make a deposit to the Reserve Fund; or (vii) for any purpose whatsoever (other than any purpose contemplated by any of the preceding paragraphs (i) to (vi)) as may be agreed from time to time between the Covered Bond Guarantor (acting at the direction of the Trust Manager) and the Demand Note Subscriber.

Amounts due and payable by the Covered Bond Guarantor in respect of the Demand Note will be repaid or otherwise satisfied as set out below:

- if, and only if, a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor or the Security Trustee (or any Receiver) and the Trust Manager), in respect of the Senior Demand Note Component only by:
  - way of set-off by application of the proceeds of the issue of Intercompany Notes as described in "*– Intercompany Note Subscription Agreement – The proceeds of issue of Intercompany Notes*" above; or
  - *in specie* distribution of Mortgage Loan Rights (the value of which will be determined by reference to the Current Principal Balance plus accrued interest and arrears of interest in respect of the corresponding Mortgage Loans calculated as at the date of the *in specie* distribution) to the Demand Noteholder except if there is an In Specie Failure in which case a payment pursuant to the applicable Priorities of Payments is permissible;
- otherwise, if the Issuer has not determined and notified of the occurrence or likely occurrence of a Regulatory Event, or, if it has, in respect of the Junior Demand Note Component, subordinated to amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee and to the Intercompany Noteholder under the



Intercompany Notes, as applicable, under the Priorities of Payments. Such amounts may be satisfied by *in specie* distribution, at the discretion of the Trust Manager.

There will be no Senior Demand Note Component in relation to the Demand Note unless a Regulatory Event has occurred or is likely to occur and the Issuer has notified the Covered Bond Guarantor and the Trust Manager.

For further details see the section "*Overview of the Principal Documents – Demand Note Subscription Agreement*".

### ***Security***

To secure its obligations under the Covered Bond Guarantee and the Programme Documents to which it is a party, the Covered Bond Guarantor will grant security over the Charged Property (which consists of the assets of the Trust held by the Covered Bond Guarantor from time to time, including the Covered Bond Guarantor's interest in the Mortgage Loan Rights, the Substitution Assets, the Authorised Investments, the Programme Documents to which it is a party and the Trust Accounts) in favour of the Security Trustee (to be held by the Security Trustee on trust for each Secured Creditor) pursuant to the Security Deed.

### ***Cashflows***

#### ***Pre-Issuer Event of Default Income Priority of Payments and Pre-Issuer Event of Default Principal Priority of Payments***

Prior to service of a Notice to Pay on the Covered Bond Guarantor and/or 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, upon receiving that direction, the Covered Bond Guarantor will:

- (a) apply Available Income Amounts (i) to pay interest due and payable on the Intercompany Notes; and/or (ii) to pay interest due and payable on the Demand Note. However, these payments will only be made after payment of certain items ranking higher in the Pre-Issuer Event of Default Income Priority of Payments; and
- (b) apply Available Principal Amounts towards repayment of the Demand Note and the Intercompany Notes but only after payment of certain items ranking higher in the Pre-Issuer Event of Default Principal Priority of Payments (including funding any liquidity that may be required in respect of any Series of Hard Bullet Covered Bonds following any breach of the Pre-Maturity Test).

#### ***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 revoked), but prior to 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 on the Covered Bond Guarantor and the Issuer), all Available Income Amounts and all Available Principal Amounts will continue to be applied in accordance with the Pre-Issuer Event of Default Income Priority of Payments or Pre-Issuer Event of Default Principal Priority of Payments, as applicable, save that, whilst any Covered Bonds remain outstanding, no moneys will be applied to (i) acquire Mortgage Loan Rights from the Seller to ensure compliance with the Asset Coverage Test, (ii) redeem or pay interest on the Intercompany Notes or (except in limited circumstances) the Demand Note, (iii) pay the purchase price for Mortgage Loan Rights sold to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement (see further "*Overview of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loan Rights*"), (iv) pay the Seller any Further Consideration in relation to any Additional Advances and/or Redraws, or (v) pay distributions to the Residual Income Unitholder or the Residual Capital Unitholder, and

the remainder (if any) will be deposited into the GIC Account and applied as Available Income Amounts or Available Principal Amounts, as the case may be, on the next succeeding Trust Payment 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 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 use all moneys (other than Swap Collateral Excluded Amounts) to pay Guaranteed Amounts or that portion of the 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 (including, if the Issuer has determined and notified to the Trust Manager and the Covered Bond Guarantor that a Regulatory Event has occurred or is likely to occur, in respect of the Senior Demand Note Component). In such circumstances, the Intercompany Noteholders, the Demand Noteholder (except as specified above) and IBAL as the Residual Income Unitholder and the Residual Capital Unitholder will only be entitled to receive any remaining income of the Trust after all amounts referred to above have been paid or have otherwise been provided for in full.

#### *Acceleration of the Covered Bonds*

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 the Bond Trustee will then 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 together with accrued interest and any other amounts due under the Covered Bonds (other than additional amounts payable by the Issuer under Condition 7 of the Conditions) and the Security created by the Covered Bond Guarantor over the Charged Property will become enforceable. Any moneys received or recovered by the Security Trustee following enforcement of the Security granted by the Covered Bond Guarantor over the Charged Property will be distributed according to the Post-Enforcement Priority of Payments (other than any Swap Collateral Excluded Amounts).

#### *Asset Coverage Test*

To protect the value of the Mortgage Loan Rights forming part of the Assets of the Trust, the Establishment Deed provides that, for so long as any Covered Bonds remain outstanding, the Trust Manager must ensure that on each Calculation 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 Asset Coverage Test is satisfied. Accordingly, for so long as Covered Bonds remain outstanding, the Trust Manager must ensure that on each Calculation 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 (as at the last day of the immediately preceding Collection Period) will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds as calculated on the relevant Calculation Date.

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 two consecutive Calculation Dates, the Bond Trustee must serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the non-satisfaction of the Asset Coverage Test). The Bond Trustee will be deemed to revoke an Asset Coverage Test Breach Notice if, on any Calculation Date falling on or prior to the third consecutive Calculation Date, the Asset Coverage Test is subsequently 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 revoked, as described above, an Issuer Event of Default will occur.

### ***Amortisation Test***

In addition, on each Calculation Date 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) 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 Calculation Date, will be in an amount at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds on such Calculation 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 Minimum Over-Collateralisation***

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 (the **Legislated Collateralisation Test**), as described in "*Description of the Covered Bond Provisions of the Australian Banking Act*" in this Prospectus. As the Legislated Collateralisation Test is a minimum requirement, the Issuer expects that its obligation in respect of this legal requirement 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 a Pre-Maturity Test on each AU 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 is intended to ensure that the Covered Bond Guarantor has sufficient liquidity for such Covered Bonds when the Issuer's credit ratings fall to 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.

### ***Reserve Fund***

If the Issuer's short-term, unsecured, unsubordinated and unguaranteed debt obligations are not rated at least P-1 by Moody's (the **Moody's Specified Rating**) and/or F1 by Fitch (the **Fitch Specified Rating**), the Covered Bond Guarantor is required to establish a reserve fund within the GIC Account and to credit, on the immediately following Trust Payment Date, to the Reserve Fund any Available Income Amounts or the remaining proceeds of the issue of an Intercompany Note or the Demand Note (or an Increase in the Demand Note) up to an amount equal to the Australian Dollar Equivalent of the Reserve Fund Required Amount.

### ***Mortgage Sale Agreement***

Under the terms of the Mortgage Sale Agreement, the consideration payable to the Seller for the sale of any Mortgage Loan Rights originated by the Seller to the Covered Bond Guarantor on any Closing Date will be a cash payment paid by the Covered Bond Guarantor to the Seller on the applicable Closing Date. The Seller will, subject to the satisfaction of certain conditions, be permitted to sell Eligible Mortgage Loans to the Covered Bond Guarantor from time to time.

### ***Servicing Agreement***

In its capacity as Servicer, IBAL has entered into the Servicing Agreement with the Covered Bond Guarantor and the Security Trustee, pursuant to which the Servicer has agreed to provide administrative services in respect of, amongst others, the Mortgage Loans and the related Mortgage Loan Rights sold by IBAL (in its capacity as Seller) to the Covered Bond Guarantor.

### ***Dual recourse; Excess Proceeds to be paid to Covered Bond Guarantor***

Following the occurrence of an Issuer Event of Default that is continuing, the Bond Trustee may 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, receiver and manager, liquidator, statutory manager or other similar official appointed in relation to the Issuer) will be paid by the Bond Trustee to the Covered Bond Guarantor and will be used by the Covered Bond Guarantor in the same manner as all other moneys available to it from time to time.

Following service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor will, subject to the terms of the Bond Trust Deed, pay or procure to be paid on each Scheduled Payment Date 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, but which have not been paid by the Issuer.

Payments by the Covered Bond Guarantor under the Covered Bond Guarantee will be made in accordance with the Guarantee Priority of Payments.

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

## GENERAL DESCRIPTION OF THE PROGRAMME

*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 Tranche of Covered Bonds, the Applicable Final Terms. Words and expressions defined elsewhere in this Prospectus will have the same meanings in this overview. A glossary of certain defined terms is contained at the end of this Prospectus.*

**Issuer:** ING Bank (Australia) Limited (ABN 24 000 893 292), is a public limited company incorporated in the Commonwealth of Australia and its registered office is Level 28, 60 Margaret Street, Sydney NSW 2000, Australia (**IBAL** or **Issuer**).

For further information about the Issuer, please see the section of this Prospectus entitled "*ING Bank (Australia) Limited*" below.

**Covered Bond Guarantor:** Perpetual Corporate Trust Limited (ABN 99 000 341 533), incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 14, 123 Pitt Street, Sydney, NSW 2000 Australia, as trustee of the IBAL Covered Bond Trust (the **Trust**).

In its capacity as trustee of the Trust, the Covered Bond Guarantor's principal business is to acquire, *inter alia*, Mortgage Loans and related 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 Loans and related Mortgage Loan Rights 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, the service on the Issuer and the Covered Bond Guarantor of a Covered Bond Guarantee Acceleration Notice. 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 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.

<b>The Trust:</b>	The Trust is established for purposes relating only to the Covered Bonds, including (without limitation) the acquisition, management and sale of, amongst other things, Mortgage Loans and related 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, the granting of security and any purpose which is ancillary or incidental to any of the foregoing.
<b>Initial Residual Capital Unitholder:</b>	IBAL.
<b>Initial Residual Income Unitholder:</b>	IBAL.
<b>Trust Manager:</b>	IBAL.
<b>Seller:</b>	The Seller under the Programme is IBAL, which is in the business, <i>inter alia</i> , of originating and acquiring residential mortgage loans and conducting other banking related activities.
<b>Servicer:</b>	Pursuant to the terms of the Servicing Agreement, IBAL has been appointed to service the Mortgage Loans and related Mortgage Loan Rights sold to the Covered Bond Guarantor by the Seller.
<b>Principal Paying Agent, Transfer Agent and Registrar:</b>	Deutsche Bank A.G., Hong Kong Branch, having its registered office at Level 60 International Commerce Centre, Austin Road West, Kowloon, Hong Kong, has been appointed pursuant to the Principal Agency Agreement as Principal Paying Agent.
<b>A\$ Registrar:</b>	Austraclear Services Limited (ABN 28 003 284 419) who has an office at 20 Bridge Street, Sydney NSW 2000, Australia has been appointed pursuant to the A\$ Registry Agreement as A\$ Registrar.
<b>Bond Trustee:</b>	DB Trustees (Hong Kong) Limited, having its registered office at Level 60 International Commerce Centre, Austin Road West, Kowloon, Hong Kong, has been appointed to act as Bond Trustee on behalf of the Covered Bondholders and the Couponholders in respect of the Covered Bonds and holds the benefit of, <i>inter alia</i> , the covenant to pay and the Covered Bond Guarantee on behalf of the Covered Bondholders and the Couponholders pursuant to the Bond Trust Deed.
<b>Security Trustee:</b>	P.T. Limited (ABN 67 004 454 666), having its registered office at Level 14, 123 Pitt Street, Sydney, NSW 2000 Australia has been appointed to act as Security Trustee to hold the benefit of the Security granted by the Covered Bond Guarantor to the Security Trustee (for the Secured Creditors) pursuant to the Security Deed.
<b>Cover Pool Monitor:</b>	KPMG, having its registered office at Level 38, Tower Three,

International Towers Sydney, 300 Barangaroo Avenue, Sydney NSW 2000, Australia has been appointed as Cover Pool Monitor pursuant to the Cover Pool Monitor Agreement as an independent monitor to perform tests in respect of the Asset Coverage Test or Amortisation Test, test compliance of the Assets forming part of the Trust with the requirements of the Australian Banking Act (including the Legislated Collateralisation Test) and to assess whether the Trust Manager is keeping an accurate register of the Assets forming part of the Trust.

**Covered Bond Swap Providers:**

Each entity which agrees to act as a swap provider to the Covered Bond Guarantor to hedge certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and Interest Rate Swaps and, in the case of a Non-Forward Starting Covered Bond Swap, amounts payable by the Covered Bond Guarantor under the Intercompany Notes (prior to the service of a Notice to Pay) and, in the case of a Non-Forward Starting Covered Bond Swap and Forward Starting Covered Bond Swap, under the Covered Bond Guarantee in respect of the Covered Bonds (after service of a Notice to Pay) by entering into one or more Covered Bond Swaps with the Covered Bond Guarantor and the Security Trustee under a Covered Bond Swap Agreement in respect of each relevant Series or Tranche of Covered Bonds (where applicable).

**Interest Rate Swap Provider:**

IBAL (in its capacity as the Interest Rate Swap Provider) has agreed to act as a swap provider to the Covered Bond Guarantor to hedge possible variances between (a) the rates of interest payable on the Mortgage Loans, and on certain other Assets forming part of the Assets of the Trust and (b) the interest basis payable by the Covered Bond Guarantor under the Covered Bond Swaps, the Intercompany Notes (or the Covered Bond Guarantee) and the Demand Note, by entering into the Interest Rate Swaps with the Covered Bond Guarantor and the Security Trustee under the Interest Rate Swap Agreements.

**Account Bank:**

ING Bank N.V. (Sydney Branch), having its registered office at Level 28, 60 Margaret Street, Sydney NSW 2000 Australia, has been appointed the initial Account Bank to the Covered Bond Guarantor pursuant to the terms of the Account Bank Agreement.

**Programme Description:**

Covered Bond Programme.

**Arranger:**

ING Bank N.V. in respect of any issuance of Covered Bonds.

**Dealers:**

In respect of any issuance of Covered Bonds, ING Bank N.V. and any other Dealer appointed from time to time in accordance with the Programme Agreement which appointment may be to a specific issue or on an ongoing basis.

**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 the section of this

Prospectus entitled "*Subscription and Sale and Selling Restrictions*" below).

**Programme Size:**

Up to AUD7,500,000,000 (or its equivalent in other currencies determined by reference to the spot rate for the sale of Australian 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 agreement (or the preceding day on which commercial banks and foreign exchange markets are open for business in London) between the Issuer and the relevant Dealer(s) for issue of the Covered Bonds) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

**Distribution:**

Covered Bonds may be distributed under the Programme 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 the section of this Prospectus entitled "*Subscription and Sale and Selling Restrictions*" below.

**Specified Currencies:**

Subject to any applicable legal or regulatory restrictions, 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).

**Maturities:**

Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the Applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.

**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.

**Form of Covered Bonds:**

The Covered Bonds will be issued in bearer or registered form as described in the section of this Prospectus entitled "*Form of the Covered Bonds*" below. Registered Covered Bonds and A\$ Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and *vice versa*.

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

**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) (as set out in the Applicable Final Terms).

**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 appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

in each case as set out in the Applicable Final Terms.

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.

**Other provisions in relation to Floating Rate Covered Bonds:**

Floating Rate Covered Bonds may also have a maximum interest rate, a minimum interest rate or both (as indicated in the Applicable Final Terms). Interest on Floating Rate Covered Bonds in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer(s), will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer(s), as set out in the Applicable Final Terms.

**Redemption:**

The Applicable Final Terms 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 for taxation reasons or if it becomes unlawful for the Intercompany Notes and/or the Demand Note to remain outstanding or a Covered Bond Guarantor Event of Default) 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) (as set out in the Applicable Final Terms).

**Extendable obligations under the Covered Bond Guarantee:**

If an Extended Due for Payment Date is set out in the Final Terms for a Series of Covered Bonds and (a) 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 (b) 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 fails to pay, in full, the Guaranteed Amount equal to the unpaid portion of such Final Redemption Amount by no

later than 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 first Interest Payment Date thereafter on which sufficient moneys are available (after providing for liabilities ranking in priority thereto or *pari passu* and rateably 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 will 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 Conditions.

**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.

**Denomination of Covered Bonds:**

Covered Bonds will be issued in denominations of €100,000 or such other denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the Applicable Final Terms provided 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, at least the equivalent amount in such currency) or such other higher amount as may be required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and, in the case of any 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).

**Taxation:**

All payments in respect of the Covered Bonds will be made without deduction or withholding for or on account of any taxes, subject as provided in Condition 7 of the Conditions. If any such deduction or withholding is made by or on behalf of the Issuer, the Issuer will, where the Applicable Final Terms indicate that tax gross-up by the Issuer in accordance with Condition 7 of the Conditions is applicable and only in the limited circumstances provided in Condition 7 of the Conditions, pay additional amounts in respect of the amounts so deducted or withheld. If any payments made by or on behalf of 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 amounts as

a consequence under Condition 7 of the Conditions. The Guaranteed Amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee do 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 Conditions. 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 intergovernmental agreement 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. For a further discussion of any withholding tax obligations see the section "Taxation" of this Prospectus.

**Cross Default:**

If an Issuer Acceleration Notice is served, then the Covered Bonds of all Series outstanding will be accelerated against the Issuer.

If a Covered Bond Guarantee Acceleration Notice is served 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, unsecured, unsubordinated and unconditional obligations of the Issuer and will rank *pari passu* without any preference or priority among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding. The Covered Bonds do not constitute deposit liabilities of IBAL, are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Australian Banking Act (or of the Financial Claims Scheme established under Division 2AA of Part II of the Australian Banking Act (the **Financial Claims Scheme**)) and are not guaranteed or insured by any government, government agency or compensation scheme of the Commonwealth of Australia or any other jurisdiction or by any other party.

**Covered Bond Guarantee:**

Payment of Guaranteed Amounts in respect of the Covered Bonds when Due for Payment will be 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 (a) an Issuer Event of Default has occurred and is continuing, and a Notice to Pay is served on the Covered Bond Guarantor and an Issuer Acceleration Notice has been served on the Issuer; or (b) a Covered Bond Guarantor Event of Default has occurred and is continuing and a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer. 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 direct, absolute and (following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice) unconditional obligations of the Covered Bond Guarantor secured against the Mortgage Loans and the related Mortgage Loan Rights and other assets from time to time of the Trust and limited in recourse against 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 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.

#### **Credit Ratings:**

Covered Bonds to be issued under the Programme will have the credit ratings specified in the Applicable Final Terms on issuance.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such credit ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country credit rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances. In the case of third country ratings, for a certain limited period of time, transitional relief

accommodates continued use for regulatory purposes in the UK, of existing pre-2021 ratings, provided that the relevant conditions are satisfied.

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. A credit rating may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency. The Rating Agencies are not advisors, 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:**

No application has been made by the Issuer to list any Covered Bonds issued under the Programme on any stock exchange or to admit any Covered Bonds issued under the Programme to trading on any regulated or unregulated market. Covered Bonds issued under the Programme may be unlisted or the Issuer may procure the listing, trading and/or quotation of the Covered Bonds on any listing authority, stock exchange and/or regulated or unregulated market. The Applicable Final Terms relating to each Series or Tranche of the 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.

**Governing Law:**

The Programme Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and will be construed in accordance with, English law.

The Establishment Deed, the Mortgage Sale Agreement, the Servicing Agreement, the Intercompany Note Subscription Agreement, the Demand Note Subscription Agreement, the Management Agreement, the Security Deed, the Definitions Schedule, the Cover Pool Monitor Agreement, the Account Bank Agreement, each Interest Rate Swap Agreement, each Covered Bond Swap Agreement and the A\$ Registry Agreement are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia.

The Bond Trust Deed (including the Covered Bond Guarantee), the Principal Agency Agreement, the Covered Bonds (other than any A\$ Registered 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 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 A\$ Registered Covered Bonds in the Bond Trust Deed, the provisions relating to the maintenance of the Register in respect of the A\$ Registered Covered Bonds in the Bond Trust Deed and the provisions

relating to the limitation of liability of the Covered Bond Guarantor in the Bond Trust Deed, the Principal Agency Agreement and the Covered Bonds are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia.

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of any Tranche of Covered Bonds. See the section of this Prospectus entitled "*Subscription and Sale and Selling Restrictions*" below.

**Risk Factors:**

There are certain risks related to any issue of Covered Bonds under the Programme, which investors should ensure they fully understand, a summary of which is set out in the section of this Prospectus entitled "*Risk Factors*" and include, *inter alia*, the risk of subsequent changes in the actual or perceived creditworthiness of the Issuer or the Covered Bond Guarantor (as applicable), which may adversely affect the market value of the Covered Bonds. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme which include, *inter alia*, risks related to the structure of a particular issue of Covered Bonds (including that there is limited recourse to the Covered Bond Guarantor), modifications and waivers of the terms and conditions of the Covered Bonds in certain circumstances without the consent of all of the Covered Bondholders, changes in laws, taxation laws or regulations which affect the Covered Bonds, risks related to secondary market trading of the Covered Bonds and exchange rate risks. For further particulars, please see "*Risk Factors*".

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Prospectus will be incorporated by reference into, and form part of, this Prospectus:

- (a) IBAL's published Annual Report for the financial year ended 31 December 2023 (including the Financial Statements, the Notes to the Financial Statements and the Independent Auditor's Report thereto) (the **2023 IBAL Annual Report**);
- (b) IBAL's Annual Report for the financial year ended 31 December 2024 (including the Financial Statements, the Notes to the Financial Statements and the Independent Auditor's Report thereto) (the **2024 IBAL Annual Report**, together with the 2023 IBAL Annual Report, the **Annual Financial Reports** and each an **Annual Financial Report**); and
- (c) the pool summary details as set out in IBAL's latest Covered Bond investor report.

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 (which, for the avoidance of doubt, means any parts not listed in the cross-reference lists above) 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) covered elsewhere in the Prospectus.

Following the date of this Prospectus a supplement may be prepared by the Issuer. 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 office of the Issuer, as set out at the end of this Prospectus. In addition, copies of the last two year's Annual Financial Reports and any supplement to this Prospectus are available on IBAL's website at [www.ing.com.au](http://www.ing.com.au).

Please note that the content of websites and urls referred to in this Prospectus do not form part of this Prospectus.

## 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, A\$ Registered Covered Bonds and Registered Covered Bonds will be issued outside the United States to non-U.S. persons in reliance on Regulation S.

### **Bearer Covered Bonds**

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 Global Covered Bond**) which will be delivered on or prior to the issue date of the relevant Tranche to a common depository (the **Common Depository**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).

Bearer Covered Bonds will only be delivered outside the United States and its possessions.

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 of the Temporary Global Covered Bond) only outside the United States and its possessions and 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 the Temporary Bearer Global 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) in whole or in part for, as specified in the Applicable Final Terms, either (a) interests in a permanent global covered bond without interest coupons attached (a **Permanent 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) security printed Bearer Definitive Covered Bonds of the same Series with, where applicable, interest coupons and/or talons attached (on the basis that all the appropriate details have been included on the face of such Bearer Definitive Covered Bonds and, where applicable, interest coupons and/or talons and the relevant information supplementing, replacing or modifying the Conditions appearing in the Applicable Final Terms has been endorsed or attached to such Bearer Definitive Covered Bonds), in each case upon notice being given by a relevant Clearing System acting on the instruction of any holder of an interest in the Temporary Global Covered Bond and subject, in the case of Bearer Definitive Covered Bonds, to such notice to persons as specified in the Applicable Final Terms. Purchasers in the United States and certain U.S. persons will not be able to receive Bearer Definitive Covered Bonds or interests in the Permanent Global Covered Bond. The holder of a Temporary 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 Global Covered Bond for an interest in a Permanent Global Covered Bond or for Bearer Definitive Covered Bonds is improperly withheld or refused. Bearer Covered Bonds will be subject to certain restrictions on transfer set forth therein or will bear a legend regarding such restrictions.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Covered Bond will be made outside the United States and its possessions and through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the Permanent Global Covered Bond without any requirement for certification.



Interests in a Permanent Global Covered Bond will be exchanged (free of charge) by the Issuer, in whole but not in part only at the option of the holder of such Permanent Global Covered Bond, for Definitive Covered Bonds and/or (in the case of a Series comprising both Bearer Covered Bonds and Registered Covered Bonds and if so specified in the Applicable Final Terms) Registered Covered Bonds upon the occurrence of an Exchange Event. An **Exchange Event** means the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of fourteen 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 Permanent Global Covered Bond in accordance with Condition 13 of the Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear, 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 must 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 Bearer Covered Bonds (other than Temporary Global Covered Bonds) that have an original maturity of more than one year and on all talons and interest coupons relating to such Bearer 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 sections referred to provide that U.S. persons (as defined under the Code), with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds, talons or interest coupons and will not be entitled to capital gains treatment of any gain on any redemption, payment of principal, sale or other disposition in respect of Bearer Covered Bonds, talons 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**

The Registered Covered Bonds of each Tranche offered and sold in reliance on Regulation S 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 (as defined in Regulation S) 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 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*").

Registered Global Covered Bonds will be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg, as specified in the Applicable Final Terms.

Persons holding beneficial interests in Registered 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 Registered Global Covered Bonds will, in the absence of any provision to the contrary, be made to the person shown on the Register as the registered holder of the Registered Global Covered Bonds. None of the Issuer, the Covered Bond Guarantor, the Bond Trustee or the Agents 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 Registered 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 any provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5(d) of the Conditions) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Registered Definitive 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 Covered Bonds registered in the name a common depository for Euroclear and Clearstream, Luxembourg, as specified in the Applicable Final Terms, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg, or its nominee, 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 Registered Global Covered Bonds in accordance with Condition 13 of the 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 Registered Global Covered Bond) or the Bond Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange must occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

### **A\$ Registered Covered Bonds**

The A\$ Registered Covered Bonds are issued in registered form by an entry in the A\$ Register maintained by the A\$ Registrar.

Entry of the name of the holder in the A\$ Register in respect of an A\$ Registered Covered Bond constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered holder of the A\$ Registered Covered Bonds. A\$ Registered Covered Bonds which are held in the Austraclear System will be registered in the name of Austraclear Ltd (ABN 94 002 060 773). No certificate or other evidence of title will be issued to holders of the A\$ Registered Covered Bonds unless the Issuer determines that certificates should be available or it is required to do so pursuant to any applicable law or regulation.

### **Transfer of Interests**

Interests in a Registered Global Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Covered Bond. No beneficial owner of an interest in a Registered 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.

Transfers of interests in A\$ Registered Covered Bonds held in the Austraclear System may be conducted only in accordance with the Austraclear Regulations and the A\$ Registry Agreement.

Registered Covered Bonds and A\$ Registered Covered Bonds are also subject to the restrictions on transfer set forth herein and will bear a legend regarding such restrictions (see "*Subscription and Sale and Transfer and Selling Restrictions*").

## **General**

Pursuant to the Principal Agency Agreement (as defined under Conditions of the Covered Bonds), the Principal Paying Agent will 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 will be assigned a common code and ISIN which are different from the common code and ISIN assigned to Covered Bonds of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Covered Bonds of such Tranche.

Any reference herein to Euroclear, Clearstream, Luxembourg and/or the Austraclear System 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 as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

No Covered Bondholder or Couponholder will be entitled to institute proceedings directly against the Issuer or the Covered Bond Guarantor or to take any action with respect to the Bond Trust Deed or to directly enforce the provisions of any other Programme Document unless the Bond Trustee having become so bound to proceed, fails to do so within a reasonable period and the failure will be continuing.

## **OECD Common Reporting Standard**

The CRS requires certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. Covered Bondholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a competent authority agreement may provide this information to other jurisdictions that have signed a competent authority agreement.

Prospective investors should consult their tax advisers on how the CRS may apply to such investor.

## FORM OF FINAL TERMS IN RESPECT OF COVERED BONDS TO BE ISSUED UNDER THE PROGRAMME

*Set out below is the form of Final Terms which will be completed for each Tranche of Covered Bonds issued under the Programme (other than N Covered Bonds).*

**[PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and 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 (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution 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 Regulation (where **Prospectus Regulation** means Regulation (EU) 2017/1129). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIPs 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 PRIPs Regulation.]<sup>1</sup>

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the **UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement [Directive (EU) 2016/97/the Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]<sup>2</sup>

**[MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)/MiFID II]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a “**distributor**”) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either

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<sup>1</sup> Legend to be included on front of the Final Terms if the Covered Bonds potentially constitute “packaged” products and no key information document will be prepared in the EEA or the Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the item entitled “Prohibition of Sales to EEA Retail Investors” should be specified to be “Applicable”.

<sup>2</sup> Legend to be included on front of the Final Terms if the Covered Bonds potentially constitute “packaged” products and no key information document will be prepared in the UK or the Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the item entitled “Prohibition of Sales to UK Retail Investors” should be specified to be “Applicable”.

adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]]<sup>3</sup>

**[UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018/EUWA] (**UK MiFIR**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **UK distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]]<sup>4</sup>

**[NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SFA 2001 OF SINGAPORE (THE SFA)** – *[To insert notice if classification of the Covered Bonds is not “capital markets products other than prescribed capital markets products”, pursuant to Section 309B of the SFA or Specified Investment Products].]]<sup>5</sup>*

[Date]

**ING Bank (Australia) Limited (ABN 24 000 893 292)**

**Legal Entity Identifier (LEI): 70UN1RCXO6LO7KWNC831**

**Issue of [Aggregate Nominal Amount of Tranche]  
under the A\$7,500,000,000 IBAL Covered Bond Programme  
unconditionally and irrevocably guaranteed as to payments of interest and principal by  
Perpetual Corporate Trust Limited (ABN 99 000 341 533)  
as trustee of the IBAL Covered Bond Trust and Covered Bond Guarantor**

## **PART A—CONTRACTUAL TERMS**

*[The following language applies for an issue of Covered Bonds intended to be admitted to the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange: [Terms used herein will be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●] [and the supplement to the Prospectus dated [insert date]] ([together,] the **Prospectus**), which constitute[s] a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Prospectus [as so supplemented] in order to obtain all the relevant information. The Prospectus is available on the website of the Luxembourg Stock Exchange ([www.luxse.com](http://www.luxse.com)).]]*

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<sup>3</sup> This version of the legend to be included on front of the Final Terms if transaction involves one or more manufacturer(s) subject to MiFID II and if following the "ICMA 1" approach.

<sup>4</sup> Legend to be included on front of the Final Terms if transaction involves one or more manufacturer(s) subject to UK MiFIR and if following the "ICMA 1" approach.

<sup>5</sup> Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA. If there is a change as to product classification for the relevant drawdown, from the upfront product classification embedded in the programme documentation, then the legend is to be completed and used (if no change as to product classification, then the legend may be deleted in its entirety)

*[Insert the following language for an issue of A\$ Registered Covered Bonds:*

Covered Bonds will be offered in Australia only in the wholesale capital markets and on the basis that no disclosure to investors is required under Part 6D.2 or Chapter 7 of the Corporations Act 2001 of the Commonwealth of Australia.]

1.	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●]
	(c)	Date on which Covered Bonds will be consolidated and form a single Series: (As referred to under Condition 16)	[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]
2.		Specified Currency or Currencies:	[●]
3.		Aggregate Nominal Amount of Covered Bonds admitted to trading:	
	(a)	Series:	[●]
	(b)	Tranche:	[●]
4.		Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> ]
5.	(a)	Specified Denominations: (As referred to under Condition 1)	[●]

- (b) Calculation Amount (in relation to calculation of interest for Covered Bonds in global form see Conditions): [●]
6. (a) Issue Date: [●]
- (b) Interest Commencement Date: [●/Issue Date/Not Applicable]
- (c) A\$ Record Date: [●/Not Applicable]
7. Final Maturity Date: [●/Interest Payment Date falling in or nearest to [●]]
8. 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 [●]]
- [If an Extended Due for Payment Date is specified and the Final Redemption Amount is not paid in full on the Final Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Due for Payment Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Due for Payment Date. See Condition [6(a)].]
9. Interest Basis: [[●] per cent. per annum Fixed Rate] [payable [annually] in arrear from (and including) the Interest Commencement Date to (but excluding) the Final Maturity Date]
- (As referred to under Condition 4)
- [[EURIBOR/HIBOR/CDOR/SIBOR/NIBOR/Compounded Daily SONIA/SONIA Index Determination/Average SONIA/Compounded Daily SOFR Formula/SOFR Index Determination/Average SOFR] +/- [●] per cent. per annum Floating Rate] [payable [monthly] in arrear from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date]
- [[BBSW Rate/BKBM Rate] +/- [●] per cent. per annum Floating Rate] [payable [monthly] in arrear from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date] (see paragraphs 15 and 16 below)
- (N.B. It is expected that BBSW Rate or BKBM Rate will only be selected where "BBSW Rate Determination" or "BKBM Determination", respectively, are marked as "Applicable" below)*
10. Redemption/Payment Basis: 100 per cent. of the nominal amounts
- (As referred to under Condition 6)

11. Change of Interest Basis or [Not applicable][from Fixed to Floating][from Redemption/Payment Basis: Floating to Fixed]  
(As referred to under Conditions 4 and 6)
12. Put/Call Options: [Investor Put]  
(As referred to under Conditions 6(c) and [Issuer Call]  
6(d))  
[Not Applicable] [(see paragraphs 18 and 19 below)]
13. Date of Board approval for issuance of [●]  
Covered Bonds obtained:
14. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Covered Bond Provisions: [Applicable/Not Applicable/Applicable from the  
(As referred to under Condition 4(a)) Interest Commencement Date to the Final Maturity Date]
- (a) Rate[(s)] of Interest: [●] per cent. per annum payable  
(As referred to under [annually/semi-annually/quarterly/[●] in arrear] on  
Condition 4(a)) each Interest Payment Date
- (b) Interest Payment Date(s): [[●] in each year from (and including) [●] up to (and  
including) the Final Maturity Date, subject to  
adjustment in accordance with the Business Day  
Convention set out below]/[[●] [(provided however  
that after the Final Maturity Date, the Interest  
Payment Dates shall be monthly in accordance with  
paragraph 16 below)]]/[●]/[Final Maturity Date  
(*N.B. 'Final Maturity Date' should be specified  
where there is a single Interest Payment Date*)]
- (c) Fixed Coupon Amount(s) [●] per Calculation Amount/Not Applicable]  
for Covered Bonds in definitive  
form (and in relation to Covered  
Bonds in global form, see  
Conditions):
- (As referred to under  
Condition 4(a))
- (d) Broken Amount(s) for [●] per Calculation Amount payable on the Interest  
Covered Bonds in definitive form Payment Date falling [in/on] [●]/[Not Applicable]  
(and in relation to Covered Bonds in  
global form, see Conditions):
- (As referred to under  
Condition 4(a))
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or RBA Bond  
(As referred to under Basis/Australian Bond Basis]  
Condition 4(a))



- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (i) Adjusted: [Applicable/Not Applicable]
- (ii) Non-Adjusted: [Applicable/Not Applicable]
- (g) Additional Business Centres: [[●]/ Not Applicable]
- (h) Determination Date(s): [●] in each year  
(As referred to under Condition 4(a))
16. Floating Rate Covered Bond Provisions: [Applicable/Not Applicable/Applicable from the  
(As referred to under Condition 4(b)) Final Maturity Date to the Extended Due for Payment Date]
- (If not applicable, delete the remaining subparagraphs of this Paragraph 16)*
- (a) Specified Period(s)/Specified Interest Payment Dates: [[●] in each year from (and including) [●] up to (and including) the Final Maturity Date subject to adjustment in accordance with the Business Day Convention set out below]  
(As referred to under Condition 4(b))
- [Specified Period]** means the period from (and including) each Specified Interest Payment Date up to (but excluding) the next following Specified Interest Payment Date provided that the first Specified Period shall be from (and including) the Final Maturity Date to (but excluding) the next following Specified Interest Payment Date, subject to adjustment in accordance with the Business Day Convention set out below.
- The **Specified Interest Payment Dates** are the [●] day of each month from (but excluding) the Final Maturity Date to (and including) the Extended Due for Payment Date (or, if earlier, the date on which the Covered Bonds are redeemed in full), subject to adjustment in accordance with the Business Day Convention set out below.]) / [specify other]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]  
(As referred to under Condition 4(b))
- (c) Additional Business Centre(s): [●]/[Not Applicable]  
(As referred to under Condition 4(b))
- (d) Manner in which the Rate of Interest [Screen Rate Determination/BBSW Rate]

	and Interest Amount is to be determined: (As referred to under Condition 4(b))	Determination/BKBM Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent) / Calculation Agent (if not the Issuer – <i>applicable to A\$ Registered Covered Bonds only</i> )	[●]/[Not Applicable]
(f)	Screen Rate Determination:	[Applicable/Not Applicable]
(i)	Reference Rate, Relevant Time and Relevant Financial Centre:	<p>Reference Rate: [●] month [●]  [EURIBOR/HIBOR/CDOR/SIBOR/BKBM/NIBOR/ Compounded Daily SONIA/SONIA Index Determination/Average SONIA/Compounded Daily SOFR Formula/SOFR Index Determination/Average SOFR]</p> <p>Relevant Time: [●]/[Not Applicable]</p> <p><i>(Where Reference Rate is Compounded Daily SONIA, Average SONIA, Compounded Daily SOFR Formula, SOFR Index Determination or Average SOFR, Relevant Time will be "Not Applicable")</i></p> <p>Relevant Financial Centre: [Brussels/Hong Kong/Toronto/Singapore/Auckland/Oslo/ <i>Specify other Relevant Financial Centre</i>]/[Not Applicable]</p> <p><i>(Where Reference Rate is Compounded Daily SONIA, SONIA Index Determination, Average SONIA, Compounded Daily SOFR Formula, SOFR Index Determination or Average SOFR, Relevant Financial Centre will be "Not Applicable")</i></p>
(ii)	Interest Determination Date(s): (As referred to under Condition 4(b))	<p>[First day of each Interest Period]  [Second day on which T2 is open prior to the start of each Interest Period]  [The [first/[●]] [U.S. Government Securities Business Day/London Banking Day/ T2 Business Day] falling after the last day of the relevant Observation Period]</p> <p>[Second Singapore business day prior to the start of each Interest Period]</p> <p>[Second Oslo business day prior to the start of each Interest Period]  [[●] days prior to the start of each Interest Period]</p>

- (iii) Relevant Screen Page: [●][Not Applicable]
- (In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately. Where Reference Rate is SOFR Formula, SOFR Index Determination or Average SOFR, Relevant Screen Page will be "Not Applicable")*
- (iv) [SONIA Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph 16(f)(iv))*
- (A) Observation Method: [Lag/Observation Shift/Not Applicable]
- (B) Lag Lookback Period (p): [5/[specify other] London Banking Days][Not Applicable]
- (C) Observation Shift Period: [5/[specify other] London Banking Days][Not Applicable]
- (N.B. When setting the Lag Lookback Period (p) or the Observation Shift Period, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms. It is anticipated that '(p)' will be no fewer than 5 London Banking Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, in relation to the relevant issuance)*
- (D) Relevant Number: [5/[specify other] London Banking Days][Not Applicable]
- (Not applicable unless Calculation Method is SONIA Index Determination)*
- (N.B. When setting the Relevant Number, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms. It is anticipated that the Relevant Number will be no fewer than 5 London Banking Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of*

*Interest, as specified in the Applicable Final Terms, in relation to the relevant issuance)]*

(v) SOFR Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph 16(f)(v))

(A) Calculation Method: [Compounded Daily SOFR Formula/SOFR Index Determination/Average SOFR]

(B) Observation Method: [Lookback/Observation Shift/Not Applicable]

(C) Lookback Period (p): [5/[specify other] U.S. Government Securities Business Days][Not Applicable]

(D) Observation Shift Period: [5/[specify other] U.S. Government Securities Business Days][Not Applicable]

(N.B. When setting the Lookback Period (p) or the Observation Shift Period, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms. It is anticipated that '(p)' will be no fewer than 5 U.S. Government Securities Business Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, in relation to the relevant issuance)

(E) Relevant Number: [5/[specify other] U.S. Government Securities Business Days][Not Applicable]

(Not applicable unless Calculation Method is SOFR Index Determination)

(N.B. When setting the Relevant Number, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms. It is anticipated that the Relevant Number will be no fewer than 5 U.S. Government Securities Business Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, in relation to the relevant issuance)

(g) BBSW Rate Determination: [Applicable/Not Applicable]

	BBSW Rate:	[As per Condition 4(b)(ii)(D) / <i>Specify</i> ]
(h)	BKBM Determination:	[Applicable/Not Applicable]
(i)	Relevant Financial Centre:	[Auckland and Wellington]
(ii)	Interest Determination Date(s):	[●]
(i)	Linear Interpolation:	[Not Applicable][Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(j)	Margin(s): (As referred to under Condition 4(b))	[+/-] [●] per cent. per annum
(k)	Minimum Rate of Interest: (As referred to under Condition 4(b))	[[●] per cent. per annum] / [Not Applicable]
(l)	Maximum Rate of Interest: (As referred to under Condition 4(b))	[[●] per cent. per annum] / [Not Applicable]
(m)	Day Count Fraction: (As referred to under Condition 4(b))	[[Actual/Actual] [Actual/Actual (ISDA)] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] 30E/360 (ISDA) ]
(n)	Interest Amounts Non-Adjusted:	[Applicable/Not Applicable]

## PROVISIONS RELATING TO REDEMPTION

17. Notice periods for Condition 6(b) (Redemption for taxation reasons) or Condition 6(e) (Redemption due to illegality):  
Minimum Period: [30] days  
Maximum Period: [60] days
18. Issuer Call: [Applicable/Not Applicable]
- (a) Optional Redemption Date(s): [●]
- (b) Optional Redemption Amount: [[●] per Calculation Amount]
- (c) If redeemable in part: [Applicable/Not Applicable]
- (i) Minimum Redemption Amount: [●]

	(ii) Maximum Redemption Amount:	[●]
	(d) Notice period (if other than as set out in the Conditions):	[Not Applicable]
		[Not less than [[5] and not more than [30]] <i>[insert Business Centres]</i> Business Days' notice to the Bond Trustee, Principal Paying Agent and Covered Bondholders prior to the Optional Redemption Date in accordance with Condition [6]. Any notice given to Euroclear and/or Clearstream, Luxembourg and/or Austraclear in accordance with Condition 13 shall be deemed to have been given to the Covered Bondholders on the day on which that notice is given to Euroclear and/or Clearstream, Luxembourg and/or Austraclear.]
		[[●] <b>Business Day</b> means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [●]]
19.	Investor Put: (As referred to under Condition 6(d))	[Applicable/Not Applicable]
	(a) Optional Redemption Date(s):	[●]
	(b) Optional Redemption Amount:	[[●] per Calculation Amount]
	(c) Notice period (if other than as set out in the Conditions):	Minimum Period: [30] Business Days Maximum Period: [60] Business Days
		<i>(N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Bond Trustee)</i>
20.	Final Redemption Amount: (As referred to under Condition 6(a))	[[●] per Calculation Amount]
21.	Early Redemption Amount payable on redemption for taxation reasons or illegality of the Intercompany Note Subscription Agreement or the Demand Note Subscription Agreement or on event of default and/or the method of calculating the same (if required or if different from that set	[Condition 6(f) is applicable [●] per Calculation Amount]

out in Condition 6(f)):  
(As referred to under Condition 6(f))

## GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22. Tax gross-up by Issuer in accordance with Condition 7: [Applicable/Not applicable]

[If not applicable:

If any payments of principal and interest (if any) in respect of the Covered Bonds and Coupons by or on behalf of the Issuer are or become subject to any withholding or deduction, on account of any taxes, duties or other charges of whatever nature, imposed or levied by or on behalf of Australia or by any other authority having power to tax, the Issuer will not be obliged to pay any additional amount as a consequence. For the avoidance of doubt, 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 intergovernmental agreement 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.]

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 Definitive Covered Bonds only upon an Exchange Event.]

[Temporary Bearer Global Covered Bond exchangeable for Definitive Covered Bonds on and after the Exchange Date.]

[Permanent Bearer Global Covered Bond exchangeable for Definitive Covered Bonds only upon an Exchange Event.]

Registered Covered Bonds:

[Registered Global Covered Bond ([●] nominal amount) registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg (*specify nominal amounts*).]

[A\$ Registered Covered Bond registered in the name

of Austraclear in the Austraclear System.]

24. Additional Financial Centre(s) or other special provisions relating to Payment Days:  
(As referred to under Condition 5(g)) [Not Applicable/●]
25. [Talons for future Coupons to be attached to Definitive Bearer Covered Bonds:  
(As referred to under the Introduction to the Conditions of the Covered Bonds)] [No/Yes]
26. U.S. Selling Restrictions: [Reg S Compliance Category [1][2][3]; TEFRA C/TEFRA D/TEFRA not applicable]

### THIRD PARTY INFORMATION

[*Relevant third party information in relation to the Covered Bonds (for example: “The description[s] of the [‘AA-’] and [‘Aa3’] credit rating[s] in Item [2] of Part B of these Final Terms”)*] [has/have] has been extracted from [*specify source(s)*]. 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].



## PART B—OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on [the Regulated Market of the Luxembourg Stock Exchange][other] with effect from [ ].] [Application [has been made]/[is expected to be made] by the Issuer (or on its behalf) for the Covered Bonds to be listed on the official list of the [Luxembourg Stock Exchange][other] with effect from [ ].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [●]

### 2. RATINGS

Ratings: The Covered Bonds to be issued [have been] [are expected to be] rated:

[Fitch Australia Pty Ltd: [●] ]

[Moody's Investors Service Pty Ltd: [●] ]

[The ratings issued by the Rating Agencies have been endorsed by Moody's Deutschland GmbH and Fitch Ireland Limited, in each case in accordance with Regulation (EC) No. 1060/2009 (as amended).]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider. Consider including the following (to be completed at the time of the relevant issuance):*

*[[Fitch Australia Pty Ltd] has, in its [month, year] publication "[Fitch Ratings Rating Definitions]", described a credit rating of ['AAA'] in the following terms: ["'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events. Within rating categories, Fitch may use modifiers '+' or '-' may be appended to a rating to denote relative status within major rating categories'"].] [Complete as applicable]*

*[[Moody's Investors Service Pty Ltd] has, in its [month, year] publication "[Rating Symbols and Definitions]", described a credit rating of ['Aaa'] in the following terms: ["Obligations rated Aaa are*

*judged to be of high quality and are subject to very low credit risk ... Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.".] [Complete as applicable].*

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

[Save for any 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.]/[●]

### 4. TOTAL EXPENSES

Estimated total expenses: [●]

### 5. YIELD (Fixed Rate Covered Bonds only)

Indication of yield: [[●] per cent. [per annum]

[As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. (Amend as applicable if required, for example if the yield has been calculated in respect of a particular period)]/[Not Applicable]

### 6. OPERATIONAL INFORMATION

(i) ISIN: [●]

(ii) Common Code: [●]  
(insert here any other relevant codes such as CUSIP and CINS codes and renumber accordingly)

(iii) CFI: [[include code], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(iv) FISN: [[include code], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(v) [Any clearing system(s) other than [Not Applicable/Austraclear Services Limited, Level

- Euroclear Bank  
S.A./N.V., Clearstream Banking,  
S.A. and  
the relevant identification  
number(s):] 4, 20 Bridge St, Sydney NSW 2000/ [●][insert  
address]]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) [If syndicated, names of Managers:] [Not Applicable/give names]
- (viii) Name(s) and address(es) of initial [●]  
Paying Agent(s) in relation to the  
Covered Bonds (other than the A\$  
Registered Covered Bonds):
- (ix) Name(s) and address(es) of [●]  
additional Paying Agent(s) (if any)  
in relation to the Covered Bonds  
(other than the A\$ Registered  
Covered Bonds):
- (x) Name(s) and address(es) of A\$ [●]  
Registrar in relation to the A\$  
Registered Covered Bonds:
- (xi) Prohibition of Sales to EEA Retail [Applicable/Not Applicable]  
Investors:  
*(If the Covered Bonds clearly do not constitute  
"packaged" products or the Covered Bonds do  
constitute "packaged" products and a key  
information document will be prepared in the EEA,  
"Not Applicable" should be specified. If the Covered  
Bonds may constitute "packaged" products and no  
key information document will be prepared in the  
EEA, "Applicable" should be specified.)*
- (xii) Prohibition of Sales to UK Retail [Applicable/Not Applicable]  
Investors:  
*(If the Covered Bonds clearly do not constitute  
"packaged" products or the Covered Bonds do  
constitute "packaged" products and a key  
information document will be prepared in the UK,  
"Not Applicable" should be specified. If the Covered  
Bonds may constitute "packaged" products and no  
key information document will be prepared in the  
UK, "Applicable" should be specified.)*

**EXECUTED** for and on behalf of **ING BANK  
(AUSTRALIA) LIMITED ABN 24 000 893 292**  
by its Attorneys under a Power of Attorney dated  
4 May 2018:

\_\_\_\_\_  
Signature of Attorney

\_\_\_\_\_  
Name of Attorney in full

\_\_\_\_\_  
Signature of Attorney

\_\_\_\_\_  
Name of Attorney in full

**EXECUTED** for and on behalf of **PERPETUAL  
CORPORATE TRUST LIMITED**  
**ABN 99 000 341 533** as trustee of the IBAL  
Covered Bond Trust by its Attorney under a Power  
of Attorney dated 21 June 2017

\_\_\_\_\_  
Signature of Attorney

\_\_\_\_\_  
Name of Attorney in full

## CONDITIONS OF THE COVERED BONDS

*The following are 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) apply to each A\$ Registered Covered Bond, Global Covered Bond (as defined below) and 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 Applicable Final Terms (or the relevant provisions thereof) will be entered in the Register in respect of each A\$ Registered Covered Bond or endorsed upon, or attached to, each Global Covered Bond and Definitive Covered Bond. References to the Applicable Final Terms are to the Final Terms (or the relevant provisions thereof) entered in the Register or the A\$ Register, as the case may be, in respect of, or attached to, or endorsed on this Covered Bond.*

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by ING Bank (Australia) Limited ABN 24 000 893 292 (**IBAL** and 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 on or about 18 May 2018 (the **Programme Date**) made between, among others, the Issuer, Perpetual Corporate Trust Limited ABN 99 000 341 533 as covered bond guarantor (the **Covered Bond Guarantor**), IBAL as trust manager (the **Trust Manager**) and DB Trustees (Hong Kong) Limited as bond trustee (in such capacity, the **Bond Trustee**, which expression will include any successor as Bond Trustee).

Save as provided for in Conditions 9 and 14, references herein to the Covered Bonds will be references to the Covered Bonds of this Series and will mean:

- (a) in relation to any Covered Bonds represented by a global covered bond (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 Global Covered Bond in bearer form;
- (d) any Definitive Covered Bonds in registered form (**Registered Definitive Covered Bonds**) (whether or not issued in exchange for a Global Covered Bond in registered form); and
- (e) any A\$ Registered Covered Bonds.

The Covered Bonds (other than the A\$ Registered 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 the Programme Date and made between the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee and Deutsche Bank AG, Hong Kong Branch, as issuing and principal paying agent (in such capacity, the **Principal Paying Agent**, which expression will include any successor Principal Paying Agent) and the other paying agents appointed pursuant to the Principal Agency Agreement (together with the Principal Paying Agent, the **Paying Agents**, which expression will include any additional or successor paying agents), as registrar (in such capacity, the **Registrar**, which expression will include any successor registrar) and as transfer agent (in such capacity, a **Transfer Agent** and together with the Registrar, the **Transfer Agents**, which expression will include any additional or successor transfer agents). The Applicable Final Terms may specify any other agency agreement that applies to Covered Bonds and Coupons issued by the Issuer.

A\$ Registered Covered Bonds also have the benefit of The ASX Austraclear Registry and IPA Services Agreement (such agreement as amended and/or supplemented and/or restated from time to time, the **A\$**

**Registry Agreement** and, together with the Principal Agency Agreement, the **Agency Agreements**) dated on or about the Programme Date and made between IBAL as Issuer, the Covered Bond Guarantor, the Bond Trustee and Austraclear Services Limited ABN 28 003 284 419 (**Austraclear Services**) as A\$ registrar (in such capacity, the **A\$ Registrar**). If a calculation agent is required for the purpose of calculating any amount or making any determination under any A\$ Registered Covered Bonds, such appointment will be notified in the Applicable Final Terms (the person so specified, the **Calculation Agent**). The Issuer or, following the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice and a Notice to Pay, the Covered Bond Guarantor (acting at the direction of the Trust Manager) may terminate the appointment of the Calculation Agent, appoint additional or other Calculation Agents or elect to have no Calculation Agent. Where no Calculation Agent is appointed the calculation of interest, principal and other payments in respect of A\$ Registered Covered Bonds will be made by the Issuer or, following the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice and a Notice to Pay, the Trust Manager (references herein to the Calculation Agent will include the Issuer or the Trust Manager, when acting as Calculation Agent in accordance with the foregoing).

As used herein, **Agents** will mean each Paying Agent, each Transfer Agent, each Registrar and the A\$ Registrar, **Principal Paying Agent** will mean, in relation to a Tranche or Series of Covered Bonds (other than the A\$ Registered Covered Bonds), the Principal Paying Agent or such other paying agent as the Final Terms for that Tranche or Series may specify, **Registrar** will mean, in relation to a Tranche or Series of Covered Bonds (other than A\$ Registered Covered Bonds), the Registrar or such other registrar as the Final Terms for that Tranche or Series may specify, **A\$ Registrar** will mean, in relation to a Tranche or Series of A\$ Registered Covered Bonds, the A\$ Registrar or such other A\$ registrar as the 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 Final Terms for that Tranche or Series may specify and **Calculation Agent** will mean, in relation to a Tranche or Series of A\$ Registered Covered Bonds, the Calculation Agent as the 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 herein 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 Registered Global Covered Bonds and/or Registered Definitive Covered Bonds as the case may be), Global Covered Bonds and A\$ Registered 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), the holders of the Coupons (the **Couponholders**, which expression will, unless the context otherwise requires, include 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 herein, **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 and/or Issue Prices.

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 a Covered Bond Guarantor Event of Default and service by the Bond Trustee of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor.

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 agreement governed by the law applying in the State of New South Wales, Australia (such security as amended and/or supplemented and/or restated from time to time, the **Security Deed**) dated on or about 18 May 2018 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 Agency Agreements and each of the other Programme Documents are available for inspection free of charge during normal business hours at the specified office of the Principal Paying Agent, the Registrar and the Transfer 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 Transfer Agent and any Covered Bondholder must produce evidence satisfactory to the relevant 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 relevant Agency Agreements, each of the other Programme Documents and the Applicable Final Terms which are applicable to them and to have notice of each set of Final Terms relating to each other Series.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Conditions will bear the meanings given to them in the Bond Trust Deed, the Applicable Final Terms and/or the IBAL Covered Bond Trust Definitions Schedule made between the parties to the Programme Documents on or about 18 May 2018 (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 as described above. In the event of inconsistency between the Bond Trust Deed and the Definitions Schedule, the Bond Trust Deed will prevail and in the event of 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, Registered 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 or A\$ Registered Covered Bonds and vice versa.

This Covered Bond may be a Fixed Rate Covered Bond or a Floating Rate Covered Bond, depending upon the Interest Basis shown 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 Coupons will pass by delivery, title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Principal Agency Agreement and title to the A\$ Registered Covered Bonds will pass upon registration of transfers in accordance with these Conditions.

The Issuer, the Covered Bond Guarantor, each of the Agents and the Bond Trustee 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 or A\$ 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 is represented by a Global Covered Bond held on behalf of, or, as the case may be, registered in the name of a common depository for Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**) 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.

For so long as any of the A\$ Registered Covered Bonds are lodged in the clearance and settlement system operated by Austraclear Ltd ABN 94 002 060 773 (**Austraclear** and such system being the **Austraclear System**) in accordance with the regulations and procedures established by Austraclear to govern the use of the Austraclear System (such regulations and procedures being the **Austraclear Regulations**) each person (other than Austraclear Ltd) who is for the time being shown in the records of Austraclear as the holder of such A\$ Registered Covered Bonds (in which regard any certificate or other document issued by the Austraclear System or the A\$ Registrar as to such A\$ Registered 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 Austraclear or the A\$ Registrar in accordance with its usual procedures and in which the holder of the A\$ Registered Covered Bonds is clearly identified with the amount of such holding) will (except as otherwise permitted in the Bond Trust Deed and these Conditions or as ordered by a court of a competent jurisdiction or as required by applicable law or regulations) be treated by the Issuer, the Covered Bond Guarantor and the Bond Trustee as the holder of such A\$ Registered Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts of such Covered Bonds and for the purpose of voting, giving consents and making requests in relation to such A\$ Registered Covered Bonds and the expression **Covered Bondholder** and related expressions will be construed accordingly. For so long as any of the A\$ Registered Covered Bonds are lodged in the Austraclear System, beneficial interests in A\$ Registered Covered Bonds will be transferable only in accordance with the Austraclear Regulations. Where Austraclear Ltd is recorded in the A\$ Register as the holder of an A\$ Registered Covered Bond, each person in whose Security



Record (as defined in the Austraclear Regulations) an A\$ Registered Covered Bond is recorded is deemed to acknowledge in favour of the A\$ Registrar, the Issuer and Austraclear Ltd that:

- (a) the A\$ Registrar's decision to act as the registrar of that A\$ Registered Covered Bond is not a recommendation or endorsement by the A\$ Registrar or Austraclear Ltd in relation to that A\$ Registered Covered Bond, but only indicates that the A\$ Registrar considers that the holding of the A\$ Registered Covered Bonds is compatible with the performance by it of its obligations as A\$ Registrar under the A\$ Registry Agreement; and
- (b) the holder of the A\$ Registered Covered Bond does not rely on any fact, matter or circumstance contrary to paragraph (a) above.

For so long as the Covered Bonds are represented by a Global Covered Bond and the relevant clearing systems so permit, the Covered Bonds will be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of €1,000, notwithstanding that no definitive Covered Bonds will be issued with a denomination above €199,000.

References to the Austraclear System, 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 Principal Paying Agent (other than in respect of any A\$ Registered Covered Bonds) and the Bond Trustee.

## **2. Transfers of Registered Covered Bonds and A\$ Registered Covered Bonds**

### **(a) *Transfers of interests in Registered Global Covered Bonds***

Transfers of beneficial interests in Registered Covered Bonds in global form (the **Registered 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 beneficial transferors and transferees of such interests. A beneficial interest in a Registered 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 Registered 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.

Prior to expiry of the applicable Distribution Compliance Period (as defined in Condition 2(g)), transfers by the holder of, or of a beneficial interest in, a Registered Global Covered Bond to a transferee in the United States or who is a U.S. person will only be made pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States and, in each case, in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdiction.

### **(b) *Transfers of Registered Covered Bonds in definitive form***

Subject as provided in Condition 2(f), upon the terms and subject to the conditions set forth in the Principal Agency Agreement, a Registered Covered Bond in definitive form may be transferred in whole or in part (in the authorised denominations set out in the Applicable Final Terms). In order to effect any such transfer: (i) the holder or holders must: (A) surrender the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered

Covered Bond) at the specified office of the relevant Registrar or the relevant Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and (B) complete and deposit such other certifications as may be required by the relevant Registrar or, as the case may be, the relevant Transfer Agent; and (ii) the relevant Registrar or, as the case may be, the relevant Transfer Agent must be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the relevant Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 4 to the Principal Agency Agreement). Subject as provided above, the relevant Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Covered Bond in definitive form of a like aggregate nominal amount to the Registered Covered Bond (or the relevant part of the Registered Covered Bond) transferred. In the case of the transfer of part only of a Registered Covered Bond in definitive form, a new Registered Covered Bond in definitive form in respect of the balance of the Registered Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the address specified by the transferor.

**(c) *Transfers of A\$ Registered Covered Bonds***

Title to the A\$ Registered Covered Bonds passes when details of the transfer are entered in the A\$ Register. The A\$ Register will be closed for the purpose of determining entitlements to payments of interest and principal at 5.00 p.m. in the place where the A\$ Register is kept on the eighth calendar day before the relevant date for payment, or such other date specified in or determined in accordance with the Applicable Final Terms for that purpose (the **A\$ Record Date**).

A\$ Registered Covered Bonds may be transferred in whole but not in part. Application for the transfer of A\$ Registered Covered Bonds not entered into the Austraclear System or any alternative clearing system must be made by the lodgement of a transfer form with the A\$ Registrar at its specified office. Each transfer form must be duly completed, accompanied by any evidence the A\$ Registrar may require to establish that the transfer form has been duly executed and signed by the transferor and the transferee.

If a Covered Bondholder transfers some but not all of the A\$ Registered Covered Bonds it holds and the transfer form does not identify the specific A\$ Registered Covered Bonds transferred, the A\$ Registrar may choose which A\$ Registered Covered Bonds registered in the name of the Covered Bondholder have been transferred. However, the Principal Amount Outstanding of the A\$ Registered Covered Bonds registered as transferred must equal the Principal Amount Outstanding of the A\$ Registered Covered Bonds expressed to be transferred in the transfer form.

For so long as any of the A\$ Registered Covered Bonds are lodged in the Austraclear System, beneficial interests in A\$ Registered Covered Bonds will be transferable only in accordance with the Austraclear Regulations.

**(d) *Registration of transfer upon partial redemption***

In the event of a partial redemption of Covered Bonds under Condition 6, the Issuer will not be required to register the transfer of any Registered Covered Bond or A\$ Registered Covered Bond, or part of a Registered Covered Bond or an A\$ Registered Covered Bond, called for partial redemption.

(e) ***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 by regular uninsured mail and except that the Issuer, the A\$ Registrar, 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.

(f) ***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 Registered Global Covered Bond of the same type at any time.

(g) ***Definitions***

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

**Distribution Compliance Period** means the period that ends 40 days after the completion of the distribution of the relevant Tranche of Covered Bonds, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue); and

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

**3. Status of the Covered Bonds and the Covered Bond Guarantee**

(a) ***Status of the Covered Bonds***

The Covered Bonds and any relative 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).

Section 13A(3) of the Banking Act 1959 of Australia (the **Australian Banking Act**) provides that if an authorised deposit taking institution (**ADI**) (of which the Issuer is one) becomes unable to meet its obligations or suspends payment, the assets of the ADI in Australia are to be available to meet the ADI's liabilities in the following order:

- (i) first, the ADI's liabilities (if any) to the Australian Prudential Regulation Authority (**APRA**) in respect of the rights APRA has against the ADI to be paid amounts equal to the amount which the holder of a protected account is entitled to receive from APRA under Division 2AA of Part II of the Australian Banking Act (the **Financial Claims Scheme**);
- (ii) second, the ADI's debts (if any) to APRA in respect of APRA's costs incurred in relation to the exercise of its powers and the performance of its functions relating to the ADI in connection with the Financial Claims Scheme;
- (iii) third, the ADI's liabilities (if any) in Australia in relation to protected accounts that accountholders keep with the ADI;
- (iv) fourth, the ADI's debts (if any) to the Reserve Bank of Australia (the **RBA**);
- (v) fifth, the ADI's liabilities (if any) under an industry support contract that is certified under Section 11CB of the Australian Banking Act; and

- (vi) sixth, the ADI's other liabilities (if any) in the order of their priority apart from Section 13A(3) of the Australian Banking Act.

Section 86 of the Reserve Bank Act 1959 of Australia (the **Reserve Bank Act**) provides that, in a winding up of an ADI, debts due to the RBA by an ADI such as the Issuer shall, subject to Section 13A(3) of the Australian Banking Act, have priority over all other debts of such ADI.

Section 16 of the Australian Banking Act provides that in a winding up of an ADI the costs (including costs in the nature of remuneration and expenses) of APRA of being in control of the ADI's business or of having an administrator in control of the ADI's business will, subject to Section 13A(3) of the Australian Banking Act, have priority over all other unsecured debts.

The Issuer's indebtedness under the Covered Bonds will not be a protected account for the purposes of the Financial Claims Scheme in Division 2AA of Part II of the Australian Banking Act and will not be a deposit liability of the Issuer for the purposes of the Australian Banking Act and is not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. For the purposes of Section 13A(3) of the Australian Banking Act the Issuer's indebtedness under the Covered Bonds will rank as another liability under paragraph (vi) above. If the Issuer becomes unable to meet its obligations or suspends payment, its assets in Australia are to be available to meet its indebtedness evidenced by the Covered Bonds only after the liabilities referred to in Sections 13A(3)(a) to (e) have been met.

**(b) 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 service of a Notice to Pay by the Bond Trustee on the Covered Bond Guarantor which the Bond Trustee is required to serve following the occurrence of an Issuer Event of Default and service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice 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 direct, absolute and (following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice), unconditional obligations of the Covered Bond Guarantor, which are secured as provided in the Security Deed and limited recourse to the Covered Bond Guarantor as described in Condition 17.

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**

**(a) Interest on Fixed Rate Covered Bonds**

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the **Interest Commencement Date** at the rate(s) per annum equal to the Rate(s) of Interest payable, subject as provided in these Conditions, 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 in the preceding sentence under the Covered Bond Guarantee in respect of the Covered Bonds on the Original Due for Payment Dates or, if applicable, the Extended Due for Payment Date.

If the Covered Bonds are in definitive form, except as provided in the Applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the fixed coupon amount specified in the Final Terms (the **Fixed Coupon Amount**). Payments of interest on any Interest Payment Date will, if so specified in the Applicable Final Terms, amount to the broken amount so specified in the relevant Final Terms (the **Broken Amount**).

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Covered Bonds in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the Applicable Final Terms, interest will 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 A\$ Registered Covered Bonds, the Principal Amount Outstanding of the A\$ Registered Covered Bond;
- (ii) in the case of Fixed Rate Covered Bonds which are represented by a Global Covered Bond, the aggregate outstanding nominal amount of the Fixed Rate Covered Bonds represented by such Global Covered Bond; or
- (iii) in the case of Fixed Rate Covered Bonds in definitive form, 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 in definitive form 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.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in relation to any Covered Bond for a period of time (from, and including, the first day of such period to, but excluding, the last day of such period) (whether or not constituting a Fixed Interest Period or an Accrual Period, a **Calculation Period**) in accordance with this Condition 4(a):

- (i) if **Actual/Actual (ICMA)** is specified in the Applicable Final Terms:
  - (A) in the case of Covered Bonds where the number of days in the 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 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 (as specified in the Applicable Final Terms) that would occur in one calendar 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; 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;
- (ii) if **30/360** is specified in the Applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360; and
- (iii) if **RBA Bond Basis** or **Australian Bond Basis** is specified in the Applicable Final Terms, means one divided by the number of Interest Payment Dates in a year or, where the Calculation Period does not constitute a Fixed Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
  - (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
  - (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365).

In these Conditions:

**Determination Date** shall mean the date specified as such in the Applicable Final Terms.

**Determination Period** means each period from (and including) a Determination Date 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).

**Original Due for Payment Date** means, in respect of the payment of Guaranteed Amounts, prior to the occurrence of a Covered Bond Guarantor Event of Default and following the delivery of a Notice to Pay on the Covered Bond Guarantor, the date on which the Scheduled Payment Date in respect of such Guaranteed Amounts 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 Amounts or, if the Applicable Final Terms specify that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, the Scheduled Payment Date falling on the Final Maturity Date of such Series of Covered Bonds as if such date had been the Extended Due for Payment Date.

**Principal Amount Outstanding** means in respect of a Covered Bond on any day the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant Covered Bondholder in respect thereof on or prior to that day.

**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, €0.01.

**(b) Interest on Floating Rate Covered Bonds**

**(i) Interest Payment Dates**

Each Floating Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the Applicable Final Terms; or
- (B) 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.

Such interest will be payable in respect of each Interest Period. In these Conditions, the expression **Interest Period** will mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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:

- (A) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B), the **Floating Rate Convention**, such Interest Payment Date: (i) in the case of (x) above, will be the last day that is a Business Day in the relevant month and the provisions of (B) below will apply *mutatis mutandis*; or (ii) in the case of (y) above, 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 (A) such Interest Payment Date will be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date will be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the **Following Business Day Convention**, such Interest Payment Date will be postponed to the next day which is a Business Day; or
- (C) 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
- (D) the **Preceding Business Day Convention**, such Interest Payment Date will be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is:

- (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) in Sydney and, if the Covered Bonds are not A\$ Registered Covered Bonds, in London and any Additional Business 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 London and any Additional Business Centre) and which if the Specified Currency is Australian Dollars will be Sydney or (2) in relation to any Covered Bonds denominated or payable in Euro, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system (**T2**) is open.

(ii) *Rate of Interest*

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

(A) *Screen Rate Determination for Floating Rate Covered Bonds not referencing SONIA or SOFR*

- (1) Where “Screen Rate Determination” is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and unless the Reference Rate in respect of the relevant Series of Floating Rate Covered Bonds is specified in the Applicable Final Terms as being “Compounded Daily SONIA”, “SONIA Index Determination”, “Average SONIA”, “Compounded Daily SOFR Formula”, “SOFR Index Determination” or “Average SOFR”, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- I. the offered quotation (if there is only one quotation on the Relevant Screen Page); 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 which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time, in the case of EURIBOR, or Hong Kong time, in the case of HIBOR, or Singapore time, in the case of SIBOR) or as at 10.15 a.m. Toronto time in the case of CDOR or as at 10.45 a.m. Auckland time (or at such other time at which such rate customarily appears on that page) (**BKBM Publication Time**) in the case of BKBM or as at 12.00 a.m. Oslo time in the case of NIBOR on the Interest Determination Date in question plus or minus the Margin (if any), all as determined by the Principal Paying Agent or other party responsible for the calculation of the Rate of Interest as specified in the Applicable Final Terms (and references in this Condition 4(b)(ii)(A) to “Principal Paying Agent” shall be construed accordingly). If five or more of 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) will be disregarded by the Principal Paying Agent for the



purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

(2) If:

I. in the case of BKBM, the Relevant Screen Page is not available or if the Reference Rate does not appear on the Relevant Screen Page by 11.00 a.m. in the Relevant Financial Centre (or such other time that is 15 minutes after the then prevailing BKBM Publication Time in the Relevant Financial Centre) then the Rate of Interest shall be determined in good faith by the Issuer on the Interest Determination Date having regard to the rates otherwise bid and offered at or around 11.00am in the Relevant Financial Centre (or such other time that is 15 minutes after the then prevailing BKBM Publication Time in the Relevant Financial Centre) on the Interest Determination Date by participants in the BKBM trading window for New Zealand bank bills having a tenor closest to the relevant Interest Period and such Rate of Interest shall be notified to the Principal Paying Agent as soon as practicable after its determination; or

II. otherwise, the Relevant Screen Page is not available or if, in the case of Condition 4(b)(ii)(A)(1)(I), no such offered quotation appears or, in the case of Condition 4(b)(ii)(A)(1)(II), fewer than three of the offered quotations appear, in each case as at the Relevant Time, the Issuer shall request each of the Reference Banks to provide the Issuer (who then communicates such rates to the Principal Paying Agent) with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Issuer with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of such offered quotations plus or minus (as indicated in the Applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent.

(3) If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation as provided in Condition 4(b)(ii)(A)(2)(III), the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded as provided above) of the rates, as communicated to (and at the request of) the Issuer (who then communicates such rates to the Principal Paying Agent) by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Hong Kong inter-bank market (if the Reference Rate is HIBOR) or the Toronto inter-bank market (if the Reference Rate is CDOR) or the Singapore inter-bank market (if the Reference Rate is SIBOR) or the Oslo inter-bank market (if the Reference Rate is NIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issuer with such offered rates, either the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at

approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Issuer it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Hong Kong inter-bank market (if the Reference Rate is HIBOR) or the Toronto inter-bank market (if the Reference Rate is CDOR) or the Singapore inter-bank market (if the Reference Rate is SIBOR) or the Oslo inter-bank market (if the Reference Rate is NIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 4(b)(ii)(A), the Rate of Interest shall be that as determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period).

For the purposes of these Conditions:

**Interest Determination Date** shall mean the date specified as such in the Final Terms or if none is so specified:

- (i) if the Reference Rate is HIBOR or CDOR, the first day of each Interest Period;
- (ii) if the Reference Rate is EURIBOR, the second day on which T2 is open prior to the start of each Interest Period;
- (iii) if the Reference Rate is SIBOR, the second Singapore business day prior to the start of each Interest Period;
- (iv) if the Reference Rate is BKBM, the first day of each Interest Period; or
- (v) if the Reference Rate is NIBOR, the second Oslo business day prior to the start of each Interest Period.

**Reference Banks** shall mean (i) in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market; (ii) in the case of a determination of HIBOR, four major banks in the Hong Kong inter-bank market; (iii) in the case of a determination of CDOR, four Canadian Schedule 1 chartered banks; (iv) in the case of a determination of SIBOR, four major banks in the Singapore inter-bank market; and (v) in the case of a determination of NIBOR, four major banks in the Oslo inter-bank market, in each case selected by the Issuer or as specified in the Applicable Final Terms.

**Reference Rate** shall mean (i) EURIBOR, (ii) HIBOR, (iii) CDOR, (iv) SIBOR, (v) BKBM, (vi) NIBOR or (vii) such other rate as specified in the Applicable Final Terms, in each case for the relevant period, as specified in the Applicable Final Terms.

**Relevant Financial Centre** shall mean Brussels, in the case of a determination of EURIBOR, Hong Kong, in the case of a determination of HIBOR, Toronto, in the case of a determination of CDOR, Singapore, in the case of a determination of SIBOR, Auckland, in the case of a determination of BKBM and Oslo, in the case of a determination of NIBOR as specified in the Applicable Final Terms.

If the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Rate of Interest will be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period)..

If the Reference Rate from time to time in respect of Floating Rate Covered Bonds is specified in the Applicable Final Terms as being other than EURIBOR, HIBOR, CDOR, SIBOR, BKBM, NIBOR, SONIA or SOFR, the Rate of Interest in respect of such Covered Bonds will be determined as provided in the Applicable Final Terms.

(B) *Screen Rate Determination for Floating Rate Covered Bonds referencing SONIA*

- (1) Where "Screen Rate Determination" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the Applicable Final Terms as being "Compounded Daily SONIA", the Rate of Interest for an Interest Period will, subject as provided below, be the Compounded Daily SONIA Formula Rate with respect to such Interest Period plus or minus (as indicated in the Applicable Final Terms) the Margin (if any).

**Compounded Daily SONIA Formula Rate** means, with respect to an Interest Period, the rate of return of a daily compound interest investment in Sterling (with the Sterling Overnight Index Average as the reference rate for the calculation of interest) as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** is the number of calendar days in:

- (a) where "Lag" is specified as the Observation Method in the Applicable Final Terms, the relevant Interest Period; or
- (b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the relevant Observation Period;

**d<sub>0</sub>** is the number of London Banking Days in:

- (a) where "Lag" is specified as the Observation Method in the Applicable Final Terms, the relevant Interest Period; or
- (b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the relevant Observation Period;

**i** is a series of whole numbers from one to  $d_o$ , each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

- (a) where "Lag" is specified as the Observation Method in the Applicable Final Terms, the relevant Interest Period; or
- (b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the relevant Observation Period;

**London Banking Day** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**$n_i$** , for any London Banking Day "i", means the number of calendar days from (and including) such London Banking Day "i" up to (but excluding) the following London Banking Day;

**Observation Period** means, in respect of an Interest Period, the period from (and including) the date falling " $p$ " London Banking Days prior to the first day of the relevant Interest Period to (but excluding) the date falling " $p$ " London Banking Days prior to (I) the Interest Payment Date for such Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

**$p$**  means:

- (a) where "Lag" is specified as the Observation Method in the Applicable Final Terms, the number of London Banking Days included in the "Lag Lookback Period ( $p$ )" in the Applicable Final Terms (or, if no such number is so specified, five London Banking Days); or
- (b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the number of London Banking Days included in the "Observation Shift Period" in the Applicable Final Terms (or, if no such number is so specified, five London Banking Days);

the **SONIA reference rate** means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average (SONIA) rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) on the London Banking Day immediately following such London Banking Day; and

**SONIA<sub>i</sub>** means, in respect of any London Banking Day "i":

- (a) where "Lag" is specified as the Observation Method in the Applicable Final Terms, the SONIA reference rate in respect of the London Banking Day falling " $p$ " London Banking Days prior to the relevant London Banking Day "i"; or
- (b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the SONIA reference rate in respect of the relevant London Banking Day "i".

- (2) Where "Screen Rate Determination" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the Applicable Final Terms as being "SONIA Index Determination", the Rate of Interest for an Interest Period will, subject as provided below, be the SONIA Compounded Index Rate with respect to such Interest Period plus or minus (as indicated in the Applicable Final Terms) the Margin (if any).

**SONIA Compounded Index Rate** means, with respect to an Interest Period, the rate of return of a daily compound interest investment as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\left( \frac{\text{SONIA Compounded Index}_{\text{End}}}{\text{SONIA Compounded Index}_{\text{Start}}} - 1 \right) \times \frac{365}{d}$$

where:

**d** is the number of calendar days from (and including) the day in relation to which "SONIA Compounded Index<sub>Start</sub>" is determined to (but excluding) the day in relation to which "SONIA Compounded Index<sub>End</sub>" is determined (being the number of calendar days in the applicable reference period);

**London Banking Day** has the meaning set out in Condition 4(b)(ii)(B)(1) above;

**Relevant Number** is as specified in the Applicable Final Terms;

**SONIA Compounded Index<sub>End</sub>** means the SONIA Compounded Index value relating to the London Banking Day falling the Relevant Number of London Banking Days prior to (I) the Interest Payment Date for the relevant Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

**SONIA Compounded Index<sub>Start</sub>** means the SONIA Compounded Index value relating to the London Banking Day falling the Relevant Number of London Banking Days prior to the first day of the relevant Interest Period; and

the **SONIA Compounded Index** means, with respect to any London Banking Day, the value of the SONIA Compounded Index that is provided by the administrator of the SONIA reference rate to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) in respect of such London Banking Day.

If the relevant SONIA Compounded Index required to determine SONIA Compounded Index<sub>Start</sub> or SONIA Compounded Index<sub>End</sub> is not published by the administrator of the SONIA reference rate or other information service at the Relevant Time specified in the Applicable Final Terms (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or such other information service, as the case may be) on the relevant Interest Determination Date, the SONIA Compounded Index Rate for

the applicable Interest Period for which the SONIA Compounded Index is not available shall be the "Compounded Daily SONIA Formula Rate" determined in accordance with Condition 4(b)(ii)(B)(1) above as if the Reference Rate specified in the Applicable Final Terms were "Compounded Daily SONIA" (and not "SONIA Index Determination"), and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift", and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of London Banking Days, as if those alternative elections had been made in the Applicable Final Terms.

- (3) Where "Screen Rate Determination" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the Applicable Final Terms as being "Average SONIA", the Rate of Interest for an Interest Period will, subject as provided below, be the Average SONIA Rate with respect to such Interest Period plus or minus (as indicated in the Applicable Final Terms) the Margin (if any).

**Average SONIA Rate** means, with respect to an Interest Period, the arithmetic mean of the SONIA reference rate in effect during such Interest Period as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\frac{\sum_{i=1}^{d_0} \text{SONIA}_i \times n_i}{d}$$

where **d**, **i**, **SONIA reference rate**, **SONIA<sub>i</sub>**, **n<sub>i</sub>** and **d** have the meanings set out in Condition 4(b)(ii)(B)(1) above.

- (4) For the purposes of Conditions 4(b)(ii)(B)(1) and 4(b)(ii)(B)(3) above, and subject to Condition 4(d) below, if, in respect of any London Banking Day in the relevant Observation Period or the relevant Interest Period, as applicable, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) determines that the applicable SONIA reference rate has not been made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, as applicable) shall determine the SONIA reference rate in respect of such London Banking Day as being:
- (A) (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or
- (B) if the Bank Rate under (A)(i) above is not available at the relevant time, either (i) the SONIA reference rate published on the Relevant Screen Page

(or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day in respect of which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (ii) if this is more recent, the latest rate determined under (A)(i) above,

and in each case "**SONIA reference rate**" shall be interpreted accordingly.

(3) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be:

(A) that as determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or

(B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first scheduled Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period),

in each case as determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, as applicable).

(4) If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 9, the final Rate of Interest shall be calculated for the period from (and including) the previous Interest Payment Date to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 4(c) and the Bond Trust Deed.

(C) *Screen Rate Determination for Floating Rate Covered Bonds referencing SOFR*

(1) Where "Screen Rate Determination" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the Applicable Final Terms as being "Compounded Daily SOFR Formula", the Rate of Interest for an Interest Period will, subject as provided below, be the Compounded Daily SOFR Formula Rate with respect to such Interest Period plus or minus (as indicated in the Applicable Final Terms) the Margin (if any).

**Compounded Daily SOFR Formula Rate** means, with respect to an Interest Period, the rate of return of a daily compound interest investment in U.S. dollars (with the Secured Overnight Financing Rate as the reference rate for the calculation of interest) as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the

following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

**d** is the number of calendar days in:

- (a) where "Lookback" is specified as the Observation Method in the Applicable Final Terms, the relevant Interest Period; or
- (b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the relevant Observation Period;

**d<sub>0</sub>** is the number of U.S. Government Securities Business Days in:

- (a) where "Lookback" is specified as the Observation Method in the Applicable Final Terms, the relevant Interest Period; or
- (b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the relevant Observation Period;

**i** is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

- (a) where "Lookback" is specified as the Observation Method in the Applicable Final Terms, the relevant Interest Period; or
- (b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the relevant Observation Period;

**n<sub>i</sub>**, for any U.S. Government Securities Business Day "i", means the number of calendar days from (and including) such U.S. Government Securities Business Day "i" up to (but excluding) the following U.S. Government Securities Business Day;

**Observation Period** means, in respect of an Interest Period, the period from (and including) the date falling "*p*" U.S. Government Securities Business Days prior to the first day of the relevant Interest Period to (but excluding) the date falling "*p*" U.S. Government Securities Business Days prior to (I) the Interest Payment Date for such Interest Period, or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

***p*** means:

- (a) where "Lookback" is specified as the Observation Method in the Applicable Final Terms, the number of U.S. Government Securities Business Days included in the "Lookback Period (*p*)" in the Applicable Final Terms (or, if



no such number is so specified, five U.S. Government Securities Business Days); or

- (b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the number of U.S. Government Securities Business Days included in the "Observation Shift Period" in the Applicable Final Terms (or, if no such number is so specified, five U.S. Government Securities Business Days);

**SOFR** means, in respect of any U.S. Government Securities Business Day, a rate determined in accordance with the following provisions:

- (I) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day that appears on the SOFR Administrator's Website at or about 3.00 p.m. (New York City time) on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day; and
- (II) if the rate specified in paragraph (I) above does not so appear, unless both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, then the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) shall use the Secured Overnight Financing Rate published on the SOFR Administrator's Website for the first preceding U.S. Government Securities Business Day on which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

**SOFR<sub>i</sub>** means, in respect of any U.S. Government Securities Business Day "i":

- (a) where "Lookback" is specified as the Observation Method in the Applicable Final Terms, SOFR in respect of the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or
- (b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, SOFR in respect of such U.S. Government Securities Business Day "i"; and

**U.S. Government Securities Business Day** means any day, except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for the purposes of trading in U.S. government securities.

Certain other capitalised terms used in the foregoing terms and provisions relating to determination of the Compounded Daily SOFR Formula Rate have the meanings set forth under Condition 4(b)(ii)(C)(5) below.

Notwithstanding anything to the contrary, if both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to determining the Compounded Daily SOFR Formula Rate, the benchmark replacement provisions set forth in Condition 4(b)(ii)(C)(5) below shall apply for the purposes of all determinations of the Rate of Interest in respect of the Covered Bonds.

- (2) Where “Screen Rate Determination” is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the Applicable Final Terms as being “SOFR Index Determination”, the Rate of Interest for an Interest Period will, subject as provided below, be the Compounded SOFR Index Rate with respect to such Interest Period plus or minus (as indicated in the Applicable Final Terms) the Margin (if any).

**Compounded SOFR Index Rate** means, with respect to an Interest Period, the rate of return of a daily compound interest investment in U.S. dollars as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left( \frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1 \right) \times \frac{360}{d}$$

where:

**d** is the number of calendar days from (and including) the day in relation to which "SOFR Index<sub>Start</sub>" is determined to (but excluding) the day in relation to which "SOFR Index<sub>End</sub>" is determined (being the number of calendar days in the applicable reference period);

**Relevant Number** is as specified in the Applicable Final Terms;

**SOFR Index<sub>End</sub>** means the SOFR Index value relating to the U.S. Government Securities Business Day falling the Relevant Number of U.S. Government Securities Business Days prior to (I) the Interest Payment Date for the relevant Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

**SOFR Index<sub>Start</sub>** means the SOFR Index value relating to the U.S. Government Securities Business Day falling the Relevant Number of U.S. Government Securities Business Days prior to preceding the first date of the relevant Interest Period;

the **SOFR Index** means, with respect to any U.S. Government Securities Business Day, prior to a Benchmark Replacement Date:

- (I) the SOFR Index published for such U.S. Government Securities Business Day as such value appears on the SOFR Administrator’s Website at 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day; provided that
- (II) if the SOFR Index<sub>Start</sub> or the SOFR Index<sub>End</sub> does not appear on the SOFR Administrator's Website on the relevant Interest Determination Date and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to the Compounded SOFR Index Rate, the Compounded SOFR Index Rate for the applicable Interest Period for which such SOFR Index is not available shall be the "Compounded Daily SOFR Formula Rate" determined in accordance with Condition 4(b)(ii)(C)(1) above as if the Calculation Method specified in the Applicable Final Terms

were "Compounded Daily SOFR Formula" (and not "SOFR Index Determination"), and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift", and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of U.S. Government Securities Business Days, as if those alternative elections had been made in the Applicable Final Terms; and

**U.S. Government Securities Business Day** has the meaning set out in Condition 4(b)(ii)(C)(1) above.

Certain other capitalised terms used in the foregoing terms and provisions relating to determination of the Compounded SOFR Index Rate have the meanings set forth under Condition 4(b)(ii)(C)(5) below.

Notwithstanding anything to the contrary, if both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to determining the Compounded SOFR Index Rate, the benchmark replacement provisions set forth in Condition 4(b)(ii)(C)(5) below shall apply for the purposes of all determinations of the Rate of Interest in respect of the Covered Bonds.

- (3) Where "Screen Rate Determination" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the Applicable Final Terms as being "Average SOFR", the Rate of Interest for an Interest Period will, subject as provided below, be the Average SOFR Rate with respect to such Interest Period plus or minus (as indicated in the Applicable Final Terms) the Margin (if any).

**Average SOFR Rate** means, with respect to an Interest Period, the arithmetic mean of SOFR in effect during such Interest Period as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\frac{\sum_{i=1}^{d_0} \text{SOFR}_i \times n_i}{d}$$

where **d**, **d<sub>0</sub>**, **i**, **n<sub>i</sub>** **SOFR** and **SOFR<sub>i</sub>** have the meanings set out in Condition 4(b)(ii)(C)(1) above.

Notwithstanding anything to the contrary, if both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to determining the Average SOFR Rate, the benchmark replacement provisions set forth in Condition 4(b)(ii)(C)(5) below shall apply for the purposes of all determinations of the Rate of Interest in respect of the Covered Bonds.

- (4) If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 9, the final Rate of Interest shall be calculated for the period from (and including) the previous Interest Payment Date to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 4(c) and the Bond Trust Deed.

- (5) Notwithstanding any other provisions in these Conditions, if:
- (x) the Benchmark is SOFR; and
  - (y) any Rate of Interest (or any component part thereof) remains to be determined by reference to the Benchmark,

then the following provisions of this Condition 4(b)(ii)(C)(5) shall apply.

**(I) Benchmark Replacement**

If the Issuer or its designee determines prior to the Reference Time on the relevant Interest Determination Date that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then current Benchmark for all purposes relating to the Covered Bonds in respect of all determinations on such date and all determinations on all subsequent dates (subject to any subsequent application of this Condition 4(b)(ii)(C)(5) with respect to such Benchmark Replacement).

In the event that the Issuer or its designee is unable to, or does not, determine a Benchmark Replacement, or a Benchmark Replacement is not implemented in accordance with this Condition 4(b)(ii)(C)(5), prior to 5.00 p.m. (New York City time) on the relevant Interest Determination Date, the Rate of Interest for the relevant Interest Period shall be:

- (1) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or
- (2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first scheduled Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period).

**(II) Benchmark Replacement Conforming Changes**

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.

At the request of the Issuer, but subject to receipt by the Bond Trustee and the Principal Paying Agent of the certificate referred to in Condition 4(b)(ii)(C)(5)(IV) below and subject as provided below, the Bond Trustee

and the Agents (as applicable) shall (at the expense of the Issuer), without any requirement for the consent or approval of Covered Bondholders or Couponholders and without liability to the Covered Bondholders or any other person, be obliged to concur with the Issuer in effecting any Benchmark Replacement Conforming Changes (including, inter alia, by the execution of a deed supplemental to or amending the Bond Trust Deed) with effect from the date specified in the notice referred to in Condition 4(b)(ii)(C)(5)(IV) below.

Notwithstanding any other provision of this Condition 4(b)(ii)(C)(5)(II), neither the Bond Trustee nor the Agents (as applicable) shall be obliged to concur with the Issuer in respect of any Benchmark Replacement Conforming Changes which, in the sole opinion of the Bond Trustee or the relevant Agent (as applicable), would (i) expose the Bond Trustee or the relevant Agent (as applicable) to any additional liability, or (ii) increase the obligations or duties, or decrease the rights or protections, afforded to the Bond Trustee or the relevant Agent (as applicable) in the Bond Trust Deed (including, for the avoidance of doubt, any supplemental trust deed), the Agency Agreement and/or these Conditions.

### **(III) Decisions and Determinations**

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 4(b)(ii)(C)(5), including (without limitation) any determination with respect to a tenor, rate or adjustment or the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer's or its designee's sole discretion (as applicable), and, notwithstanding anything to the contrary in these Conditions or the Bond Trust Deed, shall become effective without any requirement for the consent or approval of the Covered Bondholders, Couponholders or any other party.

In connection with any Benchmark Replacement Conforming Changes in accordance with this Condition 4(b)(ii)(C)(5), if and for so long as the Covered Bonds are admitted to trading and listed on the official list of a stock exchange, the Issuer shall comply with the rules of that stock exchange.

### **(IV) Notice and Certification**

Any Benchmark Replacement Conforming Changes determined under this Condition 4(b)(ii)(C)(5) shall be notified promptly (in any case, not less than five Business Days prior to the relevant Interest Determination Date) by the Issuer to the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Replacement Conforming Changes.

No later than notifying the Bond Trustee and the party responsible for determining the Rate of Interest (being the Principal Paying Agent or such other party specified in the Applicable Final Terms, as applicable) of the same, the Issuer shall deliver to each of the Bond Trustee and the Principal

Paying Agent a certificate (on which each of the Bond Trustee and the Principal Paying Agent shall be entitled to rely without further enquiry or liability) signed by two Authorised Signatories (as defined in the Definitions Schedule) of the Issuer confirming (i) that a Benchmark Transition Event has occurred, (ii) the Benchmark Replacement, and (iii) the specific terms of any Benchmark Replacement Conforming Changes, in each case, as determined in accordance with the provisions of this Condition 4(b)(ii)(C)(5).

If, following the occurrence of a Benchmark Transition Event and its related Benchmark Replacement Date, any Benchmark Replacement is notified to the Principal Paying Agent or any other party specified in the Applicable Final Terms as being responsible for determining the Rate of Interest pursuant to this Condition 4(b)(ii)(C)(5), and the Principal Paying Agent or such other responsible party (as applicable) is in any way uncertain as to the application of such Benchmark Replacement in the calculation or determination of any Rate of Interest, it shall promptly notify the Issuer thereof and the Issuer or its designee shall direct the Principal Paying Agent or such other party (as applicable) in writing as to which course of action to adopt in the application of such Benchmark Replacement in the determination of such Rate of Interest. If the Principal Paying Agent or such other party specified in the Applicable Final Terms as being responsible for determining the Rate of Interest is not promptly provided with such direction, it shall notify the Issuer thereof, and the Principal Paying Agent or such other party (as applicable) shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so. For the avoidance of doubt, for the period that the Principal Paying Agent or such other party (as applicable) remains uncertain of the application of the Benchmark Replacement in the calculation or determination of any Rate of Interest, the original Benchmark and any other applicable fallback provisions provided for in this Condition 4(b) and/or the Applicable Final Terms, as the case may be, will continue to apply.

#### (V) Definitions

In this Condition 4(b)(ii)(C)(5):

**Benchmark** means, initially, SOFR (provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR (or the published daily SOFR used in the calculation thereof) or any Benchmark which has replaced it in accordance with this Condition 4(b)(ii)(C)(5), then the term "Benchmark" means the applicable Benchmark Replacement);

**Benchmark Replacement** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the sum of: (1) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (2) the Benchmark Replacement Adjustment;
- (B) the sum of: (1) the ISDA Fallback Rate and (2) the Benchmark Replacement Adjustment; or

- (C) the sum of: (1) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate covered bonds at such time and (2) the Benchmark Replacement Adjustment;

**Benchmark Replacement Adjustment** means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- (A) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment; or
- (C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate covered bonds at such time;

**Benchmark Replacement Conforming Changes** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of Interest Period, timing and frequency of determining rates and making payments of interest, rounding amounts or tenors, and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

**Benchmark Replacement Date** means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (A) in the case of paragraph (A) or (B) of the definition of "Benchmark Transition Event", the later of (1) the date of the public statement or publication of information referenced therein, and (2) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

- (B) in the case of paragraph (C) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time on the relevant Interest Determination Date, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

**Benchmark Transition Event** means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

- (A) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);
- (B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark (or such component), which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or
- (C) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

**designee** means an affiliate or any other agent of the Issuer;

**ISDA Definitions** means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

**ISDA Fallback Adjustment** means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;



**ISDA Fallback Rate** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**Reference Time** with respect to any determination of the Benchmark means (A) if the Benchmark is SOFR, 3.00 p.m. (New York City time) or such other time as is reasonably agreed between the Issuer or its designee and the Principal Paying Agent, and (B) if the Benchmark is not SOFR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes;

**Relevant Governmental Body** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

**SOFR** with respect to any day means the Secured Overnight Financing Rate published for such day by the SOFR Administrator on the SOFR Administrator's Website;

**SOFR Administrator** means the Federal Reserve Bank of New York (or a successor administrator of SOFR);

**SOFR Administrator's Website** means the website of the Federal Reserve Bank of New York, or any successor source; and

**Unadjusted Benchmark Replacement** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(D) *BBSW Rate Determination for Floating Rate Covered Bonds*

(1) *BBSW Rate Determination*

- I. Where “BBSW 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 be the BBSW Rate plus or minus (as indicated in the Applicable Final Terms) the Margin (if any).
- II. Each Covered Bondholder shall be deemed to acknowledge, accept and agree to be bound by, and consents to, the determination of, substitution for and any adjustments made to the BBSW Rate as described in this Condition 4(b)(ii)(D)(1) and in Condition 4(b)(ii)(D)(2) below (in all cases without the need for any Covered Bondholder consent). Any determination, decision or election (including a decision to take or refrain from taking any action or as to the occurrence or non-occurrence of any event or circumstance), and any substitution for and adjustments made to, the BBSW Rate in accordance with this Condition 4(b)(ii)(D)(1) and Condition 4(b)(ii)(D)(2), will, in the absence of manifest or proven error, be conclusive and binding on the Issuer, the Covered Bondholder and each Agent and, notwithstanding anything to the contrary in these Conditions or other documentation relating to the Covered Bonds, shall become effective without the consent of any person.

- III. If the Calculation Agent is unwilling or unable to determine a necessary rate, adjustment, quantum, formula, methodology or other variable in order to calculate the applicable Rate of Interest, such rate, adjustment, quantum, formula, methodology or other variable will be determined by the Issuer (acting in good faith and in a commercially reasonable manner) or, an alternate financial institution (acting in good faith and in a commercially reasonable manner) appointed by the Issuer (in its sole discretion) to so determine.
- IV. All rates determined pursuant to this Condition 4(b)(ii)(D)(1) shall be expressed as a percentage rate per annum and the resulting percentage will be rounded if necessary to the fourth decimal place (i.e., to the nearest one ten-thousandth of a percentage point) with 0.00005 being rounded upwards.

(2) *BBSW Rate Fallbacks*

If:

- (I) a Temporary Disruption Trigger has occurred; or
- (II) a Permanent Discontinuation Trigger has occurred,

then the BBSW Rate for an Interest Period, whilst such Temporary Disruption Trigger is continuing or after a Permanent Discontinuation Trigger has occurred, means (in the following order of application and precedence):

- (a) if a Temporary Disruption Trigger has occurred with respect to the BBSW Rate, in the following order of precedence:
- (x) first, the Administrator Recommended Rate;
  - (y) then, the Supervisor Recommended Rate; and
  - (z) lastly, the Final Fallback Rate;
- (b) where a determination of the AONIA Rate is required for the purposes of sub-paragraph (a) above, if a Temporary Disruption Trigger has occurred with respect to AONIA, the rate for any day for which AONIA is required will be the last provided or published level of AONIA;
- (c) where a determination of the RBA Recommended Rate is required for the purposes of sub-paragraph (a) or (b) above, if a Temporary Disruption Trigger has occurred with respect to the RBA Recommended Rate, the rate for any day for which the RBA Recommended Rate is required will be the last rate provided or published by the Administrator of the RBA Recommended Rate (or if no such rate has been so provided or published, the last provided or published level of AONIA);
- (d) if a Permanent Discontinuation Trigger has occurred with respect to the BBSW Rate, the rate for any day for which the BBSW Rate is required on or after the Permanent Fallback Effective Date will be the first rate available in the following order of precedence:

- (x) first, if at the time of the BBSW Rate Permanent Fallback Effective Date, no AONIA Permanent Fallback Effective Date has occurred, the AONIA Rate;
  - (y) then, if at the time of the BBSW Rate Permanent Fallback Effective Date, an AONIA Permanent Fallback Effective Date has occurred, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Fallback Rate; and
  - (z) lastly, if neither sub-paragraphs (x) nor paragraph (y) above apply, the Final Fallback Rate;
- (e) where AONIA is the Applicable Benchmark Rate or a determination of the AONIA Rate is required for the purposes of sub-paragraph (d)(x) above, if a Permanent Discontinuation Trigger has occurred with respect to AONIA, the rate for any day for which AONIA is required on or after the AONIA Permanent Fallback Effective Date will be the first rate available in the following order of precedence:
- (x) first, if at the time of the AONIA Permanent Fallback Effective Date, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Rate; and
  - (y) lastly, if sub-paragraph (x) above does not apply, the Final Fallback Rate; and
- (f) where a determination of the RBA Recommended Rate is required for the purposes of sub-paragraphs (c) or (d) above, respectively, if a Permanent Discontinuation Trigger has occurred with respect to the RBA Recommended Rate, the rate for any day for which the RBA Recommended Rate is required on or after that Permanent Fallback Effective Date will be the Final Fallback Rate.

When calculating an amount of interest in circumstances where a Fallback Rate other than the Final Fallback Rate applies, that interest will be calculated as if references to the BBSW Rate or AONIA Rate (as applicable) were references to that Fallback Rate. When calculating interest in circumstances where the Final Fallback Rate applies, the amount of interest will be calculated on the same basis as if the Applicable Benchmark Rate in effect immediately prior to the application of that Final Fallback Rate remained in effect but with necessary adjustments to substitute all references to that Applicable Benchmark Rate with corresponding references to the Final Fallback Rate.

(3) *BBSW Rate Amendments*

- I. If, at any time, a Permanent Discontinuation Trigger occurs with respect to the Applicable Benchmark Rate that applies to the Covered Bonds at that time (such event, a **BBSW Rate Event**), and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, determines in its discretion that amendments to these Conditions and/or any Programme Document are necessary to give effect to the application of the applicable Fallback Rate as contemplated by

Condition 4(b)(ii)(D)(2) (such amendments, the **BBSW Rate Amendments**), then the Issuer shall, subject to the following paragraphs of this Condition 4(b)(ii)(D)(3) and subject to the Issuer having to give notice thereof to the Covered Bondholders in accordance with Condition 13, and to the Covered Bond Guarantor, the Bond Trustee and the Calculation Agent in accordance with this Condition 4(b)(ii)(D)(3), without any requirement for the consent or approval of Covered Bondholders make the necessary modifications to these Conditions and/or Programme Documents to give effect to such BBSW Rate Amendments. At the request of the Issuer, but subject to receipt by the Bond Trustee of the certificate referred to in Condition 4(b)(ii)(D)(3)(V), and subject as provided below, the Bond Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of Covered Bondholders and without liability to the Issuer, Covered Bondholders or any other person, be obliged to concur, and shall be obliged to direct the Security Trustee to concur, with the Issuer in effecting any BBSW Rate Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Bond Trust Deed or any other Programme Document) with effect from the date specified in such notice.

- II. In connection with any such modifications in accordance with this Condition 4(b)(ii)(D)(3), if and for so long as the Covered Bonds are admitted to trading and listed on the official list of a stock exchange, the Issuer shall comply with the rules of that stock exchange.
- III. Notwithstanding any other provision of these Conditions or the Programme Documents, the Bond Trustee shall not be obliged to concur with the Issuer and the Covered Bond Guarantor, and/or direct the Security Trustee to concur with the Issuer and the Covered Bond Guarantor in respect of any BBSW Rate Amendments which, in the sole opinion of the Bond Trustee, would have the effect of (i) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee in the Bond Trust Deed and/or these Conditions.
- IV. Any BBSW Rate Amendments determined under this Condition 4(b)(ii)(D)(3) shall be notified promptly (in any case, not less than five Business Days prior to the relevant Interest Determination Date) by the Issuer to the Covered Bond Guarantor, the Bond Trustee, the Calculation Agent and, in accordance with Condition 13, the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of such BBSW Rate Amendments.
- V. No later than notifying the Bond Trustee of the same in accordance with Condition 4(b)(ii)(D)(3)(IV), the Issuer shall deliver to the Bond Trustee a certificate (on which the Bond Trustee shall be entitled to rely without further enquiry or liability) signed by two Authorised Signatories of the Issuer:
  - (a) confirming (i) that a BBSW Rate Event has occurred and (ii) the specific terms of any BBSW Rate Amendments as determined in accordance with the provisions of this Condition 4(b)(ii)(D)(3); and

- (a) certifying that the BBSW Rate Amendments (in accordance with the provisions of this Condition 4(b)(ii)(D)(3)) are necessary to give effect to the application of the applicable Fallback Rate as contemplated by Condition 4(b)(ii)(D)(2).

The BBSW Rate Amendments specified in such certificate will (in the absence of manifest error in the determination of the applicable Fallback Rate as contemplated by Condition 4(b)(ii)(D)(2) and the BBSW Rate Amendments giving effect to such Fallback Rate, and without prejudice to the Bond Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Bond Trustee, the Calculation Agent and the Covered Bondholders.

(4) *Definitions*

For the purposes of this Condition 4(b)(ii)(D),

**Adjustment Spread** means the adjustment spread as at the Adjustment Spread Fixing Date (which may be a positive or negative value or zero and determined pursuant to a formula or methodology) that is:

- (a) determined as the median of the historical differences between the BBSW Rate and AONIA over a five calendar year period prior to the Adjustment Spread Fixing Date using practices based on those used for the determination of the Bloomberg Adjustment Spread as at the Issue Date of that Series or Tranche of Covered Bonds, provided that for so long as the Bloomberg Adjustment Spread is published and determined based on the five year median of the historical differences between the BBSW Rate and AONIA, that adjustment spread will be deemed to be acceptable for the purposes of this paragraph (a); or
- (b) if no such median can be determined in accordance with paragraph (a), set using the method for calculating or determining such adjustment spread determined by the Calculation Agent (after consultation with the Issuer where practicable) to be appropriate;

**Adjustment Spread Fixing Date** means the first date on which a Permanent Discontinuation Trigger occurs with respect to the BBSW Rate;

**Administrator** means:

- (a) in respect of the BBSW Rate, ASX Benchmarks Pty Limited (ABN 38 616 075 417);
- (b) in respect of AONIA (or where AONIA is used to determine an Applicable Benchmark Rate), the Reserve Bank of Australia; and
- (c) in respect of any other Applicable Benchmark Rate, the administrator for that rate or benchmark or, if there is no administrator, the provider of that rate or benchmark,

and, in each case, any successor administrator or, as applicable, any successor administrator or provider;

**Administrator Recommended Rate** means the rate formally recommended for use as the temporary replacement for the BBSW Rate by the Administrator of the BBSW Rate;

**AONIA** means the Australian dollar interbank overnight cash rate (known as AONIA);

**AONIA Rate** means, for an Interest Period and in respect of an Interest Determination Date, the rate determined by the Calculation Agent to be Compounded Daily AONIA for that Interest Period and Interest Determination Date plus the Adjustment Spread;

**Applicable Benchmark Rate** means the BBSW Rate and, if a Permanent Fallback Effective Date has occurred with respect to the BBSW Rate, AONIA or the RBA Recommended Rate, then the rate determined in accordance with Condition 4(b)(ii)(D)(2);

**BBSW Rate** means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the “AVG MID” on the ‘Refinitiv Screen ASX29 Page’ or the “MID” rate on the ‘Bloomberg Screen BBSW Page’ (or any designation which replaces that designation on the applicable page, or any replacement page) at the Publication Time on the first day of that Interest Period;

**Bloomberg Adjustment Spread** means the term adjusted AONIA spread relating to the BBSW Rate provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time as the provider of term adjusted AONIA and the spread) (**BISL**) on the Fallback Rate (AONIA) Screen (or by other means), or provided to, and published by, authorised distributors where Fallback Rate (AONIA) Screen means the Bloomberg Screen corresponding to the Bloomberg ticker for the fallback for the BBSW Rate accessed via the Bloomberg Screen <FBAK> <GO> Page (or, if applicable, accessed via the Bloomberg Screen <HP> <GO>) or any other published source designated by BISL;

**Compounded Daily AONIA** means, with respect to an Interest Period, the rate of return of a daily compound interest investment as calculated by the Calculation Agent on the Interest Determination Date, as follows:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{AONIA_{i-5SBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**$AONIA_{i-5SBD}$**  means the per annum rate expressed as a decimal which is the level of AONIA provided by the Administrator and published as of the Publication Time for the Sydney Business Day falling five Sydney Business Days prior to such Sydney Business Day “ **$i$** ”;

**$d$**  is the number of calendar days in the relevant Interest Period;

$d_0$  is the number of Sydney Business Days in the relevant Interest Period;

$i$  is a series of whole numbers from 1 to  $d_0$ , each representing the relevant Sydney Business Day in chronological order from (and including) the first Sydney Business Day in the relevant Interest Period to (and including) the last Sydney Business Day in such Interest Period;

$n_i$  for any Sydney Business Day “ $i$ ”, means the number of calendar days from (and including) such Sydney Business Day “ $i$ ” up to (but excluding) the following Sydney Business Day; and

**Sydney Business Day** or **SBD** means any day on which commercial banks are open for general business in Sydney.

If, for any reason, Compounded Daily AONIA needs to be determined for a period other than an Interest Period, Compounded Daily AONIA is to be determined as if that period were an Interest Period starting on (and including) the first day of that period and ending on (but excluding) the last day of that period;

**Fallback Rate** means, where a Permanent Discontinuation Trigger for an Applicable Benchmark Rate has occurred, the rate that applies to replace that Applicable Benchmark Rate in accordance with Condition 4(b)(ii)(D)(2);

**Final Fallback Rate** means, in respect of an Applicable Benchmark Rate, the rate:

- (a) determined by the Calculation Agent as a commercially reasonable alternative for the Applicable Benchmark Rate taking into account all available information that, in good faith, it considers relevant, provided that any rate (inclusive of any spreads or adjustments) implemented by central counterparties and / or futures exchanges with representative trade volumes in derivatives or futures referencing the Applicable Benchmark Rate will be deemed to be acceptable for the purposes of this paragraph (a), together with (without double counting) such adjustment spread (which may be a positive or negative value or zero) that is customarily applied to the relevant successor rate or alternative rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for Benchmark Rate-linked floating rate notes at such time (together with such other adjustments to the Business Day Convention, interest determination dates and related provisions and definitions, in each case that are consistent with accepted market practice for the use of such successor rate or alternative rate for Benchmark Rate-linked floating rate notes at such time), or, if no such industry standard is recognised or acknowledged, the method for calculating or determining such adjustment spread determined by the Calculation Agent (in consultation with the Issuer) to be appropriate; *provided that*
- (b) if and for so long as no such successor rate or alternative rate can be determined in accordance with paragraph (a), the Final Fallback Rate will be the last provided or published level of that Applicable Benchmark Rate;

**Interest Determination Date** means, in respect of an Interest Period:

- (a) where the BBSW Rate applies or the Final Fallback Rate applies under subparagraph (d)(z) of Condition 4(b)(ii)(D)(2), the first day of that Interest Period; and
- (b) otherwise, the fifth Business Day prior to the last day of that Interest Period;

**Non-Representative** means, in respect of an Applicable Benchmark Rate, that the Supervisor of that Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the AONIA Rate or the RBA Recommended Rate:

- (a) has determined that such Applicable Benchmark Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Applicable Benchmark Rate is intended to measure and that representativeness will not be restored; and
- (b) is aware that such determination will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such Supervisor (howsoever described) in contracts;

**Permanent Discontinuation Trigger** means, in respect of an Applicable Benchmark Rate:

- (a) a public statement or publication of information by or on behalf of the Administrator of the Applicable Benchmark Rate announcing that it has ceased or that it will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider, as applicable, that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;
- (b) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate, the Reserve Bank of Australia (or any successor central bank for Australian dollars), an insolvency official or resolution authority with jurisdiction over the Administrator of the Applicable Benchmark Rate or a court or an entity with similar insolvency or resolution authority over the Administrator of the Applicable Benchmark Rate which states that the Administrator of the Applicable Benchmark Rate has ceased or will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate and a public statement or publication of information other than by the Supervisor, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;
- (c) a public statement by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the AONIA Rate or the RBA Recommended Rate, as a consequence of which



the Applicable Benchmark Rate will be prohibited from being used either generally, or in respect of the Covered Bonds, or that its use will be subject to restrictions or adverse consequences to the Issuer or a Covered Bondholder;

- (d) as a consequence of a change in law or directive arising after the Issue Date of the first Tranche of Covered Bonds of a Series, it has become unlawful for the Calculation Agent, the Issuer or any other party responsible for calculations of interest under the Conditions to calculate any payments due to be made to any Covered Bondholder using the Applicable Benchmark Rate;
- (e) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the AONIA Rate or the RBA Recommended Rate, stating that the Applicable Benchmark Rate is Non-Representative; or
- (f) the Applicable Benchmark Rate has otherwise ceased to exist or be administered on a permanent or indefinite basis;

**Permanent Fallback Effective Date** means, in respect of a Permanent Discontinuation Trigger for an Applicable Benchmark Rate:

- (a) in the case of paragraphs (a) and (b) of the definition of “Permanent Discontinuation Trigger”, the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided and is no longer published or provided;
- (b) in the case of paragraphs (c) and (d) of the definition of “Permanent Discontinuation Trigger”, the date from which use of the Applicable Benchmark Rate is prohibited or becomes subject to restrictions or adverse consequences or the calculation becomes unlawful (as applicable);
- (c) in the case of paragraph (e) of the definition of “Permanent Discontinuation Trigger”, the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided but is Non-Representative by reference to the most recent statement or publication contemplated in that paragraph and even if such Applicable Benchmark Rates continues to be published or provided on such date; or
- (d) in the case of paragraph (f) of the definition of “Permanent Discontinuation Trigger”, the date that event occurs;

**Publication Time** means:

- (a) in respect of the BBSW Rate, 12.00 noon (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator for the BBSW Rate in its benchmark methodology; and
- (b) in respect of AONIA, 4.00 pm (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator for AONIA in its benchmark methodology;

**RBA Recommended Fallback Rate** means, for an Interest Period and in respect of an Interest Determination Date, the rate determined by the Calculation Agent to be the RBA Recommended Rate for that Interest Period and Interest Determination Date;

**RBA Recommended Rate** means, in respect of any relevant day (including any day “i”), the rate (inclusive of any spreads or adjustments) recommended as the replacement for AONIA by the Reserve Bank of Australia (which rate may be produced by the Reserve Bank of Australia or another administrator) and as provided by the Administrator of that rate or, if that rate is not provided by the Administrator thereof, published by an authorised distributor in respect of that day;

**Supervisor** means, in respect of an Applicable Benchmark Rate, the supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate, or any committee officially endorsed or convened by any such supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate;

**Supervisor Recommended Rate** means the rate formally recommended for use as the temporary replacement for the BBSW Rate by the Supervisor of the BBSW Rate; and

**Temporary Disruption Trigger** means, in respect of any Applicable Benchmark Rate which is required for any determination:

- (a) the Applicable Benchmark Rate has not been published by the applicable Administrator or an authorised distributor and is not otherwise provided by the Administrator, in respect of, on, for or by the time and date on which that Applicable Benchmark Rate is required; or
- (b) the Applicable Benchmark Rate is published or provided but the Calculation Agent determines that there is an obvious or proven error in that rate.

*(D) BKBM Determination for Floating Rate Covered Bonds*

Where “BKBM 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 the “Bank Bill Benchmark Rate (FRA)” (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) administered by the New Zealand Financial Benchmark Facility (**NZFBF**) (or any other person that takes over the administration of that rate), having a tenor closest to the relevant Interest Period (the **BKBM Rate**), as set forth on the display page designated on the BKBM Page at or about the BKBM Publication Time in the Relevant Financial Centre 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 party responsible for the calculation of the Rate of Interest as specified in the Applicable Final Terms (and references in this Condition 4(b)(ii)(D) to “Principal Paying Agent” shall be construed accordingly).

If the BKBM Page is not available, or if the BKBM Rate does not appear on the BKBM Page by 11.00 a.m. in the Relevant Financial Centre (or such other time that is 15 minutes after the then prevailing BKBM Publication Time in the Relevant Financial Centre) then (unless the Principal Paying Agent has been notified of any Successor Rate or Alternative

Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to Condition 4(d) below, if applicable), the Rate of Interest shall be the equivalent rate provided by the NZFBF (or any person that takes over the administration of that rate) (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) at or around 11.00 a.m. in the Relevant Financial Centre (or such other time that is 15 minutes after the then prevailing BKBM Publication Time in the Relevant Financial Centre) on the Interest Determination Date in question plus or minus (as indicated in the Applicable Final Terms) the Margin (if any) as determined by the Issuer. Any such Rate of Interest shall be notified to the Principal Paying Agent as soon as practicable after its determination..

If the Issuer does not notify the Principal Paying Agent of the Rate of Interest in accordance with the preceding paragraph, the Rate of Interest shall be that as determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In this Condition 4(b)(ii)(D):

**BKBM Page** means Bloomberg BKBM Page “GDCO 2805 1”, or such other page as may replace such page for the purpose of displaying the New Zealand Bank Bill Benchmark Rate;

**BKBM Publication Time** means 10.45 a.m. (or such other time at which the BKBM Rate customarily appears on the BKBM Page);

**Interest Determination Date** shall mean the date specified as such in the Applicable Final Terms or if none is so specified, the first day of each Interest Period; and

**Relevant Financial Centre** shall mean Auckland and Wellington, as specified in the Applicable Final Terms.

(iii) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the Applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4(b)(ii) is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period will be such Minimum Rate of Interest.

If the Applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 4(b)(ii) is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period will be such Maximum Rate of Interest.

(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) and the Calculation Agent, in the case of Floating Rate Covered Bonds which are A\$ Registered Covered Bonds, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent and the Calculation Agent, in the case of Floating Rate Covered Bonds which are A\$ Registered Covered Bonds, will calculate the amount of interest

payable on the Floating Rate Covered Bonds (each an **Interest Amount**) for the relevant Interest Period. Each Interest Amount will be calculated by applying the Rate of Interest to:

- (A) in the case of Floating Rate Covered Bonds which are A\$ Registered Covered Bonds, the Principal Amount Outstanding of the A\$ Registered Covered Bond;
- (B) in the case of Floating Rate Covered Bonds which are represented by a Global Covered Bond, the aggregate outstanding nominal amount of the Covered Bonds represented by such Global Covered Bond; or
- (C) in the case of Floating Rate Covered Bonds in definitive form, 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 in definitive form 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.

If “Interest Amounts Non-Adjusted” is specified in the Applicable Final Terms then notwithstanding the bringing forward or postponement (as applicable) of an Interest Payment Date as a result of the application of the Business Day Convention set out in the Applicable Final Terms, the Interest Amount in respect of the relevant Interest Period and each subsequent Interest Period will be calculated as stated above on the basis of the original Interest Payment Dates without adjustment in accordance with the applicable Business Day Convention.

**Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period:

- (A) if **Actual/Actual** or **Actual/Actual (ISDA)** is specified in the Applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if **Actual/365 (Fixed)** is specified in the Applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if **Actual/365 (Sterling)** is specified in the Applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if **Actual/360** is specified in the Applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) 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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

“D2” 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 D1 is greater than 29, in which case D2 will be 30;

- (F) 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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30;

“D2” 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 D1 is greater than 29, in which case D2 will be 30; and

- (G) 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:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

“Y1” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30;

“D2” is the calendar day, expressed as a number, immediately following the last day of the Interest Period, unless (i) that day is the last day of February but not the Final Maturity Date (or, as the case may be, the Extended Due for Payment Date) or (ii) such number would be 31, in which case D2 will be 30.

(v) *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 (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, 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.

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

(vi) *Notification of Rate of Interest and Interest Amounts*

- (1) Except where “Screen Rate Determination” is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the Applicable Final Terms as being “Compounded Daily SONIA”, “SONIA Index Determination”, “Average SONIA”, “Compounded Daily SOFR Formula”, “SOFR Index Determination”, “Average SOFR”, the Principal Paying Agent and the Calculation Agent, in the case of Floating Rate Covered Bonds which are A\$ Registered Covered Bonds, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest

Payment Date to be notified to the Bond Trustee and to any stock exchange (provided that the Issuer has provided the Principal Paying Agent and Calculation Agent with all necessary contact details) on which the relevant Floating Rate Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing and to be notified in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth Business Day (as defined in Condition 4(b)(i)), except in the case of the Luxembourg Stock Exchange which will be notified no later than the first Business Day, of the relevant Interest Period thereafter by the Principal Paying Agent or the Calculation Agent. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to the Bond Trustee and each stock exchange (provided that the Issuer has provided the Principal Paying Agent and Calculation Agent with all necessary contact details) on which the relevant Floating Rate Covered Bonds are for the time being listed or by which they have been admitted to listing and to the Covered Bondholders in accordance with Condition 13.

- (2) Where “Screen Rate Determination” is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Reference Rate is specified in the Applicable Final Terms as being “Compounded Daily SONIA”, “SONIA Index Determination”, “Average SONIA”, “Compounded Daily SOFR Formula”, “SOFR Index Determination” or “Average SOFR”, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to (i) the Issuer and the Bond Trustee, and (ii) to any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and, in each case, to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than: (I) where Compounded Daily SONIA”, “SONIA Index Determination” or “Average SONIA” is specified in the Applicable Final Terms as the Reference Rate, the second London Banking Day (as defined in Condition 4(b)(ii)(B)(1) above) thereafter; and (II) where the Reference Rate is specified in the Applicable Final Terms as being “Compounded Daily SOFR Formula”, “SOFR Index Determination” or “Average SOFR”, the second U.S. Government Securities Business Day (as defined in Condition 4(b)(ii)(C)(1) above). Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the relevant Interest Period. Any such amendment or alternative arrangements will promptly be notified to the Bond Trustee and to any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and to the Covered Bondholders in accordance with Condition 13.

(vii) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, as applicable) or the Calculation Agent or the Bond Trustee will (in the absence of wilful default, fraud or manifest error or proven error) be binding on the Issuer, the Covered Bond

Guarantor, the Principal Paying Agent, the Calculation Agent, the other Paying Agents, the Bond Trustee and all the Covered Bondholders and Couponholders and (in the absence of wilful default or fraud or proven error) no liability to the Issuer the Covered Bond Guarantor, the Covered Bondholders or the Couponholders will attach to the Principal Paying Agent (or such other party as aforesaid) or the Calculation Agent or the Bond Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**(c) *Accrual of interest***

Interest (if any) will cease to accrue on each Covered Bond (or in the case of the redemption of part only of a 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 or default is otherwise made in the payment thereof, in which event interest will continue to accrue as provided in the Bond Trust Deed.

**(d) *Benchmark Discontinuation***

Notwithstanding the provisions in Condition 4(b)(ii) above, (in the case of Floating Rate Covered Bonds other than where (I) “Screen Rate Determination” is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate in respect of the relevant Series of Floating Rate Covered Bonds is specified in the Applicable Final Terms as being “Compounded Daily SOFR Formula”, “SOFR Index Determination” or “Average SOFR; or (II) BBSW Rate Determination is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, in which case the provisions of this Condition 4(d) shall not apply) if the Issuer (acting in good faith and in a commercially reasonable manner) determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this Condition 4(d) shall apply.

**(i) *Successor Rate or Alternative Rate***

If there is a Successor Rate, then the Issuer shall promptly notify the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders of such Successor Rate and that Successor Rate shall (subject to adjustment as provided in Condition 4(d)(ii)) subsequently be used by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Covered Bonds (subject to the further operation of this Condition 4(d)).

If there is no Successor Rate but the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Alternative Rate, then the Issuer shall promptly notify the Bond Trustee, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) and, in accordance with Condition 13, the Covered Bondholders of such Alternative Rate and that Alternative Rate shall (subject to adjustment as provided in Condition 4(d)(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Covered Bonds (subject to the further operation of this Condition 4(d)).



(ii) *Adjustment Spread*

If, in the case of a Successor Rate, an Adjustment Spread is formally recommended, or provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body, then the Issuer shall promptly notify the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders of such Adjustment Spread and the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) shall, subject to the receipt (not less than five Business Days prior to the relevant Interest Determination Date) of, and in accordance with, the Issuer's written instructions, apply such Adjustment Spread to the Successor Rate for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate.

If, in the case of a Successor Rate where no such Adjustment Spread is formally recommended or provided as an option by any Relevant Nominating Body, or in the case of an Alternative Rate, the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Adjustment Spread in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be), then the Issuer shall promptly notify the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders of such Adjustment Spread and the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) shall, subject to the receipt (not less than five Business Days prior to the relevant Interest Determination Date) of, and in accordance with, the Issuer's written instructions apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

If no such recommendation or option has been made (or made available) by any Relevant Nominating Body, or the Issuer so determines, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, that there is no such Adjustment Spread in customary market usage in the international debt capital markets and the Issuer further determines, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), then the Adjustment Spread shall be:

- (A) the Adjustment Spread determined by the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, as being the Adjustment Spread recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (B) if there is no such industry standard recognised or acknowledged, such Adjustment Spread as the Issuer, acting in good faith, in a commercially reasonable manner and

by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Covered Bondholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

Following any such determination of the Adjustment Spread, the Issuer shall promptly notify the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders of such Adjustment Spread and the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) shall, subject to the receipt (not less than five Business Days prior to the relevant Interest Determination Date) of, and in accordance with, the Issuer's written instructions, apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iii) *Benchmark Amendments*

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(d) and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its discretion that amendments to these Conditions and/or the Bond Trust Deed and/or the Principal Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**), then the Issuer shall, subject to the following paragraphs of this Condition 4(d)(iii) and subject to the Issuer having to give notice thereof to the Covered Bondholders in accordance with Condition 13, and to the Bond Trustee and the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms as applicable) in accordance with this Condition 4(d)(iii), without any requirement for the consent or approval of Covered Bondholders or Couponholders, make the necessary modifications to these Conditions and/or Bond Trust Deed and/or the Principal Agency Agreement to give effect to such Benchmark Amendments. At the request of the Issuer, but subject to receipt by the Bond Trustee and the Principal Paying Agent of the certificate referred to in the final paragraph of this Condition 4(d)(iii), and subject as provided below, the Bond Trustee and the Principal Paying Agent (as applicable) shall (at the expense of the Issuer), without any requirement for the consent or approval of Covered Bondholders or Couponholders and without liability to the Issuer, the Covered Bondholders or any other person, be obliged to concur, and shall be obliged to direct the Security Trustee to concur, with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Bond Trust Deed) with effect from the date specified in such notice.

In connection with any such modifications in accordance with this Condition 4(d)(iii), if and for so long as the Covered Bonds are admitted to trading and listed on the official list of a stock exchange, the Issuer shall comply with the rules of that stock exchange.

Notwithstanding any other provision of this Condition 4(d)(iii), neither the Bond Trustee nor the Principal Paying Agent shall be obliged to concur with the Issuer and the Covered Bond Guarantor, and/or (in the case of the Bond Trustee) direct the Security Trustee to concur with the Issuer and the Covered Bond Guarantor in respect of any Benchmark Amendments

which, in the sole opinion of the Bond Trustee or the Principal Paying Agent (as applicable), would have the effect of (i) exposing the Bond Trustee or the Principal Paying Agent (as applicable) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee or the Principal Paying Agent (as applicable) in the Bond Trust Deed, the Principal Agency Agreement and/or these Conditions.

Any Benchmark Amendments determined under this Condition 4(d)(iii) shall be notified promptly (in any case, not less than five Business Days prior to the relevant Interest Determination Date) by the Issuer to the Covered Bond Guarantor, the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms as applicable) and, in accordance with Condition 13, the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Amendments.

No later than notifying the Bond Trustee and the party responsible for determining the Rate of Interest (being the Principal Paying Agent or such other party specified in the Applicable Final Terms, as applicable) of the same, the Issuer shall deliver to each of the Bond Trustee and the Principal Paying Agent a certificate (on which each of the Bond Trustee and the Principal Paying Agent shall be entitled to rely without further enquiry or liability) signed by two Authorised Signatories of the Issuer:

- (A) confirming (i) that a Benchmark Event has occurred, (ii) whether the Issuer has consulted with an Independent Adviser, (iii) the Successor Rate or, as applicable, the Alternative Rate, (iv) where applicable, any Adjustment Spread and/or (v) the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(d)(iii); and
- (B) certifying that the Benchmark Amendments (in accordance with the provisions of Condition 4(d)(iii)) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Bond Trustee's and the Principal Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms, as applicable), the Agents and the Covered Bondholders and Couponholders.

(iv) *Independent Adviser*

In the event the Issuer is to consult with an Independent Adviser in connection with any determination to be made by the Issuer pursuant to this Condition 4(d)(iv), the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 4(d)(iv) shall act in good faith and in a commercially reasonable manner and (in the absence of fraud or wilful default) shall have no liability whatsoever to the Issuer, the Bond Trustee or the Covered Bondholders for any determination made by it or for any advice given to the Issuer in connection with any

determination made by the Issuer pursuant to this Condition 4(d) or otherwise in connection with the Covered Bonds.

If the Issuer consults with an Independent Adviser as to whether there is a Successor Rate, an Alternative Rate and/or whether any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of an Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud or wilful default) the Issuer shall have no liability whatsoever to the Covered Bondholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination.

No Independent Adviser appointed in connection with the Covered Bonds (acting in such capacity), shall have any relationship of agency or trust with the Covered Bondholders.

(v) *Survival of Original Reference Rate Provisions*

Without prejudice to the obligations of the Issuer under this Condition 4(d), the Original Reference Rate and the fallback provisions provided for in Condition 4(b)(ii)(A), 4(b)(ii)(B) and/or the Applicable Final Terms, as the case may be, will continue to apply unless and until the Issuer has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with the relevant provisions of this Condition 4(d).

If, in the case of any Benchmark Event, any Successor Rate, Alternative Rate and/or Adjustment Spread is notified to the Bond Trustee, Principal Paying Agent or any other party specified in the Applicable Final Terms as being responsible for determining the Rate of Interest pursuant to Condition 4(d)(iii), and the Bond Trustee, Principal Paying Agent or such other responsible party (as applicable) is in any way uncertain as to the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Rate of Interest, it shall (except for the Bond Trustee, which may) promptly notify the Issuer thereof and the Issuer shall direct the Principal Paying Agent or such other party (as applicable) in writing (which direction may be by reference to a written determination of an Independent Adviser) as to which course of action to adopt in the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the determination of such Rate of Interest. If the Bond Trustee, Principal Paying Agent or such other party specified in the Applicable Final Terms as being responsible for determining the Rate of Interest is not promptly provided with such direction, and the Principal Paying Agent or such other party (as applicable) shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so. For the avoidance of doubt, for the period that the Principal Paying Agent or such other party (as applicable) remains uncertain of the application of the Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Rate of Interest, the Original Reference Rate and the fallback provisions provided for in Condition 4(b) and/or the Applicable Final Terms, as the case may be, will continue to apply.

(vi) *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 4(d) by the Issuer will (in the absence of default, bad faith or manifest error by it or any of its directors, officers, employees or agents) be binding on the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Principal Paying Agent, the Calculation Agent, the

Paying Agents and all the Covered Bondholders 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 Bond Trustee and the Principal Paying Agent or the Covered Bondholders of this Series and Coupons relating thereto shall attach to the Issuer in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 4(d).

(vii) *Definitions*

In this Condition 4(d):

**Adjustment Spread** means either a spread, or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread may in either case be positive or negative or zero and is to be applied to the Successor Rate or the Alternative Rate (as the case may be) where the Original Reference Rate is replaced with the Successor Rate or the Alternative Rate (as the case may be);

**Alternative Rate** means an alternative benchmark or screen rate which the Issuer determines in accordance with this Condition 4(d) is used in place of the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Covered Bonds;

**Benchmark Amendments** has the meaning given to it in Condition 4(d)(iii);

**Benchmark Event** means, with respect to an Original Reference Rate, the earlier to occur of:

- (A) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered;
- (B) the later of (i) the making of a public statement by or on behalf of the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the specified date referred to in (B)(i);
- (C) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;
- (D) the later of (i) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the specified date referred to in (D)(i);
- (E) the later of (i) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (E)(i);
- (F) it has or will prior to the next Interest Determination Date become unlawful for the Principal Paying Agent, any Paying Agent, (if specified in the Applicable Final

Terms) such other party responsible for the calculation of the Rate of Interest, or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate (including, without limitation, under Regulation (EU) No. 2016/1011 as that Regulation applies in the European Union and/or as it applies in the United Kingdom in the form retained as domestic law in the United Kingdom under the EUWA, if applicable);

- (G) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be applicable; and
- (H) the later of (i) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will no longer be representative or may no longer be used, in each case on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (H)(i);

**Independent Adviser** means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

**Original Reference Rate** means the benchmark or screen rate (as applicable) originally specified in the Applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Covered Bonds (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate, which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term “Original Reference Rate” shall include any such Successor Rate or Alternative Rate);

**Relevant Nominating Body** means, in respect of an Original Reference Rate:

- (A) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the Original Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities, or (iv) the Financial Stability Board or any part thereof; and

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## 5. Payments

### (a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than Euro will be made by credit or electronic transfer to an account in the relevant Specified Currency maintained by the payee with, or, at

the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian Dollars will be Sydney); and

- (ii) payments in Euro will be made by credit or electronic transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment but without prejudice to the provisions of Condition 7. For the avoidance of doubt, 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 to 1474 of the Internal Revenue Code (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 intergovernmental agreement 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. References to Specified Currency will include any successor currency under applicable law.

**(b) *Presentation of Bearer Definitive Covered Bonds and Coupons***

Payments of principal and interest (if any) in respect of Bearer Definitive Covered Bonds will (subject as provided below) be made in the manner provided in Condition 5(a) only against presentation and surrender of Bearer Definitive Covered Bonds or Coupons, as the case may be, at any specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression will include Coupons falling to be issued on exchange of matured Talons), failing which an amount equal to the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon amounts in respect of any Fixed Rate Covered Bond in definitive bearer form becoming due and repayable by the Issuer (in the absence of a Notice to Pay) or the Covered Bond Guarantor under the Covered Bond Guarantee prior to its Final Maturity Date (or, as the case may be, Extended Due for Payment Date), all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the due date for redemption of any Floating Rate Covered Bond or Long Maturity Covered Bond in definitive bearer form, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) will become void and no payment or, as the case may be, exchange for further Coupons will be made in respect thereof. 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 Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding

of such Covered Bond. If the date for redemption of any Bearer Definitive Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date will be payable only against surrender of the relevant Bearer Definitive Covered Bond.

(c) ***Payments in respect of Bearer Global Covered Bonds***

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Bearer Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Covered Bonds and otherwise in the manner specified in the relevant Global Covered Bond (against presentation or surrender, as the case may be, of such Global Covered Bond at the specified office of any Paying Agent outside the United States). On the occasion of each payment, a record of such payment made on such Bearer Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Covered Bond by the Paying Agent and such record will be *prima facie* evidence that the payment in question has been made.

(d) ***Payments in respect of Registered Covered Bonds***

Payments of principal in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the relevant Registrar or the Paying Agents. Such payments will be made by electronic transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Register of holders of the Registered Covered Bonds maintained by the relevant Registrar at the close of business on the third Business Day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Covered Bonds held by a holder is less than US\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, will be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than Euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian Dollars will be Sydney) and (in the case of a payment in Euro) any bank which processes payments in Euro.

Payments of interest in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail to the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Register at the close of business on (i) in the case of Global Covered Bonds in registered form, the Business Day prior to the relevant due date and (ii) in the case of Registered Definitive Covered Bonds, the Business Day falling 15 days prior to the relevant due date (the **Record Date**) at the holder's address shown in the Register on the Record Date and at the holder's risk. Upon application of the holder to the specified office of the relevant Registrar not less than three Business Days before the due date for any payment of interest in respect of a Registered Covered Bond, the payment may be made by electronic transfer on the due date in the manner provided in the preceding paragraph. Any such application for electronic transfer will be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Covered Bonds which become payable to the holder who has made the initial application until such time as the relevant Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Covered Bond on redemption will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.



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 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 will be charged to such holders by the relevant Registrar in respect of any payments of principal or interest in respect of the Registered Covered Bonds.

None of the Issuer, the Covered Bond Guarantor, the Bond Trustee or 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 Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

**(e) *Payments in respect of A\$ Registered Covered Bonds***

Payments of principal in respect of each A\$ Registered Covered Bond will be made to the person who is the holder of the A\$ Registered Covered Bond at 10.00 a.m. in the place where the A\$ Register in relation to the A\$ Registered Covered Bonds is maintained on the due date.

Payments of interest in respect of each A\$ Registered Covered Bond will be made to the person who is the holder of the A\$ Registered Covered Bond at 4.00 p.m. in the place where the A\$ Register in relation to the A\$ Registered Covered Bonds is maintained on the A\$ Record Date.

Payment of the interest due in respect of each A\$ Registered Covered Bond on the redemption will be made in the same manner as payment of principal in respect of each A\$ Registered Covered Bond.

If the A\$ Registered Covered Bond is lodged in the Austraclear System, payments in respect of the A\$ Registered Covered Bonds will be by transfer to the relevant account of the holder of the beneficial interest in the A\$ Registered Covered Bond in accordance with the Austraclear Regulations.

If the A\$ Registered Covered Bond is not lodged in the Austraclear System, payments in respect of the A\$ Registered Covered Bonds will be made by crediting on the relevant due date, the amount due to the account previously notified by the holder of the A\$ Registered Covered Bond to the Issuer and the A\$ Registrar. If the holder of the A\$ Registered Covered Bond has not notified the Issuer and the A\$ Registrar of an account to which payments to it must be made by close of business in the place where the A\$ Register is maintained on the A\$ Record Date, the payments will be made by a cheque in Australian Dollars and mailed by uninsured prepaid ordinary mail on the AU Business Day immediately before the relevant due date to the holder (or the first named of joint holders) of the A\$ Registered Covered Bond at the holder's address shown in the A\$ Register on the A\$ Record Date and at the holder's risk.

No payment of interest in respect of an A\$ Registered Covered Bond will be made to an address in the United States or transferred to an account maintained by the holder of the A\$ Registered Covered Bond in the United States.

Holders of A\$ 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 A\$ Registered Covered Bond as a result of a cheque posted in accordance with this Condition 5(e) arriving after the due date for payment or being lost in the post. No commissions or expenses will be charged to such holders by the A\$ Registrar in respect of any payments of principal or interest in respect of the A\$ Registered Covered Bonds.

None of the Issuer, the Covered Bond Guarantor or the Bond Trustee 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 A\$ Registered Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

**(f) General provisions applicable to payments**

The holder of a Global Covered Bond (or, as provided in the Bond Trust Deed, the Bond Trustee) will be the only person entitled to receive payments in respect of Covered Bonds represented by such 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 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 beneficial holder of a particular nominal amount of Covered Bonds represented by such Global Covered Bond 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 the Covered Bond Guarantor to, or to the order of, the holder of such Global Covered Bond (or the Bond Trustee, as the case may be). No person other than the holder of the relevant Global Covered Bond (or, as provided in the Bond Trust Deed, the Bond Trustee) will have any claim against the Issuer or the Covered Bond Guarantor in respect of any payments due on that Global Covered Bond.

Notwithstanding the foregoing provisions of this Condition 5(f), payments of principal and/or interest in U.S. dollars in respect of the Bearer Covered Bonds will only be made at the specified office of a Paying Agent in the United States 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 in U.S. dollars 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; and
- (ii) payment of the full amount of such principal and interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Trust Manager, adverse tax consequences to the Issuer or the Covered Bond Guarantor.

**(g) Payment Day**

If the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day (as defined below), the holder thereof will not be entitled to payment of the relevant amount due until the next following Payment Day and will not be entitled to any interest or other sum in respect of any such delay. In this Condition 5(g) (unless otherwise specified in the Applicable Final Terms), **Payment Day** means any day which (subject to Condition 8) is:

- (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:
  - (A) the relevant place of presentation;
  - (B) Sydney and, in the case of Covered Bonds that are not A\$ Registered Covered Bonds, London; and
  - (C) any Additional Financial Centre specified in the Applicable Final Terms; and

- (ii) 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 Condition 5(g)(i) above 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 T2 is open.

**(h) *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:

- (i) 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;
- (ii) the Final Redemption Amount of the Covered Bonds;
- (iii) the Early Redemption Amount of the Covered Bonds;
- (iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (v) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and
- (vi) 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.

**(i) *Redenomination***

Where redenomination is specified in the Applicable Final Terms as being applicable, the Issuer may, without the consent of the Covered Bondholders and the Couponholders, on giving prior written notice to the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Registrar (in the case of Registered Covered Bonds), Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Covered Bondholders in accordance with Condition 13, elect that, with effect from the Redenomination Date specified in the notice, the Covered Bonds will be redenominated in Euro. In relation to any Covered Bonds where the Applicable Final Terms provides for a minimum Specified Denomination in the Specified Currency which is equivalent to at least €100,000 and which are admitted to trading on a regulated market in the European Economic Area, it will be a term of any such redenomination that the holder of any Covered Bonds held through Euroclear and/or Clearstream, Luxembourg must have credited to its securities account with the relevant clearing system a minimum balance of Covered Bonds of at least €100,000.

The election will have effect as follows:

- (i) the Covered Bonds will be deemed to be redenominated in Euro in the denomination of €0.01 with a nominal amount for each Covered Bond equal to the nominal amount of that Covered Bond in the Specified Currency, converted into Euro at the Established Rate,

provided that, if the Issuer determines, in consultation with the Principal Paying Agent and the Bond Trustee, that the then market practice in respect of the redenomination in Euro of internationally offered securities is different from the provisions specified above, such provisions will be deemed to be amended so as to comply with such market practice and the Issuer will promptly notify the Covered Bondholders, the competent listing authority, stock exchange and/or market (if any) on or by which the Covered Bonds may be listed and/or admitted to trading and the Paying Agents of such deemed amendments;

- (ii) save to the extent that an Exchange Notice has been given in accordance with Condition 5(i)(iv), the amount of interest due in respect of the Covered Bonds will be calculated by reference to the aggregate nominal amount of Covered Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment will be rounded down to the nearest €0.01;
- (iii) if Definitive Covered Bonds are required to be issued after the Redenomination Date, they will be issued at the expense of the Issuer in the denominations of €100,000 and/or such higher amounts as the Principal Paying Agent may determine and notify to the Covered Bondholders and any remaining amounts less than €100,000 will be redeemed by the Issuer and paid to the Covered Bondholders in Euro in accordance with Condition 6;
- (iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement Euro-denominated Covered Bonds and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Covered Bonds and Coupons so issued will also become void on that date although those Covered Bonds and Coupons will continue to constitute valid exchange obligations of the Issuer. New Euro-denominated Covered Bonds and Coupons will be issued in exchange for Covered Bonds and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as will be notified to the Covered Bondholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Covered Bonds;
- (v) after the Redenomination Date, all payments in respect of the Covered Bonds and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Covered Bonds to the Specified Currency were to Euro. Payments will be made in Euro by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque;
- (vi) if the Covered Bonds are Fixed Rate Covered Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
  - (A) in the case of Covered Bonds represented by a Global Covered Bond, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Covered Bonds represented by such Global Covered Bonds; and
  - (B) in the case of Definitive Covered Bonds, by applying the Rate of Interest to 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 in definitive form 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;

- (vii) if the Covered Bonds are Floating Rate Covered Bonds or Variable Interest Covered Bonds, the Applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (viii) such other changes will be made to this Condition 5(i) (and the Programme Documents) as the Issuer may decide, after consultation with the Principal Paying Agent and the Bond Trustee, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in Euro.

(j) **Definitions**

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

**Established Rate** means the rate for the conversion of the relevant Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty.

**Euro** means the lawful currency for the time being of the member states of the European Union that adopt the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.

**Rate of Interest** means the rate of interest payable from time to time in respect of a Series of Covered Bonds, as determined in, or as determined in the manner specified in, the Applicable Final Terms.

**Redenomination Date** means any date for payment of interest under the Covered Bonds specified by the Issuer in the notice given to the Covered Bondholders pursuant to Condition 5(i)(i) and which falls on or after the date on which the country of the relevant Specified Currency first participates in the third stage of European economic and monetary union.

**Treaty** means the Treaty on the functioning of the European Community, as amended.

6. **Redemption and Purchase**

(a) **Final redemption**

Unless previously redeemed in full or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at par (the **Final Redemption Amount**) in the relevant Specified Currency on the Final Maturity Date.

Without prejudice to Condition 9, if an Extended Due for Payment Date is specified as “applicable” in the 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 Final Terms (or after expiry of the grace period set out in Condition 9(a)(i)) 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 Trust Manager determines that the Covered Bond Guarantor has insufficient

moneys 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(a)(i)) 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 (at the direction of the Trust Manager) 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 (at the direction of the Trust Manager) on any Interest Payment Date thereafter up to (and including) the Extended Due for Payment Date. The Issuer will confirm to the Principal Paying Agent or the A\$ Registrar (in the case of A\$ Registered Covered Bonds) 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. Any failure by the Issuer to notify the Principal Paying Agent or the Calculation Agent (as the case may be) will not affect the validity or effectiveness of the extension.

The Trust Manager will notify the relevant Covered Bondholders (in accordance with Condition 13), the Rating Agencies, the Bond Trustee, the Security Trustee, the Principal Paying Agent and the relevant Registrar or the A\$ Registrar (in the case of Registered Covered Bonds or A\$ Registered Covered Bonds, as applicable) 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 determination by the Trust Manager of the 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 Trust Manager to notify such parties will not affect the validity or effectiveness of the extension or give rise to any rights in any such party. In such circumstances, the Trust Manager must direct the Covered Bond Guarantor to, and upon receiving such direction 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(a)(i)) and (b) the Extension Determination Date, under the Covered Bond Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) *rateably* in part payment of an amount equal to the Final Redemption Amount of each Covered Bond of the relevant Series of Covered Bonds and will 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 a result of the payment of Excess Proceeds to the Bond Trustee will 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 6(a).

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 dates specified in this Condition 6(a).

**Extension Determination Date** means, in respect of a Series of Covered Bonds, the date falling two Business Days after the expiry of 14 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 all Available Income Amounts and Available Principal Amounts 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 in accordance with clause 17.4 of the Establishment Deed.

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

**(b) *Redemption for taxation reasons***

The Covered Bonds may be redeemed at the option of the Issuer in whole, or in part, at any time (if this Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Bond Trustee and, in accordance with Condition 13, the Covered Bondholders (which notice will be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that, on the occasion of the next Interest Payment Date, the Issuer is or will be required to pay additional amounts as provided or referred to in Condition 7. Covered Bonds redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in Condition 6(f) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**(c) *Redemption at the option of the Issuer (Issuer Call)***

If Issuer Call is specified in the Applicable Final Terms, the Issuer may, having (unless otherwise specified, in the Applicable Final Terms) given not less than 30 nor more than 60 days' notice to the Bond Trustee, (other than in the case of the redemption of Registered Covered Bonds) the Principal Paying Agent, (in the case of the redemption of Registered Covered Bonds or A\$ Registered Covered Bonds) the relevant Registrar or the A\$ Registrar (as applicable) and, in accordance with Condition 13, the Covered Bondholders (which notice will be irrevocable) redeem all or some only (as specified in the Applicable Final Terms) of the Covered Bonds then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the Applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date(s). Upon expiry of such notice, the Issuer will be bound to redeem the Covered Bonds accordingly. In the event of a redemption of some only of the Covered Bonds, such redemption must be for an amount being the Minimum Redemption Amount (as specified in the Applicable Final Terms) or a Maximum Redemption Amount (as 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) in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, individually by lot;
- (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 Final Terms); and

- (iii) in the case of Redeemed Covered Bonds which are A\$ Registered Covered Bonds, on the basis that the Redeemed Covered Bonds must be a multiple of their Specified Denominations,

in each case, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 13 not less than 30 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds will bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Dates, provided that such first mentioned nominal amount will, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Covered Bonds represented by a Global Covered Bond will be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6(c) and notice to that effect will be given by the Issuer to the Covered Bondholders in accordance with Condition 13 at least 30 days prior to the Selection Date.

**(d) *Redemption at the option of the Covered Bondholders (Investor Put)***

If Investor Put is specified in the Applicable Final Terms, upon the holder of any Covered Bond giving the Issuer not less than 30 nor more than 60 days' written notice as specified in the Applicable Final Terms the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the Applicable Final Terms, such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date

To exercise the right to require redemption of a Covered Bond the holder thereof must, if the Covered Bond is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (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 6(d) accompanied by this Covered Bond. If this Covered Bond is represented by a Global Covered Bond held through Euroclear or Clearstream, Luxembourg to exercise the right to require redemption of this Covered Bond the holder of this 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 and Clearstream, Luxembourg, (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg, or any common depository, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Covered Bond is represented by a Global Covered Bond, at the same time present or procure the presentation of the relevant Global Covered Bond to the Agent for notation accordingly. If this Covered Bond is an A\$ Registered Covered Bond lodged in the Austraclear System, to exercise the right to require redemption of this Covered Bond the holder of the beneficial interest in this Covered Bond must, within the notice period, give notice to the A\$ Registrar of such exercise in accordance with the Austraclear Regulations. If this Covered Bond is an A\$ Registered Covered Bond held outside of the Austraclear System, to exercise a right to require redemption of this Covered Bondholder must, within the notice period, give notice to the Issuer and the A\$ Registrar of



such exercise in a form acceptable to the A\$ Registrar together with any evidence the A\$ Registrar may require to establish title of the Covered Bondholder to the relevant Covered Bond.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg or the Austraclear System, given by a holder of any Covered Bond pursuant to this Condition 6(d) will be 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 6(d) and instead request or direct the Bond Trustee to declare such Covered Bond forthwith due and payable pursuant to Condition 9.

**(e) *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 Agents, the Registrars and, in accordance with Condition 13, all the Covered Bondholders (which notice will be 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 Note Subscriber and/or the Demand Note Subscriber to subscribe for or continue to fund any Intercompany Note and/or the Demand Note held by the Intercompany Note Subscriber or the Demand Note Subscriber, as the case may be, issued by the Covered Bond Guarantor pursuant to the Intercompany Note Subscription Agreement or the Demand Note Subscription 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 6(e) will be redeemed at their Early Redemption Amount referred to in Condition 6(f) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**(f) *Early Redemption Amounts***

For the purpose of Conditions 6(b), 6(e) and 9, each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of a Covered Bond with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Covered Bond is denominated, at the amount specified in, the Applicable Final Terms or, if no such amount is so specified in the Applicable Final Terms, at its nominal amount.

**(g) *Purchases***

The Issuer or any of its subsidiaries or the Covered Bond Guarantor (acting at the direction of the Trust Manager) may at any time purchase or otherwise acquire Covered Bonds (provided that, in the case of Bearer Definitive Covered Bonds, Coupons and Talons appertaining thereto are attached thereto or surrendered therewith) at any price and in any manner. 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 other than A\$ Registered Covered Bonds, at the

option of the Issuer or the relevant subsidiary, surrendered to the relevant Registrar and/or the relevant Paying Agent, for cancellation (except that any Covered Bonds (other than A\$ Registered Covered Bonds) purchased or otherwise acquired by the Covered Bond Guarantor must immediately be surrendered to the relevant Registrar and/or to any Paying Agent for cancellation).

**(h) Cancellation**

All Covered Bonds (other than A\$ Registered Covered Bonds) which are redeemed in full will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 6(g) and cancelled (together with, in the case of Bearer Definitive Covered Bonds, Coupons and Talons cancelled therewith) will be forwarded to the Principal Paying Agent and cannot be held, reissued or resold.

**(i) Certification on redemption under Conditions 6(b) and 6(e)**

Prior to the publication of any notice of redemption pursuant to Condition 6(b) or 6(e), the Issuer will deliver to the Bond Trustee a certificate signed by two Authorised Signatories (as defined in the Definitions Schedule) of the Issuer 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 so to redeem have occurred and the Bond Trustee will be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it will be conclusive and binding on all holders of the Covered Bonds and Couponholders.

**7. Taxation**

All payments of principal and interest (if any) in respect of the Covered Bonds and Coupons 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, must 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 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 the Applicable Final Terms indicate that tax gross-up by the Issuer in accordance with this Condition 7 is applicable, in the event of such a withholding or deduction being made by the Issuer in respect of a payment made by it, the Issuer will pay such additional amounts as will be necessary in order that the net amounts received by the Covered Bondholders or Couponholders after such withholding or deduction will equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds or Coupons, as the case may be, in the absence of such withholding or deduction; except that the foregoing obligation to pay additional amounts will not apply to any such tax, assessment, governmental charge or duty:

- (a) which is payable otherwise than by deduction or withholding from payments of principal of and interest on such Covered Bond or Coupon;
- (b) which is payable by reason of the Covered Bondholder or Couponholder or beneficial owner (or any one of them in case of principal or interest derived by two or more persons jointly) having, or having had, some personal or business connection with Australia (other than mere ownership of or receipt of payment under the Covered Bonds or Coupons or the fact that payments are, or for the purposes of taxation are deemed to be, from sources in, or secured in Australia);

- (c) which is payable solely by reason of the Covered Bondholder's or Couponholder's or beneficial owner's failure to comply with any certification, identification or other reporting requirement concerning nationality, residence, identity, connection with taxing jurisdiction of the Covered Bondholder or Couponholder or other beneficial owner of such Covered Bond;
- (d) which is payable by reason of a change in law that becomes effective more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 5(g));
- (e) which is an estate, inheritance, gift, sales, transfer, personal property, stamp duty or similar tax, assessment or other charge;
- (f) which is payable by reason of the Covered Bondholder or Couponholder or beneficial owner of such Covered Bond or Coupon being an associate of the Issuer or the Covered Bond Guarantor for the purposes of Section 128F of the Tax Act;
- (g) which is imposed or withheld as a consequence of a determination having been made under Part IVA of the Tax Act (or any modification or equivalent thereof) by the Commissioner of Taxation of the Commonwealth of Australia that withholding tax is payable in respect of a payment in circumstances where the payment would not have been subject to withholding tax in the absence of the scheme which was the subject of that determination;
- (h) with respect to any payment of principal of or interest (including original issue discount) on the Covered Bonds and Coupons by the Issuer to any Covered Bondholder or Couponholder who is a fiduciary or partnership or other than the sole beneficial owner of any such payment to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or any other beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Covered Bonds and Coupons; or
- (i) any combination of Conditions 7(a) to 7(h).

For the avoidance of doubt, any amounts to be paid on the Covered Bonds and Coupons will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 to 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 intergovernmental agreement 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.

If the Applicable Final Terms indicate that tax gross-up by the Issuer in accordance with this Condition 7 is not applicable or do not indicate that Condition 7 is applicable, if any payments of principal and interest (if any) in respect of the Covered Bonds and Coupons by or on behalf of the Issuer are or become subject to any withholding or deduction, on account of any taxes, duties or other charges of whatever nature, imposed or levied by or on behalf of Australia or by any other authority having power to tax, the Issuer will not be obliged to pay any additional amount as a consequence. For purposes of the preceding sentence and the next paragraph, any deduction or withholding imposed or required pursuant to Sections 1471 to 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 intergovernmental agreement entered into in connection with the implementation of such Sections of the Code shall be deemed a tax imposed by the United States.

If any payments made by the Covered Bond Guarantor under the Covered Bond Guarantee are or become subject to any withholding or deduction, on account of any taxes, duties or other charges of whatever nature, imposed or levied by or on behalf of Australia or by any other authority having power to tax, the Covered Bond Guarantor will not be obliged to pay any additional amount as a consequence.

As used herein the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Bond Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 13.

## **8. Prescription**

The Covered Bonds (other than A\$ Registered Covered Bonds), whether in bearer or registered form, and Coupons will become void within ten years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7) therefor, subject in each case to the provisions of Condition 5.

There will 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 8 or Condition 5 or any Talon which would be void pursuant to Condition 5.

## **9. Events of Default and Enforcement**

### **(a) 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 (as defined in Condition 14) referred to in this Condition 9(a) 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 Covered Bond Swap Rate) or if so directed by an Extraordinary Resolution of the Covered Bondholders will (but in the case of the happening of any of the events mentioned in Conditions 9(a)(iii), (iv), (v), (vi), (viii) or (ix), only if the Bond Trustee will have 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 (copied to the Covered Bond Guarantor) 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 will have 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**) will occur and be continuing:

- (i) default by the Issuer in any payment when due of principal on the Covered Bonds or any of them and the default continues for a period of 14 days;
- (ii) default by the Issuer in payment when due of any instalment of interest on the Covered Bonds or any of them and the default continues for a period of 14 days;

- (iii) a failure by the Issuer to perform or observe any of its other obligations under the Conditions or the Bond Trust Deed and the failure continues for the period of 21 days next following the service by the Bond Trustee on the Issuer of notice requiring the same to be remedied;
- (iv) a distress or execution or other legal process is levied or enforced upon or sued out or put in force against any part of the property, assets or revenues of the Issuer and such distress or execution or other legal process, as the case may be, is not discharged or stayed within 14 days of having been so levied, enforced or sued out;
- (v) an encumbrancer takes possession or a receiver or administrator is appointed of the whole or any part of the undertaking, property, assets or revenues of the Issuer (other than in respect of moneys borrowed or raised on a non-recourse basis);
- (vi) the Issuer (A) becomes insolvent or is unable to pay its debts as they mature; or (B) applies for or consents to or suffers the appointment of a liquidator or receiver or administrator of the Issuer or of the whole or any part of the undertaking, property, assets or revenues of the Issuer (other than in respect of moneys borrowed or raised on a non-recourse basis); or (C) 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 any arrangement or composition with or for the benefit of creditors;
- (vii) other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency either an order is made for the winding-up of the Issuer or an effective resolution is passed by shareholders or members for the winding-up of the Issuer;
- (viii) a moratorium will be agreed or declared in respect of any indebtedness of the Issuer or any governmental authority or agency will have condemned, seized or compulsorily purchased or expropriated all or in the opinion of the Bond Trustee a substantial part of the assets of or capital of the Issuer; or
- (ix) (A) the Issuer ceases to carry on banking business in Australia or the Issuer's authority under the Australian Banking Act or any amendment or re-enactment thereof to carry on banking business in Australia is revoked; or (B) the Issuer enters into any arrangement or agreement for any sale or disposal of the whole of its business by amalgamation or otherwise other than, in the case of (B) only, (1) under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency which results in a substitution of the principal debtor under the Covered Bonds and Coupons pursuant to Condition 14; or (2) with the consent of the Covered Bondholders by Extraordinary Resolution;
- (x) if an Asset Coverage Test Breach Notice has been served and has not been revoked (in accordance with the terms of the Programme Documents) on the next following Calculation Date after service of such Asset Coverage Test Breach Notice on the Covered Bond Guarantor; or
- (xi) 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 Covered Bond Guarantor has not taken the required actions set out in clause 14.4 of the Establishment Deed following that breach by the earlier to occur of:
  - (i) ten AU Business Days from the date that the Seller is notified of that breach; and
  - (ii) the Final Maturity Date of that Series of Hard Bullet Covered Bonds.

Notwithstanding any other provision of this Condition 9(a) (other than Condition 9(a)(vii)), 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 agreement or declaration of any moratorium with respect to, or the taking of any proceeding in respect of, any share, note or other security or instrument constituting Tier 1 Capital or Tier 2 Capital (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(a), the Bond Trustee will forthwith serve a notice to pay (the **Notice to Pay**) on the Covered Bond Guarantor (copied to the Trust Manager) pursuant to the Covered Bond Guarantee and the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts when the same will 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(c) below.

The Bond Trust Deed provides that all moneys received by the Bond Trustee following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice and Notice to Pay, from the Issuer or any receiver, manager, liquidator, administrator, controller, statutory manager or other similar official appointed in relation to the Issuer following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay (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, as soon as practicable, and must be held by the Covered Bond Guarantor in the GIC Account and the Excess Proceeds must thereafter form part of the Charged Property and must 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 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 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 will be 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 or on behalf of the Bond Trustee of any 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 for application in the manner as described above.

**(b) 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(b) 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 Covered Bond Swap Rate) or if so directed by an Extraordinary Resolution of all the Covered Bondholders will (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

Condition 9(b)(ii), only if the Bond Trustee will have 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 (copied to the Trust Manager), 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 the service of an Issuer Acceleration Notice in accordance with Condition 9(a)), 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**) will occur and be continuing:

- (i) 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 under Condition 6(a) where the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts which are Due for Payment on the dates specified therein; or
- (ii) 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 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 21 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
- (iii) an Insolvency Event occurs in respect of the Covered Bond Guarantor in its personal capacity (but not in its capacity as trustee of any trust) and the Covered Bond Guarantor is not replaced as trustee of the Trust by the Trust Manager in accordance with the Establishment Deed within 60 days of the Insolvency Event occurring; or
- (iv) a failure to satisfy the Amortisation Test (as set out in the Establishment Deed) on any Calculation Date following an Issuer Event of Default; or
- (v) 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 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(c) below and 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 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.

(c) **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 Covered Bond Swap Rate as stated above) 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 Covered Bond Swap Rate as stated above) 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 will only have regard to the interests of the Covered Bondholders of all Series equally and will 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 or instruct the Security Trustee to take such 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 and instruct the Security Trustee to take such steps as it may think fit to enforce the Security.

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 will do so (save where expressly provided otherwise):

- (A) in the case of Condition 9(a) only, in its absolute discretion subject to and in accordance with the Bond Trust Deed; or
- (B) in the case of both Condition 9(a) or 9(b), 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 Covered Bond 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 Covered Bond Swap Rate),



subject in each case to the Bond Trustee being indemnified and/or secured and/or prefunded to its satisfaction prior to 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 has no obligation to monitor the performance of the Security Trustee and has no liability to any person for the performance or non-performance of the Security Trustee. In no circumstance will the Bond Trustee be required to indemnify, secure or prefund the Security Trustee.

In exercising any of its powers, trusts, authorities and discretions under this Condition 9(c) each of the Bond Trustee and the Security Trustee will only have regard to the interests of the Covered Bondholders of all Series equally and will not have regard to the interests of any other Secured Creditors.

No Covered Bondholder or Couponholder will be entitled to proceed directly against the Issuer or the Covered Bond Guarantor or to take any action with respect to the Bond Trust Deed, the Covered Bonds, the Coupons, the Security or to directly enforce the provisions of any other Programme Document, unless the Bond Trustee or the Security Trustee, as applicable, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing in which event any Covered Bondholder or Couponholder may, on giving an indemnity and/or prefunding and/or security satisfactory to the Bond Trustee, in the name of the Bond Trustee (but not otherwise) himself 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).

#### **10. Replacement of Covered Bonds, Coupons and Talons**

Should any Covered Bond (other than any A\$ Registered Covered Bond), Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent in London (in the case of Bearer Covered Bonds or Coupons) or the specified office of the relevant Registrar or Transfer Agent (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 13 upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds (other than A\$ Registered Covered Bonds), Coupons or Talons must be surrendered before replacements will be issued.

#### **11. Principal Paying Agent, Paying Agents, Registrar, A\$ Registrar and Transfer Agent**

The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar, the A\$ Registrar, the initial Transfer Agent and their initial specified offices are set out below.

In the event of the appointed office of any such bank being unable or unwilling to continue to act as the Principal Paying Agent, or failing duly to determine the Rate of Interest, if applicable, or to calculate the Interest Amounts for any Interest Period, the Issuer will appoint the London office of such other bank as may be approved by the Bond Trustee to act as such in its place. The Principal Paying Agent may not resign its duties or be removed from office without a successor having been appointed as stated above.

In the event of the appointed A\$ Registrar being unable or unwilling to continue to act as the A\$ Registrar, or failing duly to comply with the A\$ Registry Agreement, the Issuer will appoint such other registrar and/or paying agent as may be approved by the Bond Trustee to act as such in its

place. The A\$ Registrar may not resign its duties or be removed from office without a successor having been appointed as stated above.

The Issuer is entitled, with the prior written approval of the Bond Trustee (not to be unreasonably withheld), to vary or terminate the appointment of any Paying Agent, Registrar or A\$ Registrar and/or appoint additional or other Paying Agents, Registrars or A\$ Registrars and/or approve any change in the specified office through which any Paying Agent, Registrar or A\$ Registrar acts, provided that:

- (a) there will at all times be a Principal Paying Agent, a Registrar and, so long as any A\$ Registered Covered Bonds are outstanding, an A\$ Registrar; and
- (b) so long as any of the Covered Bonds are listed on any stock exchange 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 will, when necessary appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(f). Notice of any such variation, termination, appointment or change will be given by the Issuer to the Covered Bondholders as soon as reasonably practicable in accordance with Condition 13.

In acting under the Agency Agreements, the Agents act solely as agents of the Issuer and the Covered Bond Guarantor (to the extent applicable) and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders or Couponholders. Each Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

## **12. 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 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.

## **13. Notices**

All notices regarding the Bearer Covered Bonds will be valid if published (a) in a leading English language daily newspaper of general circulation in London, and (b) if and for so long as the Bearer Covered Bonds are admitted to trading on, and listed on the Regulated Market of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, *www.luxse.com*. It is expected that any such newspaper publication will be made in the *Financial Times* in London and the *Luxembourg Wort* or the *Tageblatt* in Luxembourg. The Issuer will 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 approves.

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.

All notices regarding the A\$ Registered Covered Bonds will be deemed to be validly given if sent by pre-paid post or (if posted to an address overseas) by airmail to, or left at the address of, the holders (or the first named of joint holders) at their respective addresses recorded in the A\$ Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any A\$ 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. For so long as the A\$ Registered Covered Bonds are lodged in the Austraclear System there may be substituted for such, publication in the *Australian Financial Review* or *The Australian* or mailing the delivery of the relevant notice to Austraclear for communication by it to the holders of beneficial interests in the A\$ Registered Covered Bonds and, in addition, for so long as any A\$ Registered 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 holders of beneficial interests in the A\$ Registered Covered Bonds on the day on which the said notice was given to Austraclear.

Notices to be given by any Covered Bondholder (other than in relation to A\$ Registered Covered Bonds) to the Issuer will 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 and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose. Notices to be given by any Covered Bondholder in respect of A\$ Registered Covered Bonds to the Issuer will be in writing and must be: (i) sent by pre-paid post or (if posted to an address overseas) by airmail to; or (ii) left at the address of, the Issuer and will be deemed to have been given on the fourth day after mailing or on the day of delivery, respectively.

#### 14. Meetings of Covered Bondholders, Modification, Waiver and Substitution

Covered Bondholders, Couponholders and other Secured Creditors should note that the Issuer, the Covered Bond Guarantor and (other than in relation to A\$ Registered Covered Bonds) 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 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.

The Bond Trust Deed contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) 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: (a) 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 (b) 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 (c) 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(a) or to give a Covered Bond Guarantee Acceleration Notice pursuant to Condition 9(b), 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 Covered Bond Swap Rate.

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 at the direction of the Trust Manager) or any other party in making:

- (a) 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;
- (b) 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 of a formal, minor or technical nature, or in the opinion of the Bond Trustee is made to correct a manifest error or to comply with mandatory provisions of law (and for this purpose the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter); or
- (c) any modification contemplated by clause 21.4 of the Bond Trust Deed.

In forming an opinion as to whether a modification is of a formal, minor or technical nature or is being made to correct a manifest error or to comply with mandatory provisions of law or is contemplated by clause 21.4 of the Bond Trust Deed, the Bond Trustee may have regard to any evidence it considers reasonable to rely on including (without any obligation to rely on any of the following): (i) a certificate from the Issuer, (a) stating the intention of the parties to the relevant Programme Documents; (b) stating that such modification is required to reflect such intention; and (c) confirming that nothing has been said to, or by, initial or subsequent investors or other parties which is any way inconsistent with the stated intention; and (ii) a Rating Affirmation Notice.

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: (i) exposing the Bond Trustee, to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the protections, of the Bond Trustee, in the Bond Trust Deed, the other 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(a) or (b) 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 Covered Bond Guarantor (acting at the direction of the Trust Manager) (as the case may be) to the Covered Bondholders in accordance with Condition 13 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 stated above), and at all times then only if it is indemnified and/or secured and/or pre-funded 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 (other than any Secured Creditor who is party to the relevant document) 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, the Security Deed 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 or waiver or modification will be binding on the Covered Bondholders and/or Couponholders and

the other Secured Creditors and, unless the Bond Trustee and the Security Trustee otherwise agree, will be notified by the Issuer or the Covered Bond Guarantor (or the Trust Manager on its behalf) (as the case may be) to the Covered Bondholders in accordance with Condition 13 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 13 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.

Notwithstanding any other provision of any Programme Document but subject to clause 21.3 of the Bond Trust Deed, the Bond Trustee will be obliged to concur in and effect any modifications to the Programme Documents that are requested by 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 Cover Pool Monitor or new Agent to the Programme provided that, (i) each of the Swap Providers have certified to the Bond Trustee and the Security Trustee that they consent to such modification of those documents to which they are a party (such consent not to be unreasonably withheld); (ii) two Authorised Signatories of the Trust Manager have certified to the Bond Trustee and the Security 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 Cover Pool Monitor or new Agent to the Programme; and (iii) two Authorised Signatories of the Trust Manager have 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, or new Cover Pool Monitor or new Agent to the Programme set out in the Programme Documents have been satisfied at the time of the accession; (b) accommodate the removal of any one of the Rating Agencies from the Programme or the addition of any Rating Agency, provided that, (i) at all times, there are at least two rating agencies rating the Programme and any Covered Bonds then outstanding; and (ii) in respect of the removal of any one of the Rating Agencies from the Programme only, (A) the Issuer has provided at least 30 calendar days' notice to the Covered Bondholders of the proposed modification effecting the removal in the manner provided in Condition 13 and by publication on Bloomberg on the "Company News" screen relating to the Covered Bonds; and (B) Covered Bondholders holding, in aggregate, at least 10 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 the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the

relevant Covered Bond Swap Rate) have not notified the Bond Trustee in writing (or otherwise in accordance with the then current practice of any relevant Clearing System through which such Covered Bonds may be held) within the notification period referred to in sub-paragraph (b)(ii)(A) above that such Covered Bondholders do not consent to the proposed modification effecting the removal; (c) take into account any new covered bonds ratings criteria of the Rating Agencies, or any changes or updates to, or any replacement or application of, the covered bonds ratings criteria of the Rating Agencies, subject to receipt by the Bond Trustee and the Security Trustee of a Rating Affirmation Notice from the Issuer; (d) allow a Swap Provider to transfer securities as Swap Collateral under a relevant Swap Agreement Credit Support Document, including to appoint a custodian to hold such securities in a custody account pursuant to a custody agreement; (e) enable N Covered Bonds to be issued under the Programme subject to receipt by the Bond Trustee and the Security Trustee of a certificate signed by two Authorised Signatories of the Issuer and a certificate signed by an Authorised Signatory of the Trust Manager, each certifying to the Bond Trustee and the Security Trustee that the requested amendments are to be made solely for the purpose of the issuance of N Covered Bonds and that the requested amendments are not, in the opinion of the Issuer or the Trust Manager, materially prejudicial to the interests of any Covered Bondholders or any other Secured Creditor; or (f) ensure compliance of the Programme, the Issuer or a Swap Provider (as applicable) with, or ensure that the Programme, the Issuer or a Swap Provider (as applicable) may benefit from (including if a Regulatory Event occurred or was likely to occur), any existing, amended or new legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including APRA) in relation to covered bonds subject to receipt by the Bond Trustee and the Security Trustee of a certificate signed by two Authorised Signatories of the Trust Manager each certifying to the Bond Trustee and the Security Trustee 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; or (g) enable the Programme or any Covered Bonds issued or to be issued under the Programme to be listed or admitted to trading on any stock exchange or market as determined by the Issuer. In addition, the Bond Trustee shall be obliged to concur, and shall be obliged to direct the Security Trustee to concur, with the Issuer in effecting any Benchmark Replacement Conforming Changes, BBSW Rate Amendments or Benchmark Amendments (as applicable) in the circumstances and as otherwise set out in Condition 4(b)(ii)(C)(5), Condition 4(b)(ii)(D)(3) or Condition 4(d) (as applicable) without the consent of the Covered Bondholders or Couponholders and the reference in the second paragraph of this Condition 14 to meetings of the Covered Bondholders shall not apply to Benchmark Replacement Conforming Changes made pursuant to Condition 4(b)(ii)(C)(5), BBSW Rate Amendments made pursuant to 4(b)(ii)(D)(3) or Benchmark Amendments made pursuant to Condition 4(d) (as applicable), which, in each case, shall be made without Covered Bondholders' or Couponholders' (as applicable) consent as specified therein. The Bond Trustee shall not be obliged to concur with the Issuer and the Covered Bond Guarantor, and/or direct the Security Trustee to concur with the Issuer and the Covered Bond Guarantor in respect of any BBSW Rate Amendments which, in the sole opinion of the Bond Trustee, would have the effect of (i) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee in the Bond Trust Deed and/or these Conditions.

In the case of a modification falling within sub-paragraph (b)(ii) of the immediately preceding paragraph, if Covered Bondholders holding, in aggregate, at least 10 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 the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Covered Bond Swap Rate) have notified the Bond Trustee in writing (or otherwise in accordance with the then current practice of any relevant Clearing System through which such Covered Bonds may be held) within the notification period referred to in sub-paragraph (b)(ii)(A) above that they do not consent to the proposed modification effecting the removal (an **Objected Modification**), then such Objected



Modification will not be made unless the foregoing provisions of this Condition 14 are satisfied with respect to such Objected Modification. Objections made in writing other than through the relevant Clearing System must be accompanied by evidence to the Bond Trustee's satisfaction (having regard to prevailing market practices) of the relevant Covered Bondholder's holding of the Covered Bonds.

### **Substitution**

The Bond Trust Deed provides that the Bond Trustee may, without the consent or sanction of the Covered Bondholders or Couponholders agree, to the substitution in place of the Issuer (or of any previous substitute under this Condition 14) as the principal debtor under the Covered Bonds, Coupons and the Bond Trust Deed of another company, being a subsidiary of the Issuer subject to: (a) the Bond Trustee being satisfied that the interests of the Covered Bondholders will not be materially prejudiced by the substitution and (b) certain other conditions set out in the Bond Trust Deed being complied with.

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, *inter alia*:

- (a) the Substituted Debtor entering into a supplemental trust deed or some other form of undertaking in a 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 or guarantor in place of the Issuer;
- (b) 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; and
- (c) confirmations being received by the Bond Trustee from each Rating Agency that the substitution will not adversely affect the current rating of the Covered Bonds.

Any such supplemental trust deed or undertaking will, if so expressed, operate to release the Issuer or the previous substitute as stated above from all of its obligations as principal debtor under the Bond Trust Deed.

Any substitution pursuant to this Condition 14 will be binding on the Covered Bondholders and the Couponholders and, unless the Bond Trustee agrees otherwise, will be notified by the Issuer to the Covered Bondholders not later than 14 days after any such substitution in accordance with Condition 13.

It will be a condition of any substitution pursuant to this Condition 14 that the Covered Bond Guarantee will remain in place or be modified to apply *mutatis mutandis* and continue in full force and effect in relation to any Substituted Debtor.

For the purposes of this Condition 14:

**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: (i) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds; (ii) alteration of the currency in which payments under the Covered Bonds and Coupons are to be made, other than pursuant to Condition 5(i); (iii) alteration of the quorum or majority required to pass an Extraordinary Resolution; (iv) any amendment to the Covered Bond Guarantee or the Security Deed; (v) except in accordance with Condition 6(h) or the provision relating to substitution in this Condition 14, the sanctioning of any scheme or proposal for the exchange or sale of the Covered Bonds for or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, Covered Bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, Covered Bonds, debentures, debenture stock and/or other obligations and/or securities as stated above and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the Covered Bondholders to execute an instrument of transfer of the Registered Covered Bonds held by them in favour of the persons with or to whom the Covered Bonds are to be exchanged or sold respectively; and (vi) alteration of the proviso to paragraph 5 or paragraph 6 of Schedule 4 to the Bond Trust Deed or the alteration of this definition.

**15. Indemnification of the Bond Trustee and the Security Trustee and the Bond Trustee and the 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 will 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.

The Bond Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any Mortgage Loans or any Collateral Securities, 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. The Bond Trustee will not be responsible for: (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 will be entitled to assume, until it has 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 then forming part of the Assets of the Trust, including whether any of the Asset Coverage Test, the Legislated Collateralisation Test or the Amortisation Test is satisfied or otherwise or whether the Issuer is in breach of the Pre-Maturity Test; or (iv) monitoring whether any Mortgage Loan is an Eligible Mortgage Loan. The Bond Trustee will not be liable to any Covered Bondholder or other Secured Creditor for any failure to make or to cause to be made on its 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 Security Trustee will not be responsible: (i) for any liability whatsoever for acting in accordance with any resolution of the Covered Bondholders; (ii) for the notification of the happening or continuance of a Covered Bond Guarantor Event of Default to the Secured Creditors; (iii) for any examination or enquiry into, nor be liable for any defect or failure in, the title of the Covered Bond Guarantor to any Charged Property; (iv) under any liability whatsoever for any failure to take action in respect of a breach by the Covered Bond Guarantor of its duties as trustee of the Trust or in respect of a Covered Bond Guarantor Event of Default of which it is not actually aware; (v) for the form or contents of any Programme Document and will not be liable as a result of or in connection with any inadequacy, invalidity or unenforceability of any provision of any Programme Documents except insofar that it applies to the Security Trustee or to any representation and warranty given by the Security Trustee; and (vi) for supervising or monitoring the performance by the Issuer or any other party to the Programme Documents of their respective obligations under the Programme Documents and the Security Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties.

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.

The Security Trustee may refrain from taking steps (other than the steps in relation to the enforcement of the Security) under the Security Deed or any of the other Programme Documents 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 without first taking instructions from the Bond

Trustee (so long as there are any Covered Bonds outstanding) (provided that the Security Trustee is not required to seek instructions from the Bond Trustee in relation to the release of Security (as set out in the Security Deed) or any investments in Authorised Investments) or (if there are no Covered Bonds outstanding) the Majority Secured Creditors; and the Security Trustee has 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.

## **16. 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 Covered 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 will be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

## **17. Non-Petition and Limited Recourse**

Only the Security Trustee (acting on the directions of (for so long as there any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors) 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 Security Trustee, and in respect of certain rights, the Bond Trustee) has agreed with the Covered Bond Guarantor and the Security Trustee that, except to the extent provided for in the Programme Documents, it will not take any steps for the purpose of: (i) recovering any Secured Obligations; or (ii) enforcing any rights arising out of the Programme Documents against the Covered Bond Guarantor or procuring the winding up of the Trust, unless the Security Trustee, once bound to take any steps or proceedings to enforce the Security pursuant to the Security Deed, fails to do so within a reasonable time and such failure is continuing, in which case such Secured Creditors will be entitled to take such steps or proceedings as it deems necessary (other than presentation of a petition for the winding-up of the Trust).

The Covered Bond Guarantor enters into 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 the property 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 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 the Programme Documents.

The parties other than the Covered Bond Guarantor may not sue the Covered Bond Guarantor in any capacity other than as trustee of the Trust, or seek the appointment of a receiver (except in relation to property of the Trust), a liquidator, an administrator or any similar person to the Covered Bond Guarantor or prove in any liquidation, administration or arrangement of or affecting the Covered Bond Guarantor (except in relation to property of the Trust).

The provisions of this Condition 17 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.

It is acknowledged that the 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 the Programme Documents) will be considered fraud, negligence or wilful default of the Covered Bond Guarantor for the purpose of the preceding paragraph to the extent to which the act or omission was caused or contributed to by any failure by any party or any other person to fulfil its obligations relating to the Trust or by any other act or omission of any party, the Servicer, the Seller, the Cover Pool Monitor 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 for the purpose of the preceding paragraph.

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

Notwithstanding any other provisions of the Programme Documents, each party to the Programme Documents (other than the Security Trustee) agrees with and acknowledges 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 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 as a result of the Security Trustee's fraud, negligence or wilful default. Nothing in this Condition 17 or any similar provision in any other Programme Document limits or adversely affects the powers of the Security Trustee, any receiver or attorney in respect of the Charge or the Charged Property, in relation to the Trust.

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.

## **18. Contracts (Rights of Third Parties) Act 1999**

No person will have any right to enforce any term or condition of this Covered Bond under the Contracts (Rights of Third Parties) Act 1999.

## **19. Governing Law**

The Bond Trust Deed (including the Covered Bond Guarantee), the Principal Agency Agreement, the Covered Bonds (other than any A\$ Registered 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 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 A\$ Registered Covered Bonds in the Bond Trust Deed, the provisions relating to the maintenance of the Register in respect of the A\$ Registered Covered Bonds in the Bond Trust Deed and the provisions relating to the limitation of liability of the Covered Bond Guarantor in the Bond Trust Deed, the Principal Agency Agreement and the Covered Bonds are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia). The A\$ Registry 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 unless specifically stated to the contrary.

## **USE OF PROCEEDS**

The net proceeds from each issue of Covered Bonds will be used by IBAL to maintain a prudential level of liquidity and to finance the business operations of IBAL.

## ING BANK (AUSTRALIA) LIMITED

### **Information about IBAL**

IBAL is an Australian company incorporated for unlimited duration under the Australian Corporations Act. The address of the registered office of IBAL is Level 28, 60 Margaret Street, Sydney, NSW 2000, Australia and its telephone number is +61 (0)2 9028 4000.

The principal activity of IBAL is the provision of banking and related services.

IBAL carries on its business under the business name "ING". IBAL has held an Australian banking licence since 1999 (Australian financial services licence number: 229823) and is regulated by APRA.

### ***History and development of IBAL***

IBAL, as it is currently known, was incorporated in Australia and registered in New South Wales on 4 May 1971, under registration number 13388247 as an unlisted public company limited by shares. Its constitution was last amended in October 2024.

IBAL (then called Mercantile Mutual Finance Corporation Ltd and a wholly-owned and fully guaranteed subsidiary of Mercantile Mutual Holdings Ltd (MMH)) obtained a banking authorisation under section 9 of the Australian Banking Act on 1 December 1994. At the same time, IBAL changed its name to ING Mercantile Mutual Bank Limited to reflect its new status as ING Bank N.V. acquired 90 per cent. of the voting shares. MMH retained ownership of the remaining 10 per cent. of voting shares.

On 26 November 1997, MMH transferred its shares to ING Bank N.V. making ING Mercantile Mutual Bank Limited a wholly-owned subsidiary of ING Bank N.V. On 12 August 1999, ING Mercantile Mutual Bank Limited changed its name to ING Bank (Australia) Limited.

As at the date of this Prospectus IBAL's ultimate parent entity is ING Groep N.V. incorporated in the Netherlands. The shares of IBAL are 100 per cent owned by ING Bank N.V., which in turn is wholly-owned by ING Groep N.V.

### **Business Overview**

#### ***Principal activities***

IBAL provides customers with a select range of products through a range of distribution channels (such as via the internet, by telephone, or by post) while providing high-level customer service and a unique, seamless 24/7 banking experience. IBAL operates without the need for traditional bank branches.

IBAL has six operating divisions: Daily Banking, Mortgages, Consumer Lending, Wealth, Business Banking and Wholesale Banking.

The Daily Banking business offers an "Orange Everyday" general retail banking account for everyday transactions. Deposit products are also offered to eligible individuals including the variable rate "Savings Maximiser" and "Savings Accelerator" products as well as fixed rate "Personal Term Deposit" accounts. In addition, the variable rate "Business Optimiser" deposit account along with the "Business Term Deposit," aimed at small to medium sized enterprises, including sole traders, partnerships, private company, trusts and self-managed superannuation funds. The Daily Banking business also offers a "Platform Term Deposit" specifically issued to providers of investor directed portfolio services (a Platform provider) and a "Wholesale



Term Deposit” designed for wholesale entity types such as government, private/public company, associations and not for profits.

The Mortgages business offers a range of home and investment loans through two main channels; the "Mortgage Broker" intermediary channel, with a smaller "Direct" channel.

The Business Lending division offers loans to small and medium enterprise customers and in the commercial property area.

The Wealth division offers a number of insurance products under a white label arrangement, including home and contents, pet, car, motorcycle, travel and health insurance. The Wealth division also offers a superannuation product available to retail clients where IBAL act as a sponsor (branding, marketing and distribution) of a sub-fund issued by an external Trustee who is the Responsible Superannuation Entity of that fund. Both the insurance and superannuation products are offered direct to clients via the ING website and mobile applications. Clients may also obtain the ING branded superannuation fund via financial advisers accredited with IBAL.

The Consumer Lending division offers a range of credit card products and also offers unsecured personal loans.

The Wholesale Banking division provides ground sector coverage teams for Infrastructure, Real Estate Finance (REF), Energy, Financial Institutions (FI), Telecom Media Technology Health (TMT-H), Food, Beverage and Agriculture (FBA) and Corporate Sector Coverage (CSC). The business is growing local product execution capabilities through incremental investment in Debt Capital Markets (DCM), Securitisation, Financial Market Sales, FI (Fund finance, Insurance Sector Finance), Loan Capital Markets and Sustainable Finance, utilising strong working relationship with regional hub Singapore and leveraging expertise of the ING Groep N.V. for national and international clients.

## **Organisational Structure**

IBAL's controlled entities are set out on page 15 of IBAL's Annual Report for the financial year ended 31 December 2024 which is incorporated by reference and forms part of this Prospectus.

In the opinion of the directors, there were no significant changes in the state of affairs of IBAL that occurred during the financial year under review.

As at the date of signing the 2024 IBAL Annual Report, no subsequent events have occurred, or are pending, that would have a material effect on the financial statements.

Further information on IBAL's business strategies and prospects for future financial years and likely developments in IBAL's operations and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the group.

## **Profit Forecasts or Estimates**

IBAL does not make or imply any profit forecasts or profit estimates in this Prospectus. No statement contained in this Prospectus should be interpreted as such a forecast or estimate.

## **Administrative, Management and Supervisory Bodies**

The name and function of each of the Directors of IBAL as at the date of this Prospectus are listed below. Unless otherwise stated, the business address of each Director is Level 28, 60 Margaret Street, Sydney, NSW 2000, Australia.

The Board of Directors of IBAL currently comprises 6 Non-Executive Directors (1 of which is a representative of ING Groep N.V.) and 1 Executive Director. The Chairman is a Non-Executive Director. The Board of Directors of IBAL generally meets four times a year with a minimum meeting requirement of three meetings per year. The Board of Directors of IBAL is subject to the prudential requirements of APRA.

To maintain director independence and objectivity a majority of directors are not executives of IBAL. External Directors are appointed for an initial term of four years.

<b>Name, qualifications and independence status</b>	<b>Directorship</b>
<b>Dr. John Francis Laker AO</b>  MSc, PHD  Chairman	Dr. Laker was appointed Director in January 2019 and was appointed Chairman of IBAL in January 2020. Dr. Laker is Chair of the People and Remuneration Committee and a member of the Audit and Risk Committees.
<b>Jan Swinhoe</b>  B.Sc (Hons)	Ms Swinhoe was appointed as Director in March 2025. Ms Swinhoe is a member of the People and Remuneration and Technology and Transformation Committees.
<b>Vicki Allen</b>  MBA	Ms Allen was appointed as Director in August 2022. Ms Allen is Chair of the Customer Experience and Risk Committees and a member of the People and Remuneration and Audit Committees.
<b>Darryl Newton</b>  B.Comm, CA, GAICD	Mr Newton was appointed Director in August 2018. Mr Newton is the Chair of the Audit Committee and a member of the Risk, Customer Experience, Technology and Transformation and People and Remuneration Committees.
<b>Richard Kimber</b>  BSc, MBA  B.Sc.(Hons), MBA	Mr Kimber was appointed Director in November 2022. Mr Kimber is Chair of the Technology and Transformation Committee and a member of the Customer Experience Committee.
<b>Rein Graat</b>  Doctorate of Law	Mr Graat was appointed Director in 1 May 2025. Mr Graat is a member of the Risk Committee.
<b>Melanie Evans</b>  BCom, MCom, MPAcc	Ms Evans was appointed as Chief Executive Officer of IBAL in November 2020 and as a Director in December 2020. Ms Evans is not a member of any of the Board Committees.

Chief Executive Officer

### **Company Secretary**

**Belinda Hannover**

Ms Hannover was appointed as Company Secretary of IBAL on 7 December 2022

MAICD, AGIA, CG(Affiliated)

**Claire Machin**

Ms Machin was appointed as Company Secretary of IBAL on 28 March 2025.

B Arts, LLM, GAID

As at the date of this Prospectus, there are no potential conflicts or conflicts of interest between the duties of these members of IBAL's Board of Directors to IBAL and their private interests or their other duties.

### **Financial Information Concerning IBAL's Assets and Liabilities, Financial Position and Profits and Losses**

#### ***Historical Financial Information***

IBAL's consolidated financial reports for each of the two financial years ended on 31 December 2023 and 31 December 2024 are incorporated by reference and form part of this Prospectus. *See "Documents Incorporated by Reference" section.*

#### ***Auditing of historical annual financial information***

The auditors of IBAL are KPMG, who have audited IBAL's accounts, without qualification, in accordance with Australian Auditing Standards for each of the two financial years ended on 31 December 2023 and 31 December 2024. The auditors of IBAL have no material interest in IBAL.

The reports of the auditors of IBAL are included or incorporated in the form and context in which they are included or incorporated, with the consent of the auditors who have authorised the contents of that part of this Prospectus.

#### ***Legal and arbitration proceedings***

IBAL is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which IBAL is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of IBAL.

#### ***Australian Government Measures***

Division 2AA of Part II of the Australian Banking Act sets out arrangements for the protection of deposit account holders of an insolvent ADI under the Financial Claims Scheme. Pursuant to the Financial Claims Scheme a person who holds a protected account with a net credit balance at an ADI which APRA has applied to be wound up and which has been declared by the responsible Australian Government minister to be covered by the Financial Claims Scheme will be entitled to receive payment from APRA in respect of that balance and certain accrued but uncredited interest, subject to various adjustments and pre-conditions (including a maximum payment entitlement of A\$250,000 per customer). The rights of account-holders with protected accounts will be reduced to the extent protected under the Financial Claims Scheme and, to the extent of that reduction, will become rights of APRA.

A "protected account" is, subject to certain conditions, an account kept with an ADI and recorded in Australian currency:

- (i) where the ADI is required to pay the accountholder, on demand or at an agreed time, the net credit balance of the account; or
- (ii) otherwise prescribed by regulation.

The Australian Treasurer has published a declaration of products prescribed as protected accounts for the purposes of the Australian Banking Act.

**Covered Bonds issued under the Programme are not deposit liabilities of IBAL, are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Australian Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of the Australian Banking Act and are not guaranteed or insured by any government, government agency or compensation scheme of the Commonwealth of Australia or any other jurisdiction.**

## THE IBAL COVERED BOND TRUST

### The Trust

The IBAL Covered Bond Trust (**Trust**) is a special purpose trust established by the Establishment Deed dated 18 May 2018, under the laws applying in the State of New South Wales. Perpetual Corporate Trust Limited is the trustee of the Trust.

The Covered Bond Guarantor's principal office is at Level 14, 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 (among others) to provide certain management and administrative services to it, on the terms of the Establishment Deed and the other Programme Documents.

The Trust was established for purposes relating only to the Covered Bonds, including (without limitation):

- (a) the acquisition, management and sale of, amongst other things, Mortgage Loans and the related Mortgage Loan Rights;
- (b) the borrowing of moneys to fund the acquisition of such assets;
- (c) the hedging of risks associated with such assets and such funding;
- (d) the acquisition, management and sale of Substitution Assets and Authorised Investments;
- (e) the giving of guarantees;
- (f) the granting of security; and
- (g) any purpose which is ancillary or incidental to any of the purposes set out in paragraphs (a) to (f) above.

The Trust has not engaged since its establishment, and will not engage whilst the Covered Bonds, any Intercompany Notes or the Demand Note remain outstanding, in any material activities other than activities incidental to the purposes for which it was established, activities contemplated under the Programme Documents to which it is or will be a party and other matters which are incidental or ancillary to the foregoing.

The beneficial interest in the Trust will be represented by:

- one Residual Capital Unit; and
- one Residual Income Unit.

The initial holder of the Residual Capital Unit will be IBAL.

The initial holder of the Residual Income Unit will be IBAL.

## **Perpetual Corporate Trust Limited**

Perpetual Corporate Trust Limited was appointed trustee of the Trust on 18 May 2018 pursuant to the Establishment Deed establishing the Trust.

Perpetual Corporate Trust Limited 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 Corporations Act. Perpetual Corporate Trust Limited is registered in New South Wales and its registered office is at Level 14, 123 Pitt Street, Sydney, Australia.

The principal activities of Perpetual Corporate Trust Limited are the provision of trustee and other commercial services. Perpetual Corporate Trust Limited has obtained an Australian Financial Services Licence under Part 7.6 of the Corporations Act (AFSL No. 392673). Perpetual Corporate Trust Limited and its related companies provide a range of services including custodial and administrative arrangements to the funds management, superannuation, property, infrastructure and capital markets. 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 14, 123 Pitt Street, Sydney NSW 2000 Australia.

- Phillip Anthony Blackmore, Director;
- William Thomas Emerton, Director; and
- Richard McCarthy, Director.

As at the date of this Prospectus, there are no existing or potential conflicts of interest between any duties owed to Perpetual Corporate Trust Limited by its Directors and the private interests or external duties of those Directors.

## **Covered Bond Guarantor's Liability**

The Covered Bond Guarantor enters into 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. Subject to the paragraphs below, this limitation of the Covered Bond Guarantor's liability applies despite any other provision of the Programme Documents 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 the Programme Documents 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), or 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.

It is acknowledged that 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.

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 set out in this section.

### **Security Trustee's Liability**

Notwithstanding any other provision of the Programme Documents, the Security Trustee enters into 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.

### **Fraud, Negligence and Wilful Default of the Covered Bond Guarantor or the Security Trustee**

A reference to the "fraud", "negligence" or "wilful default" of the Covered Bond Guarantor or the Security Trustee means the fraud, negligence or wilful default 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.

A reference to "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:

- is in accordance with a lawful court order or direction or otherwise required by law; or
- 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
- 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.

## **IBAL RESIDENTIAL MORTGAGE LOAN ORIGINATION**

### **Origination of the Mortgage Loans**

IBAL's mortgage production is sourced via two main distribution channels; the "Mortgage Broker" intermediary channel, with a smaller "Direct" channel.

Further detail on the primary channels of production is provided below.

Mortgages offered are for residential purpose only, with a small portion of the backbook portfolio being commercial in nature. There is no new production of mortgages that are commercial in nature. Target customers are primarily salaried individuals, with a lesser sized segment of small to medium business owners. IBAL focuses on creating transactional relationships with its mortgage customers to deepen the relationship beyond the mortgage.

Only residential loans to private individuals will be considered for inclusion into the cover pool.

### **Underwriting Process**

#### ***Mortgage Loans***

When an application for a mortgage loan is received, it is processed in accordance with IBAL's Retail Credit Policy and approval process.

The main purpose of the approval process is to:

- verify the authenticity of the applicant;
- substantiate the existence and valuation of the proposed mortgaged property, and that the collateral type / LVR is within credit policy;
- assess the capacity of the applicant to service their financial obligations in accordance with credit policy; and
- assess credit history to determine whether the customer is likely to make repayments in a timely manner.

On receipt of a new application, a credit report is obtained from Equifax and verification of employment and financial information is carried out. As part of the loan origination process, all new loan applications are assessed with the assistance of a decision engine "Decision Point". The model assists credit assessors with their decision process.

For individual applicants, a key component of the assessment process is verifying and assessing borrower's income. For self-employed or business applicants, it may involve an analysis of financial accounts. A serviceability test is performed for all applications to assess the applicant's ability to meet their financial obligations, including their new loan. Part of the servicing assessment includes analysis of the borrower's capacity to absorb (to a certain extent), potential increases in mortgage interest rates. On approval of the loan, IBAL instructs its outsourced solicitors to act as settlement agents on its behalf and send loan offers and mortgage documentation to the applicant, ensuring that IBAL receives clear title whereby all applicable terms and conditions are satisfied by settlement. It is a condition of settlement that an insurance policy be in place for the full insurable value of the property with IBAL noted as mortgagee on the policy. This insurance covers the loss or damage by fire and other standard risks determined by IBAL at the time of settlement. The requirement for ongoing insurance during the term of the loan is a requirement under IBAL Standard Terms



and Conditions. While this is a requirement and insurance is verified up front, IBAL cannot control what the customer does for the remainder of the loan. If a customer alters or cancels their insurance policy, on rare occasions this can result in loss.

### ***Lender's Mortgage Insurance***

Mortgage Loans included as Assets of the Trust will have been covered by a primary lender's mortgage insurance policy if the LVR was greater than 80% at the time of origination, subject to a limited volume of historic exceptions approved by IBAL.

### ***The Product***

#### ***General***

The Mortgage Loans will be sourced from the residential, fully documented IBAL product suite. The Mortgage Loans will comprise variable rate loans and fixed rate loans. All Mortgage Loans are secured by first ranking mortgages over residential property located throughout Australia.

All Mortgage Loans have been originated under IBAL's standard loan agreement which governs the terms and conditions of the loan including borrowers being required to maintain adequate general property insurance for the term of the loan. The initial principal outstanding of each Mortgage Loan is approved based on the valuation (or the purchase price if lower) of the mortgaged property and the borrower's capacity to repay the Mortgage Loan. The mortgage which secures the repayment of a Mortgage Loan is portable and as such may be discharged without requiring full repayment of the Mortgage Loan provided another mortgage over an acceptable mortgaged property is substituted in its place. This may require a repayment of principal depending on the valuation of the replacement mortgaged property and any changed circumstances of the borrower.

#### ***Repayments***

Monthly repayments are due on the Mortgage Loans according to the terms of the relevant loan agreement. For standard loans, the loans are fully amortising over the scheduled term (to a maximum of 30 years). Loans can be structured for interest only payments for an initial term of 5 years, and the remaining term will comprise principal and interest payments. IBAL may consider case by case requests to extend an interest only period for a term beyond the initial 5 years.

Scheduled repayments must be made, at a minimum, on a monthly basis. Obligors may elect to make repayments on a fortnightly or monthly basis. Where an Obligor has made repayments in excess of the scheduled amounts, these prepayments will not lead to a change in the repayment schedule due or the scheduled balance. Obligors will not be treated as in arrears if they miss a scheduled payment unless the principal outstanding of their loan exceeds the scheduled balance.

#### ***Redraws for standard loans***

Certain Mortgage Loans have a redraw facility which allows the customer to redraw payments made in excess of scheduled repayments. A Redraw will not result in a change to the original term of a Mortgage Loan.

#### ***Servicing of Mortgage Loans***

The ongoing servicing of Mortgage Loans and related Mortgage Loan Rights will be managed by the Servicer's Lending Operations Department. Mortgage customers are serviced via telephone, internet, mobile app, SMS, and other means where necessary. The loan processes from application through to settlement are partly manual and partly automated. Attendance of settlements and discharges is completed by external

lawyers from the Servicer's legal panel, as is the distribution of the letter of offer and related documents for new loans.

Servicing procedures as at the Cut-Off include handling customer enquiries, remittance processing, requests for increases to existing loans, partial and full discharges, substitutions, consents for subsequent mortgages and delinquency and default management. These procedures address the need to ensure that the Obligor complies with their Mortgage Loans in all material respects.

Where an Obligor wishes to change the mortgaged property that is the subject of the relevant Mortgage, the Mortgage Loan will be reviewed and may be re-approved to take account of the replacement mortgaged property. This review and assessment will be carried out according to the Servicer's approval policies at the time which will also take into account any other changes to the circumstances of the individual Obligor and may lead to the need for a partial repayment by the Obligor. IBAL may not grant approval for a substitution unless the Mortgage Loan is repurchased by it.

IBAL has delegated some of its obligations regarding safe custody to BNY Mellon.

Fulfilment of automatically generated letters, including those for collections and settlements, is also outsourced currently to Fuji Xerox (previously known as Salmat). However the Servicer remains liable for all acts and omissions of its delegates, as well as their costs and expenses.

#### *Collection and Enforcement Procedures*

Once a loan is past due it will be managed by IBAL's Collections Department who will contact the borrower by telephone, internet, mobile app, SMS, and/or other means where necessary and manage the relationship until the accounts are in order or collections activities run their full course. Collection activity may be initiated for that loan from 7 days of a borrower's failure to make a due payment on their loan. Should an Obligor be unable to rectify the default or negotiate an acceptable payment plan, IBAL may refer to panel solicitors to commence enforcement proceedings should the arrears not be rectified. If the default is not rectified within 30 days, IBAL may initiate further legal action for recovery of the arrears and ultimately the total outstanding amount owed to IBAL.

Under National Consumer Credit Protection Laws and the Australian Banking Association Code of Banking Practice, IBAL has a legal obligation to review and consider any reasonable request from a borrower, mortgagor or guarantor (if applicable) where they are suffering hardship in meeting their financial obligations. An Obligor may apply for hardship relief if the Obligor is unable reasonably, because of illness, unemployment or other reasonable cause, to meet their obligations under a credit contract and who reasonably expects to be able to discharge their obligations if the terms of the contract were changed in one of the ways specified in National Consumer Credit Protection Laws, including:

- varying the loan on the grounds of hardship or applying to the court to reopen the transaction that gave rise to the loan, mortgage or guarantee on the grounds that it is an unjust contract;
- reducing or cancelling any interest rate change, establishment fee, early termination fee or prepayment charge payable on the loan which is unconscionable and applying to the court to make any ancillary or consequential orders; or
- having certain provisions of the loan which are in breach of National Consumer Credit Protection Laws declared unenforceable.

IBAL has policies and procedures in place dealing with hardship as required by the Australian Banking Association Code of Banking Practice.

Where IBAL grants hardship relief, it may agree to one or some of the following treatments:

- **Payment Pause:** Deferring of repayments for a specific period which is capitalised into the loan balance and paid within the original term. Interest will continue to accrue during this period.
- **Reduced Repayments:** Reduced payment amount that will not cover the full required repayment on their credit facility which is capitalised into loan balance and paid within the original term. Interest will continue to accrue during this period.
- **Capitalise Arrears:** Arrears are added to the loan balance to be paid within the original loan term.
- **Interest Only:** Switching the loan to interest only repayments for a specific period or time. The loan term will remain the same and payments will increase once the loan reverts to Principal and Interest once the Interest only period expires.
- **Term Extension:** The loan term is extended (out to 'full term' in most cases) to reduce the repayment amount.
- **Rate Reduction:** Reduced Interest Rate.

In certain circumstances an arrangement may be made with the customer for the loan to be brought up to date without invoking hardship provisions. However, if the Obligor does not make any repayment or an alternative payment arrangement, legal enforcement proceedings may be initiated.

Once possession of the mortgaged property is taken, it will be placed on the market and sold in accordance with local legal and market requirements. IBAL will use reasonable efforts to realise on defaulted loans in a manner which will maximise recovery, taking into account timing and all other relevant factors. Under the National Consumer Credit Protection Laws, a court may make an order on application by an Obligor (including a borrower, mortgagor or guarantor) for a postponement of enforcement proceedings.

The net proceeds (sale price less selling costs and statutory obligations such as overdue local authority rates etc) from the sale of the mortgaged property will be applied against the sums owing from the Obligor to the extent necessary to discharge the loan. If shortfalls eventuate, any unpaid amounts at the date of sale of the Mortgaged Property may be considered as a loss depending on avenues for recovery from the Obligor and/or the ability to recover under the relevant Lender's Mortgage Insurance Policy.

IBAL retains external lawyers to conduct all legal action, including issuing legal notices and demands, through to eviction and sale of the mortgaged property. The Servicer remains liable for all acts and omissions of its delegates as well as their costs and expenses.

## 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 on or about the Programme Date, 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 "*Conditions of the Covered Bonds*" below);
- (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 or 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 Guarantor has guaranteed to the Bond Trustee, for the benefit of Covered Bondholders, the prompt performance by the Issuer of its obligations to pay 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 or that portion of the 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.

Notwithstanding any provision of any Programme Document (including without limitation the Bond Trust Deed) to the contrary, the Covered Bond Guarantor will only be required to make a payment, or procure a payment to be made, under the Covered Bond Guarantee to the extent that the Covered Bond Guarantor is required to make such payment in accordance with the applicable Priorities of Payment.

Subject to the grace period specified in Condition 9(b), 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 must be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessment or governmental charges of whatever nature imposed or levied by or on behalf of Australia or any political subdivision 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 will pay the Guaranteed Amounts net of such withholding or deduction and will 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.

*Covered Bond Guarantor as principal debtor and not merely as surety*

The Covered Bond Guarantor has agreed that its obligations under the Bond Trust Deed (including in respect of the Covered Bond Guarantee) will be as if it were principal debtor and not merely as surety or guarantor and will be direct, absolute and (to the extent that such obligations extend to the Covered Bond Guarantee, following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice) unconditional obligations of the Covered Bond Guarantor, secured as provided in the Security Deed and limited in recourse against the Covered Bond Guarantor, 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.

*Excess Proceeds*

Following the occurrence of an Issuer Event of Default and the delivery of an 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 moneys 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 required to be repaid by the Bond Trustee or 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 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 Note Subscription Agreement**

Under the Intercompany Note Subscription Agreement, the Intercompany Note Subscriber has agreed to subscribe for intercompany notes to be issued by the Covered Bond Guarantor (each an **Intercompany Note**) in an aggregate amount equal to the Total Intercompany Note Commitment, when requested to do so by the Covered Bond Guarantor. Each Intercompany Note may be issued either in the relevant Specified Currency of the related Series or Tranche of Covered Bonds and in an amount equal to the Principal Amount Outstanding as at the Issue Date of that Series or Tranche of Covered Bonds or in Australian Dollars in an amount equal to the Australian Dollar Equivalent of the Principal Amount Outstanding of the related Series or Tranche of Covered Bonds as at the Issue Date.

The proceeds of the issue of an Intercompany Note may only be used by the Covered Bond Guarantor (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Covered Bond Swap):

- (a) in relation to the issue of a Series or Tranche of Covered Bonds, to fund (in whole or part) the Initial Consideration for Mortgage Loan Rights to be purchased from the Seller in accordance with the terms of the Mortgage Sale Agreement;
- (b) if Mortgage Loan Rights are purchased from the Seller in advance of an issue of a Series or Tranche of Covered Bonds using the proceeds from an issue of, or Increase in, the Demand Note, to repay the Demand Note in an amount equal to the Series or Tranche of Covered Bonds issued which relate to the Intercompany Notes; and/or
- (c) 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 the Covered Bond Guarantor may use such proceeds (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Covered Bond Swap) (subject to complying with the Asset Coverage Test):

- (i) 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 Intercompany Note being issued relates, to repay the Intercompany Note(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Intercompany Note(s) being repaid, if necessary);
- (ii) to make a repayment of the Demand Note, provided that the Trust Manager has determined the principal amount outstanding of the Demand Note by calculating the Asset Coverage Test as at the Intercompany Note Issue 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

- (iii) to make a deposit of all or part of the proceeds into the GIC Account (including to fund the Reserve Fund up to an amount which ensures that the balance of the Reserve Fund does not exceed the Reserve Fund Required Amount).

The Issuer will not be relying on repayment of Intercompany Notes in order to meet its repayment obligations under the corresponding Covered Bonds. The Trust Manager must direct the Covered Bond Guarantor, and upon receiving such instructions, the Covered Bond Guarantor will pay amounts due in respect of each Intercompany Note in accordance with the Intercompany Note Subscription Agreement and the applicable Priorities of Payment. Prior to the service of a Notice to Pay on the Covered Bond Guarantor, amounts due in respect of an Intercompany Note will be paid by the Covered Bond Guarantor (acting on the directions of the Trust Manager) to, or as directed by, the Intercompany Noteholder, on each Intercompany Note Interest Payment Date, subject to paying all higher ranking amounts in the Pre-Issuer Event of Default Income Priority of Payments or, as applicable, the Pre-Issuer Event of Default Principal Priority of Payments. Any failure by the Covered Bond Guarantor (acting on the directions of the Trust Manager) to pay any amounts due on an Intercompany Note will not affect the liability of the Issuer to pay the amount due on the corresponding Covered Bonds.

Any amounts owing by the Intercompany Note Subscriber (as issuer of a particular Series or Tranche of Covered Bonds (as the case may be)) 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 Series or Tranche of Covered Bonds or the purchase of the particular Series or Tranche of 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 Note Subscriber or the Security Trustee) against the principal amount outstanding of the Intercompany Note corresponding to the particular Series or Tranche of Covered Bonds together with any accrued but unpaid interest in relation to the Intercompany Note. 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 Principal Amount Outstanding of any Covered Bonds purchased or otherwise acquired and cancelled in accordance with Condition 6(g) or Condition 6(h) of the Conditions, as applicable, which amount will be applied to reduce the principal amount outstanding of the Intercompany Note corresponding to the Relevant Covered Bonds, any accrued but unpaid interest in relation to the Intercompany Note, any other amounts due and payable in relation to the Intercompany Note (in each case converted into Australian Dollars at the applicable Covered Bond Swap Rate where the Intercompany Note is not denominated in Australian Dollars) and any amounts due and payable in relation to the Demand Note, in the following order of priority:

- (a) *first*, to reduce and discharge interest (including accrued interest) due and unpaid on the principal amount outstanding in relation to such Intercompany Note;
- (b) *second*, to reduce and discharge the principal amount outstanding in relation to such Intercompany Note;
- (c) *third*, to reduce and discharge any other amounts due and payable by the Covered Bond Guarantor to the Intercompany Note Subscriber under the Intercompany Note Subscription Agreement; and
- (d) *fourth*, to reduce and discharge amounts due and payable by the Covered Bond Guarantor to the Demand Note Subscriber under the Demand Note Subscription Agreement.

This set-off will apply notwithstanding the Priorities of Payments.

The Intercompany Note Subscription Agreement is governed by, and construed in accordance with, the laws applying in the State of New South Wales, Australia.

## **Demand Note Subscription Agreement**

Under the Demand Note Subscription Agreement, the Demand Note Subscriber has agreed to subscribe for a demand note to be issued by the Covered Bond Guarantor (the **Demand Note**) and thereafter to fund an increase in the principal amount outstanding of the Demand Note previously issued to the Demand Note Subscriber (each an **Increase**) in an aggregate amount up to the Total Demand Note Commitment when requested to do so by the Covered Bond Guarantor. The Demand Note will be denominated in Australian Dollars. Interest on the Demand Note accrues from day to day and is to be calculated on actual days elapsed and a 365-day year. Such interest is payable in arrears on each Trust Payment Date and accrues at a rate to be determined by the Demand Note Subscriber and the Trust Manager.

The balance of the Demand Note will fluctuate over time, as described below.

The proceeds of the issue of the Demand Note or an Increase in relation to the Demand Note may only be used by, or on behalf of, the Covered Bond Guarantor:

- (a) as whole or partial consideration for the acquisition of Mortgage Loan Rights from the Seller on a Closing Date;
- (b) to prevent or rectify a failure to meet the Asset Coverage Test;
- (c) to rectify a breach of the Pre-Maturity Test;
- (d) to rectify an Interest Rate Shortfall;
- (e) to fund (in whole or in part) the repayment by the Covered Bond Guarantor of any outstanding Intercompany Notes issued by the Covered Bond Guarantor;
- (f) to make a deposit to the Reserve Fund; or
- (g) for any other purpose whatsoever as may be agreed from time to time between the Covered Bond Guarantor (acting at the direction of the Trust Manager) and the Demand Note Subscriber.

Unless otherwise agreed by the Demand Note Subscriber, the Demand Note Subscriber will not subscribe for the issue of, or Increase in, the Demand Note following an Issuer Event of Default.

### *Senior Demand Note Component and Junior Demand Note Component*

The Demand Note notionally comprises of two separate tranches, a Senior Demand Note Component and a Junior Demand Note Component (each as defined below).

If the Issuer has determined that a Regulatory Event has occurred or is likely to occur and the Issuer has so notified the Covered Bond Guarantor and the Trust Manager, then:

- (a) The **Senior Demand Note Component** will be the amount by which the then principal amount outstanding of the Demand Note is greater than the principal amount outstanding of the Demand Note which is required to satisfy the Asset Coverage Test. If there is no such excess then the Senior Demand Note Component is equal to zero. In effect, the Senior Demand Note Component represents the voluntary over-collateralisation in the Trust over and above the over-collateralisation that is required to satisfy the Asset Coverage Test.
- (b) The **Junior Demand Note Component** will be equal to the principal amount outstanding of the Demand Note less the Senior Demand Note Component. In effect, the Junior Demand Note



Component represents the over-collateralisation that the Trust is required to hold to satisfy the Asset Coverage Test.

There is no Senior Demand Note Component unless the Issuer has made the determination described above and notified the Covered Bond Guarantor and Trust Manager accordingly.

#### *Repayment of the Demand Note*

The Covered Bond Guarantor must repay or otherwise satisfy the principal amount of the Demand Note in accordance with the applicable Priorities of Payment and the terms of the Demand Note Subscription Agreement and the Establishment Deed.

Amounts due and payable by the Covered Bond Guarantor in respect of the Demand Note will be repaid or otherwise satisfied:

- if, and only if, the Issuer has determined and notified the Covered Bond Guarantor or the Security Trustee (or any Receiver) and the Trust Manager of the occurrence or likely occurrence of a Regulatory Event, in respect of the Senior Demand Note Component, only either:
  - by way of set-off by application of the proceeds of the issue of Intercompany Notes as described in "*Intercompany Note Subscription Agreement*" above which will be set-off as described below; or
  - by an *in specie* distribution of Mortgage Loan Rights to the Demand Noteholder except if there is an In Specie Failure in which case a payment pursuant to the applicable Priorities of Payment is permissible; and
- otherwise, if the Issuer has not determined and notified the Covered Bond Guarantor or the Security Trustee (or any Receiver) and the Trust Manager of the occurrence or likely occurrence of a Regulatory Event or, if it has, in respect of the Junior Demand Note Component, by application of such amounts as are available under the Priorities of Payments. In addition, in respect of the Junior Demand Note Component, the Trust Manager may (at its discretion) direct the Covered Bond Guarantor to distribute any Mortgage Loan Rights in full *in specie* to satisfy any outstanding payment obligations to the Demand Noteholder.

Any *in specie* distribution will be without recourse to the Covered Bond Guarantor, the Trust Manager and the Security Trustee and without representation or warranty by the Covered Bond Guarantor, the Trust Manager or the Security Trustee. For the purposes of an *in specie* distribution the value of the relevant Mortgage Loans to be distributed by the Covered Bond Guarantor or the Security Trustee will be determined by the Trust Manager (in the case of a distribution in accordance with the Pre-Issuer Event of Default Principal Priority of Payments or the Guarantee Priority of Payments) or the Security Trustee (in the case of a distribution in accordance with the Post-Enforcement Priority of Payments), by reference to the Current Principal Balance plus any accrued interest and arrears of interest in respect of the corresponding Mortgage Loans calculated as at the date of the *in specie* distribution and the Mortgage Loan Rights must be selected by the Trust Manager (in the case of a distribution in accordance with the Pre-Issuer Event of Default Principal Priority of Payments or the Guarantee Priority of Payments) or the Security Trustee (in the case of a distribution in accordance with the Post-Enforcement Priority of Payments) on a basis that is representative of the Mortgage Loan Rights then forming part of the Assets of the Trust at the date of the *in specie* distribution to the Demand Note Subscriber.

The principal amount outstanding of the Demand Note (or relevant part of it) will be repaid or otherwise satisfied by the Covered Bond Guarantor on the Trust Payment Date falling immediately after a demand is made by the Demand Noteholder to the Covered Bond Guarantor unless on such day: (i) the Asset Coverage Test as calculated by the Trust Manager will not be satisfied after giving effect to such repayment and any

other amounts to be paid pursuant to the applicable Priorities of Payment on the next Trust Payment Date, in which case, only that portion of the amount of the Demand Note which could be repaid whilst remaining in compliance with the Asset Coverage Test will be due and payable on such day; or (ii) an Asset Coverage Test Breach Notice has been given on or prior to such day and has not been revoked.

If a Covered Bond Guarantee Acceleration Notice has been served, the principal amount of the Demand Note will be due and payable by the Covered Bond Guarantor in accordance with and subject to the Post-Enforcement Priority of Payments.

If the Covered Bonds of each Series and Tranche have been repaid in full and the Issuer has confirmed that no additional Covered Bonds will be issued under the Programme Documents, the principal amount of the Demand Note will be due and payable by the Covered Bond Guarantor in accordance with and subject to the applicable Priorities of Payment.

The principal amount of the Demand Note relating to an Interest Rate Shortfall Demand Note Funding will be due and payable by the Covered Bond Guarantor in accordance with and subject to the applicable Priorities of Payment.

Repayment of amounts due and payable by the Covered Bond Guarantor in respect of the Demand Note will:

- if, and only if, the Issuer has determined and notified the Covered Bond Guarantor or the Security Trustee (or any Receiver) and the Trust Manager of the occurrence or likely occurrence of a Regulatory Event, in respect of the Senior Demand Note Component, rank senior to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee and to the Intercompany Noteholder under the Intercompany Notes, as applicable, under the Pre-Issuer Event of Default Priority of Payment, the Guarantee Priority of Payment and the Post-Enforcement Priority of Payment unless there is an In Specie Failure, in which case such amounts will be subordinated; and
- otherwise, if the Issuer has not determined and notified the Covered Bond Guarantor or the Security Trustee (or any Receiver) and the Trust Manager of the occurrence or likely occurrence of a Regulatory Event or, if it has, in respect of the Junior Demand Note Component only, be subordinated to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee and to the Intercompany Noteholder under the Intercompany Notes, as applicable, under the Pre-Issuer Event of Default Priority of Payment, the Guarantee Priority of Payment and the Post-Enforcement Priority of Payment.

Any amounts owing by the Intercompany Note Subscriber (as Issuer of a particular Series or Tranche of Covered Bonds (as the case may be)) to the Covered Bond Guarantor in respect of amounts paid by the Covered Bond Guarantor under the Covered Bond Guarantee in relation the particular Series or Tranche of Covered Bonds or the purchase of the particular Series or Tranche of 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 Note Subscription Agreement (set out in "*Intercompany Note Subscription Agreement*" above) will be set-off automatically (and without any action being required by the Covered Bond Guarantor, the Trust Manager, the Intercompany Note Subscriber, the Demand Note Subscriber or the Security Trustee) against any amounts payable by the Covered Bond Guarantor in respect of the Demand Note or under the Demand Note Subscription Agreement in the following order of priority:

- (a) *first*, to reduce and discharge interest (including accrued interest) due and unpaid on the principal amount outstanding of the Demand Note;
- (b) *second*, to reduce and discharge the principal amount outstanding of the Demand Note; and

- (c) *third*, to reduce and discharge any other amounts due and payable by the Covered Bond Guarantor to the Demand Note Subscriber under the Demand Note Subscription Agreement.

This set-off will apply notwithstanding the Priorities of Payment.

The Demand Note Subscription Agreement is governed by, and construed in accordance with, the laws applying in the State of New South Wales, Australia.

## **Mortgage Sale Agreement**

### ***The Seller***

Mortgage Loans and the related Mortgage Loan Rights will be sold to the Covered Bond Guarantor from time to time pursuant to the terms of the Mortgage Sale Agreement entered into on 18 May 2018, as amended by a deed of amendment dated 25 May 2018, between ING Bank (Australia) Limited (in its capacities as Seller, Trust Manager, Issuer, Servicer and beneficiary of the Seller Trust Back), the Covered Bond Guarantor (including as Seller Trustee) and the Security Trustee,.

### ***Sale by the Seller of Mortgage Loan Rights***

The Mortgage Loans forming part of the Assets of the Trust will consist of Mortgage Loan Rights sold from time to time by the Seller to the Covered Bond Guarantor in accordance with the terms of the Mortgage Sale Agreement. 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 Loans are sold to the Covered Bond Guarantor, the Mortgage Loans are Eligible Mortgage Loans (as described below) on the relevant Cut-Off. Accordingly, Mortgage Loans sold by the Seller to the Covered Bond Guarantor on a Closing Date may have characteristics that differ from Mortgage Loans 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 five circumstances described below:

- (a) prior to the issue of any Covered Bonds in accordance with the Programme, the Covered Bond Guarantor may issue the Demand Note or request an Increase in the Demand Note from the Demand Note Subscriber, the proceeds of which may be applied by the Covered Bond Guarantor to acquire Mortgage Loan Rights from the Seller on the relevant Closing Date;
- (b) in relation to the issue of Covered Bonds from time to time in accordance with the Programme, the Intercompany Note Subscriber will subscribe for an Intercompany Note issued by the Covered Bond Guarantor, the proceeds of which, together with (if applicable) any proceeds from the issue of or an Increase in the Demand Note and any Available Principal Amounts 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 Issue Date;
- (c) pursuant to the Mortgage Sale Agreement, if at any time prior to the service of an Asset Coverage Test Breach Notice (which is not deemed to have been revoked) the Covered Bond Guarantor receives written notification from the Trust Manager that both:
  - (i) the amount of Available Principal Amounts available for distribution on the immediately following Trust Payment Date exceeds the amount required to be applied under paragraphs (a) to (e) inclusive of the Pre-Issuer Event of Default Principal Priority of Payments; and

- (ii) the Trust Manager considers (having regard to the composition of the Mortgage Loans forming part of the Assets of the Trust, and the amount of Substitution Assets and Authorised Investments held by the Covered Bond Guarantor, at that time) that all or part of the Available Principal Amounts remaining after application under paragraphs (a) to (e) inclusive of the Pre-Issuer Event of Default Principal Priority of Payments should be utilised to acquire one or more Mortgage Loan Rights,

then the Covered Bond Guarantor must (at the direction of the Trust Manager) notify the Seller requesting that the Seller sell to the Covered Bond Guarantor such Mortgage Loan Rights as are specified by the Trust Manager;

- (d) the Trust Manager is required to ensure that the Adjusted Aggregate Mortgage Loan Amount is maintained at all relevant times in compliance with the Asset Coverage Test (as determined by the Trust Manager on each Calculation Date). If the Trust Manager notifies the Covered Bond Guarantor that on any Calculation Date the Asset Coverage Test is not satisfied, the Trust Manager must use all reasonable endeavours to arrange for the Covered Bond Guarantor to acquire Mortgage Loan Rights from the Seller in accordance with the Mortgage Sale Agreement as may be required to ensure that the Asset Coverage Test is satisfied on or before the immediately following Calculation Date; and
- (e) if the Trust Manager notifies 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 sold to the Covered Bond Guarantor to rectify the Interest Rate Shortfall the Seller will use all reasonable efforts to offer to sell to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement such Mortgage Loan Rights comprising Mortgage Loans which have a standard variable rate and/or other discretionary rates or margins sufficient to avoid the Interest Rate Shortfall on the next succeeding Calculation Date.

The Seller will not be obliged to sell Mortgage Loan Rights as described above in paragraphs (c), (d) and (e) if, in the reasonable opinion of the Seller, the sale 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 in same day funds of the aggregate Initial Consideration for all Mortgage Loans sold by it as at the Cut-Off.

### ***Eligible Mortgage Loans***

The sale of Mortgage Loan Rights to the Covered Bond Guarantor will be subject to various conditions being satisfied on the Cut-Off, including that each Mortgage Loan is an Eligible Mortgage Loan. An **Eligible Mortgage Loan** is a Mortgage Loan that satisfies the following conditions:

- (a) it is a prime Australian mortgage;
- (b) it is denominated in Australian Dollars;
- (c) it has a remaining term of not more than 30 years;
- (d) it does not have an interest-only period in excess of ten years;
- (e) it is not more than 30 days in arrears;
- (f) it has a Current Principal Balance equal to or less than A\$2,500,000; and

- (g) the Mortgage in respect of the Mortgage Loan is a first mortgage over the relevant Mortgaged Property in Australia, where the use of the property is for residential purposes,

or such other Eligibility Criteria as the Covered Bond Guarantor, the Seller and the Trust Manager may agree in writing prior to the relevant Cut-Off.

The Representations and Warranties (described below in "*Representations and Warranties*") will be given by the Seller in respect of the Mortgage Loans and the related Mortgage Loan Rights then forming part of the Assets of the Trust to the best of its knowledge and belief, as at the relevant Cut-Off.

***Transfer of Title to the Mortgage Loans to the Covered Bond Guarantor***

Mortgage Loans and the related Mortgage Loan Rights will be sold by the Seller to the Covered Bond Guarantor by way of equitable assignment. Notice of the sale will not be initially provided to the Obligors.

Any steps to perfect legal title in the Mortgage Loans and the related Mortgage Loan Rights then forming part of the Assets of the Trust, including execution and lodgement of Mortgage Transfers with the land titles offices of the appropriate jurisdiction to achieve registration of the Mortgage Loans and the related Mortgage Loan Rights in the name of the Covered Bond Guarantor and the notification to the relevant Obligors of the sale of Mortgage Loans and the related Mortgage Loan Rights then forming part of the Assets of the Trust to the Covered Bond Guarantor, may only be completed by the Covered Bond Guarantor (acting on the directions of the Trust Manager), after the earliest to occur of the following events (**Perfection of Title Events**):

- (a) in respect of all Mortgage Loans and the related Mortgage Loan Rights forming part of the Assets of the Trust (other than any Selected Mortgage Loan Rights specified in a Selected Mortgage Loan Extinguishment Notice which has been accepted by the Seller within the prescribed time), an Issuer Event of Default and the service on the Issuer of an Issuer Acceleration Notice and the service on the Covered Bond Guarantor of a Notice to Pay;
- (b) in respect of the relevant Selected Mortgage Loan Rights only, notice being delivered by the Covered Bond Guarantor (at the direction of the Trust Manager) of a Perfection of Title Event, following the acceptance of an offer to sell any Selected Mortgage Loan Rights (in accordance with the Programme Documents) to a Purchaser who is not the Seller;
- (c) in respect of the affected Selected Mortgage Loan Rights only, the Seller and/or the Covered Bond Guarantor being required to perfect legal title to any such Selected Mortgage Loan Rights forming part of the Assets of the Trust by law or by an order of a court of competent jurisdiction;
- (d) in respect of the affected Selected Mortgage Loan Rights only, the Seller requesting that the Covered Bond Guarantor perfect its right, title and interest in, to and under, any such Selected Mortgage Loan Rights forming part of the Assets of the Trust by giving notice in writing to that effect to the Covered Bond Guarantor and the Security Trustee;
- (e) in respect of all Mortgage Loans and the related Mortgage Loan Rights then forming part of the Assets of the Trust, the Security Trustee declaring that a Perfection of Title Event occurs if, in the opinion of the Security Trustee (acting on the directions of the Bond Trustee (for so long as there are Covered Bonds outstanding) or (where no Covered Bonds are outstanding) the Majority Secured Creditors), the Security under the Security Deed or any material part of the Security is in jeopardy and the Security Trustee is directed by the Bond Trustee or the Majority Secured Creditors, as applicable, to declare that a Perfection of Title Event has occurred, to reduce that jeopardy;

- (f) in respect of all Mortgage Loans and the related Mortgage Loan Rights then forming part of the Assets of the Trust, the termination or resignation of IBAL as Servicer under the Servicing Agreement unless:
  - (i) at the relevant date of termination or resignation any Substitute Servicer is a Related Entity of IBAL; or
  - (ii) the Issuer has issued a Rating Affirmation Notice to the Covered Bond Guarantor, copied to the Security Trustee, in respect of the termination or resignation of IBAL as Servicer;
- (g) in respect of all Mortgage Loans and the related Mortgage Loan Rights then forming part of the Assets of the Trust, the occurrence of an Insolvency Event in relation to the Seller; or
- (h) in respect of all Mortgage Loans and the related Mortgage Loan Rights then forming part of the Assets of the Trust, the Seller's:
  - (i) unsecured, unsubordinated, long-term senior debt obligations have been downgraded below BBB- by Fitch; or
  - (ii) counterparty risk assessment from Moody's is below Baa3(cr) or, if the Seller does not have a counterparty risk assessment from Moody's, its unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's.

On or before the first Closing Date, the Seller will deliver irrevocable powers of attorney in registrable form in each applicable Australian jurisdiction appointing the Covered Bond Guarantor as its attorney to, amongst other things: (i) complete, execute, deliver and lodge for registration any transfer of mortgage in relation to any Mortgage Loans comprised in the assets of the Trust; and (ii) deal with those Mortgage Loans as if it was the Seller, including: (A) setting the interest rates payable under those Mortgage Loans; (B) taking proceedings in the name of the Seller to enforce any Security Interests relating to those Mortgage Loans; (C) executing any conveyance, transfer, or other document in the name of the Seller in respect of those Mortgage Loans; (D) removing, registering or otherwise dealing with any caveat over any land owned by an Obligor under or in respect of any such Mortgage Loan; and (E) doing anything else necessary to manage and control the assets or property held by the Covered Bond Guarantor as the trustee of the Trust (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 in relation to the relevant Mortgage Loan. Upon the occurrence of a Perfection of Title Event, the Servicer must deliver to (or at the written direction of) the Covered Bond Guarantor all Mortgage Documents, and the Covered Bond Guarantor must (acting on the directions of the Trust Manager) as soon as practicable take all necessary steps to perfect and protect the Covered Bond Guarantor's interest in, and title to, the Mortgage Loans and the related Mortgage Loan Rights then forming part of the Assets of the Trust, including: (i) the execution (where necessary under the Seller Powers of Attorney) and lodging of the Mortgage Transfers with the land titles offices of each appropriate jurisdiction to achieve registration of the related Mortgage Loan Rights in the name of the Covered Bond Guarantor; and (ii) initiating legal proceedings to take possession of the Mortgage Documents that have not been delivered by the Servicer; and (iii) the completion (where necessary, executed under the Seller Powers of Attorney) and giving of notice of the sale of the Mortgage Loans then forming part of the Assets of the Trust and the related Mortgage Loan Rights to the Covered Bond Guarantor to the relevant Obligors, insurers and other interested persons; and (iv) requiring each relevant Obligor to make all payments in respect of the relevant Mortgage Loans directly to the Covered Bond Guarantor.

Under the terms of the Mortgage Sale Agreement, the Seller indemnifies the Covered Bond Guarantor from and against any and all damages, losses, claims, liabilities and related costs and expenses which the Covered Bond Guarantor may sustain or incur as a result of (i) a failure by the Seller to comply with any of its obligations under the Mortgage Sale Agreement (ii) any dispute, claim, offset or defence of any Obligor to the payment of any amount outstanding under or in respect of a Mortgage Loan which results from a breach

by the Seller of any obligation under or representation and warranty contained in any Programme Document; and (iii) the occurrence of a Perfection of Title Event.

The Seller also indemnifies the Covered Bond Guarantor in respect of (i) any losses, costs, damages or expenses suffered or incurred out of or in connection with any non-compliance with any National Consumer Credit Protection Laws or any civil claims or proceedings concerning or relating to any National Consumer Credit Protection Laws (including any Penalty Payment); and (ii) all Title Penalty Payments which the Covered Bond Guarantor is required to pay personally or in its capacity as trustee of the Trust as a result of a failure by the Seller to comply with Sections 11A and 11B of the Land Title Act.

### ***Representations and Warranties***

The Seller makes the following representations and warranties (the **Representations and Warranties**) to the Covered Bond Guarantor, the Trust Manager and the Security Trustee in relation to a Mortgage Loan sold or to be sold to the Covered Bond Guarantor as at the relevant Cut-Off relating to that Mortgage Loan:

- (a) at the time that the Seller entered into the Mortgage Loan, the Mortgage Loan complied in all material respects with all applicable laws;
- (b) the Seller is the sole legal and beneficial owner of the Mortgage Loan and the related Mortgages and Collateral Securities (other than the Insurance Policies) and, to its knowledge, those Mortgage Loans, the related Mortgages and Collateral Securities are owned by the Seller free and clear of any Security Interest (other than any Security Interest arising solely as the result of any action taken by the Covered Bond Guarantor);
- (c) all consents required in relation to the transfer of the Mortgage Loans and the related Mortgages and Collateral Securities have been obtained and those Mortgage Loans and the related Mortgages and Collateral Securities are transferable;
- (d) the Mortgage Loan is an Eligible Mortgage Loan as at the Cut-Off;
- (e) it is not aware of any fraud, dishonesty, material misrepresentation or negligence on the part of the Seller in connection with the selection and offer to the Covered Bond Guarantor of each Mortgage Loan and the related Mortgage and Collateral Securities;
- (f) to the best of the Seller's knowledge and belief, the Seller holds, or is able to obtain, all documents (whether in paper or electronic form) necessary to enforce the provisions of, and the security created by, the Mortgage Loan;
- (g) 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 Obligor 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 Seller (at the direction of the Servicer) and is effective no later than when notice is given to the Obligor in accordance with the terms of the relevant Mortgage Loan;
- (h) each Mortgage Loan is valid, binding and enforceable, subject to principles of equity and the laws concerning insolvency, bankruptcy, liquidation, administration or reorganisation or other laws generally affecting creditors' rights or duties;

- (i) at the time that the Seller entered into the Mortgage Loan, the Mortgage Loan was originated in accordance with the Servicer's standard procedures at the time of its origination; and
- (j) each of the relevant Mortgage Documents (other than the Insurance Policies) relating to the Mortgage Loan which is required to be stamped with stamp duty has or will be duly stamped (as applicable).

### ***Seller Trust Back***

The Mortgage in respect of a Mortgage Loan forming part of the Assets of Trust may constitute an "all moneys mortgage" in that such Mortgage purports to secure the repayment of indebtedness which an Obligor owes, or may owe, to the Seller, as applicable, other than in respect of the relevant Mortgage Loan (such as business loans) (the **Other Secured Liability**). Pursuant to a trust to be established upon entry into the Mortgage Sale Agreement (the **Seller Trust Back**), the Covered Bond Guarantor (as the **Seller Trustee**) will hold all of its right, title and interest in any Mortgages securing the Mortgage Loans and any related Mortgage Loan Rights to the extent that such rights or interest relates only to (but only to the extent it relates to) any Other Secured Liabilities secured by that Mortgage and on bare trust for the benefit of the Seller (such property being the **Seller Trust Back Assets**). Accordingly, the Seller Trust Back Assets do not constitute part of the Assets of the Trust or, for the purposes of the Australian Banking Act, the "Cover Pool".

Where:

- (a) a Mortgage Loan forms part of the Assets of the Trust;
- (b) an Other Secured Liability forms part of the Seller Trust Back Assets; and
- (c) there is a Mortgage in respect of that Mortgage Loan and Other Secured Liability,

then all moneys received by the Seller Trustee, the Seller, the Servicer, the Trust Manager or the Covered Bond Guarantor or any receiver, receiver and manager or attorney under or in relation to that Mortgage Loan or that Other Secured Liability as a result of the enforcement of the related Mortgage Documents will be applied in the following order of priority:

- (i) *first*, in the following order, in payment of (A) all costs, charges and expenses of the Covered Bond Guarantor or the relevant mortgagee or any receiver, receiver and manager or attorney incurred in the enforcement of the Mortgage Loan; (B) all outgoings in relation to the related Mortgage Documents or related Mortgage Loan Rights which the mortgagee or any receiver, receiver and manager or attorney thinks fit to pay; and (C) the remuneration of any receiver or receiver and manager;
- (ii) *second*, in payment of all amounts owing under or in respect of that Mortgage Loan; and
- (iii) *third*, in payment of any Other Secured Liabilities for all money secured by the relevant Mortgage that relates to that Other Secured Liability.

The Covered Bond Guarantor must not deal with the Seller Trust Back Assets other than (i) in accordance with directions given by the Seller as beneficiary of the Seller Trust Back from time to time; (ii) in the performance of its obligations under the Programme Documents; and (iii) to the extent necessary to exercise and enforce the Mortgage Loan Rights relating to the Mortgage Loans.



### ***Extinguishment and transfer***

If a Mortgage Loan and its related Mortgage Loan Rights become the subject of a Mortgage Loan Extinguishment Notice (which occurs in the circumstances described below under "*Breach of Representations and Warranties*", "*Additional Advances and Redraws*", "*Seller's right of extinguishment*" and "*Seller's right of pre-emption in respect of Selected Mortgage Loan Rights*"), and such notice is served on the Covered Bond Guarantor and the Trust Manager by the Seller (and in the case of an exercise by the Seller of its right of pre-emption, such notice is countersigned by the Covered Bond Guarantor ) in accordance with the Mortgage Sale Agreement, upon payment by the Seller to the Covered Bond Guarantor of the relevant Extinguishment Amount, without any further act or thing required, and without any other instrument being brought into existence, the Covered Bond Guarantor's entire right, title and interest in, to and under the relevant Mortgage Loan and related Mortgage Loan Rights forming part of the Assets of the Trust (the **Extinguished Mortgage Loan Rights**) will be extinguished in favour of the Seller. The Covered Bond Guarantor will thereafter cease to have any interest in the relevant Mortgage Loan and the related Mortgage Loan Rights.

If the Covered Bond Guarantor has perfected its title to a Mortgage Loan and related Mortgage Loan Rights which becomes subject to a Mortgage Loan Extinguishment Notice, upon payment of the Extinguishment Amount by the Seller to the Covered Bond Guarantor as well as any taxes or duties payable in respect of the transfer of the relevant Mortgage Loan and related Mortgage Loan rights, the Covered Bond Guarantor must take all action reasonably requested by the Seller which is required to transfer the Mortgage Loan and its related Mortgage Loan Rights to the Seller on such date.

The **Extinguishment Amount** in respect of a Mortgage Loan the subject of a Mortgage Loan Extinguishment Notice will be an amount equal to: (a) the Current Principal Balance of such Mortgage Loan plus all accrued interest and arrears of interest under the Mortgage Loan Agreement relating to that Mortgage Loan as at the Extinguishment Date; or (b) in the case of a Mortgage Loan that is part of Selected Mortgage Loan Rights, an amount not less than the amount required in connection with the sale of such Mortgage Loan as described below under "*Establishment Deed - Method of Sale of Selected Mortgage Loans*".

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

If, in relation to any Mortgage Loan and the Mortgage Loan Rights, (i) any Representation or Warranty is incorrect when made or deemed to be repeated, and has not been remedied to the satisfaction of the Covered Bond Guarantor; and (ii) the Covered Bond Guarantor has given written notice to the Seller specifying such breach and requiring it to be remedied within two AU Business Days or such longer period as may be specified; and (iii) the Seller does not remedy the breach to the satisfaction of the Covered Bond Guarantor within the specified time period, then on the next Trust Payment Date the Seller must pay (or procure payment of) to the Covered Bond Guarantor an amount equal to the sum of (i) the Current Principal Balance in respect of the relevant Mortgage Loan; (ii) the arrears of interest and any accrued interest in respect of that Mortgage Loan; and (iii) any taxes or duties payable by the Covered Bond Guarantor in relation to the extinguishment of the relevant Mortgage Loan and related Mortgage Loan Rights.

On receipt of such payment by the Covered Bond Guarantor the relevant Mortgage Loan will be treated as having been repaid in full and from the date of repayment, automatically and without the necessity for any further act or instrument or other thing to be done or brought into existence:

- (i) if the legal title in respect of that Mortgage Loan has not been perfected, 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 Secured Liabilities in respect of that Mortgage Loan will be extinguished in favour of the Seller with respect to those Mortgage Loan Rights and Other Secured Liabilities with immediate effect; or

- (ii) if the legal title in respect of that Mortgage Loan has been perfected, the Covered Bond Guarantor will hold the benefit of its right, title and interest in and to: (A) that Mortgage Loan; (B) any Mortgages and Collateral Securities held in relation to that Mortgage Loan; (C) any Mortgage Documents held in relation to that Mortgage Loan; and (D) the Collections and any other Mortgage Loan Rights in relation to that Mortgage Loan, as trustee of the Seller Trust Back.

Such payment must be allocated by the Covered Bond Guarantor to the GIC Account of the Trust. However, the Covered Bond Guarantor is entitled to retain for the Trust all Collections received by the Covered Bond Guarantor in respect of the relevant Mortgage Loan from the Cut-Off to the date of repayment as set out above.

### ***Additional Advances and Redraws***

A Mortgage Loan forming part of the Assets of the Trust will be subject to an Additional Advance if an existing Obligor requests further moneys to be advanced to him or her under the relevant Mortgage Loan in circumstances which do not amount to a Redraw and such request is granted. A Mortgage Loan forming part of the Assets of the Trust will be subject to a Redraw when the Seller agrees to a re-advance by the Seller of some or all of the overpayments that the Obligor has made under the Mortgage Loan.

If the Seller agrees to make an Additional Advance or a Redraw in relation to a Mortgage Loan forming part of the Assets of the Trust the Seller may request the Covered Bond Guarantor (such request to be copied to the Trust Manager) to reimburse the Seller for funding the Additional Advance or Redraw (as the case may be). The Covered Bond Guarantor is under no obligation whatsoever to reimburse the Seller for funding an Additional Advance or Redraw, and any such decision will be made at the Trust Manager's absolute discretion, provided that in no circumstances will the Trust Manager agree to reimburse the Seller for funding an Additional Advance or Redraw if: (i) the Trust Manager determines that a Mortgage Loan would not be an Eligible Mortgage Loan immediately after the Additional Advance or Redraw is made; or (ii) on the next Trust Payment Date to occur following the Seller's request to be reimbursed, there are insufficient Available Principal Amounts that are able to be applied for that purpose in accordance with the Pre-Issuer Event of Default Principal Priority of Payments. The Trust Manager must notify the Seller on or before the Calculation Date immediately preceding the relevant Trust Payment Date as to whether it has directed the Covered Bond Guarantor to reimburse the Seller for funding the related Additional Advance or Redraw. Reimbursement by the Covered Bond Guarantor of an Additional Advance or Redraw will only be made if the Trust Manager so directs the Covered Bond Guarantor and will be made in accordance with the applicable Priorities of Payment and the terms of the Establishment Deed and the Security Deed.

If the Trust Manager notifies the Seller that it has directed the Covered Bond Guarantor to decline a request from the Seller to reimburse the Seller for funding an Additional Advance or Redraw or the Seller does not (in its discretion) make any such request then the Seller may serve a Mortgage Loan Extinguishment Notice on the Covered Bond Guarantor and pay the relevant Extinguishment Amount on the next Calculation Date to occur following the notification by the Trust Manager or such other date as specified by the Seller in the Mortgage Loan Extinguishment Notice or, where the Seller has not made a request, following the funding of the Additional Advance or Redraw.

### ***Defaulted Mortgage Loans***

If a Mortgage Loan becomes a Defaulted Mortgage Loan, then that Defaulted Mortgage Loan will be attributed a zero value in the calculation of the Asset Coverage Test and the Amortisation Test on the relevant Calculation Date.

### ***Seller's right of extinguishment***

The Seller may, at any time prior to the occurrence of an Issuer Event of Default, serve a Mortgage Loan Extinguishment Notice on the Covered Bond Guarantor (and copied to the Trust Manager) thereby offering to extinguish the Covered Bond Guarantor's interest in a Mortgage Loan and its related Mortgage Loan Rights by paying the relevant Extinguishment Amount on the date specified in the Mortgage Loan Extinguishment Notice, which must be no earlier than five AU Business Days after the date of that Mortgage Loan Extinguishment Notice. The Covered Bond Guarantor must only accept any such offer if directed to do so by the Trust Manager and the Trust Manager must only direct the Covered Bond Guarantor to accept such offer if the Trust Manager has first confirmed that, if the Mortgage Loan and its related Mortgage Loan Rights ceased to form part of the Assets of the Trust (following an extinguishment of the Covered Bond Guarantor's interest), the Asset Coverage Test will be met.

The Covered Bond Guarantor (at the direction of the Trust Manager) may accept an offer by the Seller in a Mortgage Loan Extinguishment Notice served in accordance with the process set out above by countersigning and returning to the Seller the Mortgage Loan Extinguishment Notice, whereupon the Seller must pay the relevant Extinguishment Amount on the date specified in the Mortgage Loan Extinguishment Notice.

### ***Seller's right of pre-emption in respect of Selected Mortgage Loan Rights***

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 (at the direction of the Trust Manager) 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*", "*Establishment Deed - Sale of Selected Mortgage Loan Rights following service of an Asset Coverage Test Breach Notice*" and "*Establishment Deed - Sale of Selected Mortgage Loan Rights following service of a Notice to Pay*" below.

In connection with the sale of Mortgage Loans and the related Mortgage Loan Rights, prior to the Trust Manager directing the Covered Bond Guarantor to make an offer to sell those Selected Mortgage Loan Rights to Purchasers other than the Seller, the Trust Manager must immediately direct the Covered Bond Guarantor to serve on the Seller a Selected Mortgage Loan Extinguishment Notice in respect of those Selected Mortgage Loan Rights. Following receipt of such notice the Seller may (A) serve a Mortgage Loan Extinguishment Notice on the Covered Bond Guarantor and the Trust Manager in respect of the relevant Mortgage Loans and the related Mortgage Loan Rights (unless the related Mortgage Loan Rights also secure another Mortgage Loan forming part of the Assets of the Trust that is not also included in the Mortgage Loan Extinguishment Notice) and pay the relevant Extinguishment Amount on the next Trust Payment Date or such later date as the Trust Manager may direct, such date not to be later than the earlier of 30 days after the Mortgage Loan Extinguishment Notice is served and the Final Maturity Date of the Earliest Maturing Covered Bonds; or (B) by notice in writing require the Trust Manager to direct the Covered Bond Guarantor to make an offer to sell the relevant Selected Mortgage Loan Rights to a Purchaser nominated by the Seller for an offer price not less than the relevant Extinguishment Amount (which amount will be payable by such Purchaser no later than the earlier to occur of 30 days after the Mortgage Loan Extinguishment Notice is served and the Final Maturity Date of the Earliest Maturing Covered Bonds).

If the Seller does not exercise these rights in relation to the Selected Mortgage Loan Rights, 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).

### ***Further drawings under the Mortgage Loans***

The Seller will be solely responsible for funding all further drawings, if any, in respect of Mortgage Loans forming part of the Assets of the Trust (including, but not limited to, Additional Advances and Redraws).

### ***Offset Amounts***

The Seller must, no less than 2 AU Business Days before each Trust Payment Date, pay to the Covered Bond Guarantor the Offset Amount for the Collection Period ending immediately prior to that Trust Payment Date.

The Mortgage Sale Agreement is governed by, and construed in accordance with, the laws applying in the State of New South Wales, Australia.

### **Servicing Agreement**

Pursuant to the terms of the Servicing Agreement entered into on 18 May 2018 between the Covered Bond Guarantor, ING Bank (Australia) Limited (in its separate capacities as Trust Manager, Servicer and as Seller) and the Security Trustee, the Servicer has been appointed by the Covered Bond Guarantor to administer and service the Mortgage Loans and the related Mortgage Loan Rights forming part of the Assets of the Trust and to provide certain other administrative and management services for the benefit of the Covered Bond Guarantor.

The Servicer will be required to administer and service the Mortgage Loans and the related Mortgage Loan Rights forming part of the Assets of the Trust in accordance with:

- (a) the terms and provisions of the Servicing Agreement; and
- (b) by exercising the degree of care and diligence which would reasonably be expected of an appropriately qualified servicer; and
- (c) to the extent not inconsistent with paragraph (a) or (b) above, in accordance with the Servicing Procedures. The **Servicing Procedures** are the Servicer's normal servicing procedures for Mortgage Loans secured by Mortgages held in the Servicer's portfolio and, to the extent not expressly set out in those procedures, the procedures and standards which would reasonably be expected of an appropriately qualified servicer of mortgage loans;

### ***Duties of Servicer***

The Servicing Agreement requires the Servicer to (among other things):

- (a) obtain, maintain and comply with all authorisations of any Governmental Authority necessary or desirable properly to comply with its obligations under the Programme Documents;
- (b) comply with all laws (including any National Consumer Credit Protection Law) and ensure that its actions or omissions do not cause the Covered Bond Guarantor to breach, or result in a breach by the Covered Bond Guarantor of, the requirements of any relevant laws, including any National Consumer Credit Protection Law (including where a National Consumer Credit Protection Law imposes those obligations directly on the Covered Bond Guarantor);
- (c) collect all moneys due under or in respect of the Mortgage Loans in accordance with the Servicing Procedures and the terms of the Servicing Agreement and pay them into the GIC Account in accordance with the terms of the Servicing Agreement;
- (d) enforce any default under any Mortgage Loan or related Mortgage Document, including, where appropriate, in exercising (or directing the Covered Bond Guarantor as to the exercise of) the mortgagee's power of sale and enforcing the relevant Collateral Securities;

- (e) comply with the terms of the Lender's Mortgage Insurance Policy relating to each Mortgage Loan and not do anything (or omit to do anything) which may avoid any Lender's Mortgage Insurance Policy or entitle the relevant insurer to avoid or reduce any claim;
- (f) make and settle all claims under the Lender's Mortgage Insurance Policy relating to each Mortgage Loan, and apply the proceeds as Collections in accordance with the terms of the Servicing Agreement;
- (g) ensure that all Mortgage Documents are duly stamped (if liable to stamp duty) and duly registered (if registrable) in accordance with all applicable laws so as to ensure that each Mortgage comprised in the Assets of the Trust constitutes a first-ranking registered mortgage of the relevant Land;
- (h) promptly notify the Covered Bond Guarantor (with a copy to the Trust Manager, if the Trust Manager is not the same person as the Servicer) with full details upon it becoming aware of:
  - (i) any Servicer Default; or
  - (ii) any breach of the Servicing Procedures by the Servicer;
- (i) within two AU Business Days of a request from the Covered Bond Guarantor, provide the Covered Bond Guarantor with a certificate from the Servicer signed by two Authorised Signatories of the Servicer stating whether, to the best of the Servicer's knowledge and belief, a Servicer Default has occurred;
- (j) if the Seller makes any further advance or otherwise provides further financial accommodation to an Obligor, 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 and promptly paid in accordance with any applicable laws;
- (k) duly and punctually perform each of its material obligations under each of the Mortgage Documents to which it is a party;
- (l) keep proper and adequate books and records relating to the Mortgage Loans and the performance of its duties under the Servicing Agreement;
- (m) obtain and maintain in full force all authorisations, filings or registrations necessary to properly service the Mortgage Loans;
- (n) not, without the prior consent of the Covered Bond Guarantor (acting upon instructions from the Trust Manager), apply, transfer or set off any amount payable 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 under any Programme Document, other than as expressly contemplated under any Programme Document;
- (o) upon being directed to do so by the Covered Bond Guarantor upon instructions from 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 to perfect the Covered Bond Guarantor's legal title to the Mortgage Loans;
- (p) deal with requests made by any Obligor as to the use of product features of that Obligor's Mortgage Loan, or the variation or refinancing of that Mortgage Loan, in each case in accordance with the Servicing Procedures;

- (q) provide each Rating Agency with complete, accurate and timely information in respect of the Mortgage Loans forming part of the Assets of the Trust where reasonably required to do so; and
- (r) provide to the Cover Pool Monitor or APRA information on the composition of the Mortgage Loans and the related Mortgage Loan Rights forming part of the Assets of the Trust, along with such other information as the Cover Pool Monitor or APRA may request in respect of the Mortgage Loans and the related Mortgage Loan Rights.

### ***Interest Rate Shortfall Test***

If the Interest Rate Swaps are not in effect in accordance with their terms, the Servicer must determine on each Calculation Date, having regard to:

- (a) the standard variable rate 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 Agreement for the next succeeding Trust Payment Period (**relevant Trust Payment Period**); and
- (b) the other resources available to the Covered Bond Guarantor including amounts payable to the Covered Bond Guarantor under the Covered Bond Swap Agreements and the Reserve Fund (as advised by the Trust Manager),

whether the Covered Bond Guarantor would receive an amount of income during the relevant Trust Payment Period which, when aggregated with the funds otherwise available to the Covered Bond Guarantor, 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 or on behalf of the Covered Bond Guarantor under the Intercompany Notes (or, if a Notice to Pay has been served on the Covered Bond Guarantor, the Covered Bond Guarantee), and the Demand Note on the Trust Payment Date falling at the end of the relevant Trust Payment Period and the relevant amounts payable (or provisioned to be paid) to the relevant Swap Providers under the applicable Covered Bond Swap Agreements in respect of all Covered Bonds on the Trust Payment Date falling at the end of the relevant Trust Payment Period; and
- (ii) the other expenses payable (or provisioned to be paid) by the Covered Bond Guarantor on the Trust Payment Date falling at the end of the relevant Trust Payment Period ranking equally or in priority thereto in accordance with the relevant Priorities of Payment applicable prior to a Covered Bond Guarantor Event of Default,

(the **Interest Rate Shortfall Test**). Any interest rate shortfall will be referred to as the **Interest Rate Shortfall**.

If the Servicer determines that the Interest Rate Shortfall Test will not be met, it will give written notice to the Covered Bond Guarantor and the Seller (copied to the Trust Manager and the Security Trustee), within five AU Business Days of the relevant Calculation Date, of the amount of the Interest Rate Shortfall, following which:

- (i) the Servicer must subject as provided below set the standard variable rate and/or other discretionary rates or margins applicable to Mortgage Loans forming part of the Assets of the Trust at such levels as may be required in order for the Interest Rate Shortfall to be rectified on the next succeeding Calculation Date; and/or
- (ii) provided that a Notice to Pay has not been served on the Covered Bond Guarantor and/or a Covered Bond Guarantor Event of Default has not occurred, 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, either:

- (A) further Mortgage Loan Rights should be sold 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 the Covered Bond Guarantor on or before the next succeeding Calculation Date to rectify the Interest Rate Shortfall on that next succeeding Calculation Date; or
- (B) the Trust Manager may request the Demand Note Subscriber to fund an Increase in the Demand Note under the Demand Note Facility in a principal amount (as determined by the Trust Manager) required to rectify the Interest Rate Shortfall on the next Calculation Date.

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 as described above 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.

#### ***Yield Shortfall Test***

In addition, the Servicer must determine on each Calculation Date following an Issuer Event of Default, and for so long as that Issuer Event of Default continues unremedied or if the Interest Rate Swaps are not in effect in accordance with their terms, having regard to the aggregate of:

- (a) the standard variable rate 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 Agreement for the relevant Trust Payment Period; and
- (b) the resources available to the Covered Bond Guarantor under the Swap Agreements,

whether the Covered Bond Guarantor would receive an aggregate amount of interest from the Mortgage Loans forming part of the Assets of the Trust and amounts under the Swap Agreements during the relevant Trust Payment Period which would give a weighted average annual yield on the Mortgage Loans forming part of the Assets of the Trust of an amount that is sufficient to enable the Covered Bond Guarantor to make the payments and provisions under paragraphs (a) to (h) (inclusive, but excluding paragraph (c)) of the Guarantee Priority of Payments in full on the next Trust Payment Date to occur following the end of the Collection Period in which such Calculation Date falls (the **Yield Shortfall Test**). Any yield shortfall will be referred to as the **Yield Shortfall**.

If the Servicer determines that the Yield Shortfall Test will not be met, it will give written notice to the Trust Manager, the Covered Bond Guarantor and the Security Trustee, within one AU Business Day of the relevant Calculation Date, of the amount of the Yield Shortfall and the standard variable rate and the other discretionary rates or margins in respect of the Mortgage Loans forming part of the Assets of the Trust 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 met, having regard to the date(s) on which the change to the standard variable rate and the other discretionary rates or margins would take effect and at all times acting in accordance with the Servicing Procedures. If the Trust Manager notifies the Servicer that, having regard to the obligations of the Covered Bond Guarantor, the standard variable rate and/or the other discretionary rates or margins should be increased, the Servicer will take all steps which are necessary to increase the standard variable rate and/or any other discretionary rates or margins including giving any notice which is required to be given to Obligors in accordance with the Mortgage Documents and the Servicing Procedures.

### ***Remuneration***

The Servicer is entitled to a fee for the provision of the Services in such amount as may be agreed in writing between the Covered Bond Guarantor (acting at the direction of the Trust Manager) and the Servicer. Any such fee will be paid by the Covered Bond Guarantor on each Trust Payment Date in accordance with the applicable Priorities of Payment.

### ***Collections***

The Servicer will hold on trust for the Covered Bond Guarantor any amounts received by it in respect of the Mortgage Loan Rights forming part of the Assets of the Trust prior to crediting those amounts to the GIC Account pursuant to the Servicing Agreement. All amounts received by the Servicer during a Collection Period must be credited to the GIC Account not later than close of business one AU Business Day before the Trust Payment Date immediately following the end of that Collection Period (if and for so long as the Servicer has a short term credit rating of no lower than P-1 from Moody's and either (i) a short-term credit rating of no lower than F1 from Fitch or (ii) a long-term credit rating of no lower than A from Fitch); or the Servicer procures the issue to the Covered Bond Guarantor of a letter of credit or other security by an eligible financial institution in a form, or enters into some other arrangement, in respect of which the Issuer has given a Rating Affirmation Notification.

The Servicer must, if it credits money received during a Collection Period to the GIC Account in accordance with the Servicing Agreement, on the Trust Payment Date ending immediately following the end of that Trust Payment Period, credit an additional amount to the GIC Account calculated as interest on the amount of money held by the Servicer during that Collection Period. Any such interest is to be calculated as at the last day of the Collection Period by the Servicer in its absolute discretion on the daily balance of the amount of money held by the Servicer and at the rate determined by the Servicer in its sole discretion. This requirement does not apply if on the Trust Payment Date any amount is to be paid to the Residual Income Unitholder in accordance with paragraph (m) of the Pre-Issuer Event of Default Income Priority of Payments.

### ***Servicing Procedures***

The Trust Manager and the Servicer may amend the Servicing Procedures from time to time provided that the Trust Manager and the Servicer must not amend the Servicing Procedures in a manner which would breach the National Consumer Credit Protection Laws, any other applicable laws or any code of practice binding on the Servicer.

### ***Delegation***

The Servicer may employ agents and attorneys and may delegate in relation to some or all of its obligations under the Servicing Agreement and the other Programme Documents to which it is a party with notice to the Covered Bond Guarantor, the Trust Manager, the Seller and the Security Trustee of the delegation. The Servicer agrees to exercise reasonable care in selecting delegates and to supervise their actions. The Servicer is responsible, and remains liable, for any loss arising due to any acts or omissions of any person appointed by it and for the payment of any fees, costs or expenses of that person. The Servicer remains responsible for all of its obligations under the Programme Documents notwithstanding any delegation by it.

### ***Removal or retirement of the Servicer***

The Covered Bond Guarantor may by written notice to the Servicer (with a copy to each Rating Agency) immediately terminate the rights and obligations of the Servicer under the Servicing Agreement and appoint another appropriately qualified person to act as Servicer in its place if any of the following events (each a **Servicer Default**) occurs and continues unremedied:



- (a) the Servicer fails to pay on or before the due date for payment any amount payable by it under any Programme Document (including, if the Seller and Servicer are the same person, any amount payable by it in its capacity as Seller), and that failure (if capable of remedy) is not remedied within five AU Business Days after written notice from the Trust Manager or the Covered Bond Guarantor requiring it to be remedied;
- (b) the Servicer fails to comply with any of its other material obligations under any Programme Document and that failure (if capable of remedy) is not remedied within 30 days (or such longer period as the Trust Manager may agree) after written notice from the Trust Manager or the Covered Bond Guarantor requiring it to be remedied;
- (c) any representation, warranty or certificate made or given by the Servicer in or in connection with any Programme Document proves to be untrue in any respect when made or deemed to be repeated, and:
  - (i) if such breach is capable of remedy, it is not remedied within 30 days after written notice from the Trust Manager or the Covered Bond Guarantor requiring it to be remedied; and
  - (ii) the circumstances of such breach are, in the reasonable opinion of the Trust Manager, likely to have a Material Adverse Effect;
- (d) an Insolvency Event occurs in relation to the Servicer; and
- (e) the Servicer's:
  - (i) counterparty risk assessment from Moody's is below Baa3(cr) or, if the Servicer does not have a counterparty risk assessment from Moody's, its unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's; or
  - (ii) unsecured, unsubordinated, long-term senior debt obligations have been downgraded below BBB- by Fitch.

Any termination of the appointment of the Servicer or appointment of a Substitute Servicer (as described below) is conditional upon the Issuer having delivered a Rating Affirmation Notice. The termination of the Servicer will be of no effect unless and until a Substitute Servicer has been appointed.

In addition, subject to the fulfilment of a number of conditions, including, without limitation, that a Substitute Servicer has been appointed and that the appointment of the Substitute Servicer has been the subject of a Rating Affirmation Notification given by the Issuer; and the Substitute Servicer has executed a deed under which it covenants to act as Servicer in accordance with, and otherwise assume the obligations of the Outgoing Servicer under the terms of the Servicing Agreement and all other Programme Documents to which the Outgoing Servicer is a party, the Servicer may voluntarily retire as Servicer upon giving to the Trust Manager or the Covered Bond Guarantor and each Rating Agency three months' notice in writing (or such other period as the Servicer and the Covered Bond Guarantor may agree).

If the Servicer retires as Servicer, the Servicer may, subject to the terms of the Servicing Agreement and to any approval required by law, appoint in writing any other person as Servicer in its place with effect from the date such retirement takes effect. If the Servicer has not appointed a replacement by the date which is one month prior to the date of its proposed retirement, the Trust Manager must, subject to the terms of the Servicing Agreement, use its reasonable endeavours to appoint a new Servicer as of the date of the proposed retirement.

If the appointment of the Servicer is terminated or the Servicer retires, the Outgoing Servicer must provide its full co-operation. The Outgoing Servicer must provide the Substitute Servicer with copies of all paper and

electronic files, information and other materials as the Covered Bond Guarantor or the Substitute Servicer may reasonably request in a manner which is sufficiently timely to enable the Substitute Servicer to comply with its obligations as Servicer with effect from its appointment becoming effective.

Neither the Bond Trustee nor the Security Trustee is obliged to act as Servicer in any circumstances. The Covered Bond Guarantor must agree, on an interim basis or otherwise, to be appointed as Substitute Servicer and, if and for so long as it acts as Servicer, will be entitled to receive all Servicer fees.

The Servicing Agreement is governed by, and 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 dated on or about the Programme Date between the Cover Pool Monitor, the Covered Bond Guarantor, IBAL (in its capacities as Issuer, Seller and Trust Manager), the Bond Trustee and the Security Trustee, the Cover Pool Monitor has agreed, subject to the receipt of certain information to be provided by the Trust Manager to the Cover Pool Monitor, to report on the arithmetic accuracy of certain calculations performed by the Trust Manager on (i) the Calculation Date immediately preceding each half-yearly and 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, on that Calculation Date; or (ii) each Calculation Date for the purposes of determining compliance or non-compliance by the Covered Bond Guarantor with the Legislated Collateralisation Test on that Calculation Date. In the case of the Asset Coverage Test and the Amortisation Test, the relevant procedure to be performed by the Cover Pool Monitor depends on whether the Calculation Date falls prior to or after a Notice to Pay is served on the Covered Bond Guarantor. The Cover Pool Monitor is only required to perform procedures relating to the Legislated Collateralisation Test, the Asset Coverage Test and/or the Amortisation Test if, on the relevant Calculation Date, there are any Covered Bonds outstanding.

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 Calculation Date immediately preceding each half-yearly and yearly anniversary of the Programme Date (each, an **Examination Date**) to examine the records of the Assets of the Trust kept by the Trust Manager in accordance with the terms of the Establishment Deed to:

- (a) assess whether the Trust Manager is keeping an accurate register of the Assets of the Trust; and
- (b) check whether:
  - (i) the Assets of the Trust are assets of a kind specified in section 31(1) of the Australian Banking Act;
  - (ii) the Assets of the Trust are not assets prescribed by regulation for the purposes of section 31(3) of the Australian Banking Act; and
  - (iii) the aggregate amount of Substitution Assets or any particular class of Substitution Assets does not exceed the limits set out in the Establishment Deed.

The Cover Pool Monitor must carry out the procedures above with a view to providing reports in accordance with the Cover Pool Monitor Agreement.

If:

- (a) the counterparty risk assessment of the Issuer falls below Baa3(cr) from Moody's or, if the Issuer does not have a counterparty risk assessment from Moody's, the long-term unsecured, unguaranteed and unsubordinated debt obligation credit rating of the Issuer falls below Baa3 by Moody's; or
- (b) the long-term unsecured, unguaranteed and unsubordinated debt obligation credit rating of the Issuer falls below BBB- by Fitch,

and, in each case, for as long as they remain below such counterparty risk assessment and/or credit ratings, as applicable, the Trust Manager must give written notice of that fact to the Cover Pool Monitor and, following receipt of that notice, and subject to the execution of an engagement letter of the Cover Pool Monitor, the Cover Pool Monitor will, subject to receipt of the relevant information from the Trust Manager, be required to perform such procedures in relation to the arithmetic accuracy of the Asset Coverage Test or the Amortisation Test (as applicable) as referred to above as soon as reasonably practicable (and in any event not later than ten AU Business Days following receipt of the relevant information from the Trust Manager) following every Calculation Date after any such downgrade.

If any test conducted by the Cover Pool Monitor as described above reveals arithmetic errors in the relevant calculations performed by the Trust Manager such that:

- (a) the Asset Coverage Test or the Amortisation Test was not satisfied on the relevant Calculation Date (where the Trust Manager had recorded it as being satisfied); or
- (b) the reported Adjusted Aggregate Mortgage Loan Amount or the reported Amortisation Test Aggregate Mortgage Loan Amount, as applicable, was misstated by the Trust Manager by an amount exceeding 1 per cent. 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 perform procedures in relation to the Trust Manager's calculations in respect of every Calculation Date occurring during the period ending six months after the date of the Asset Coverage Test and/or the Amortisation Test which included the relevant arithmetic errors.

The Cover Pool Monitor will be entitled, in the absence of manifest error, to assume that all information provided to it by the Trust Manager for the purpose of reporting on the arithmetic accuracy is true and correct and is complete and not misleading, and is not required to conduct an audit, a review or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of any such information. Each 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, Seller, Trust Manager, the Covered Bond Guarantor, the Bond Trustee and the Security Trustee.

The Covered Bond Guarantor will pay to the Cover Pool Monitor for the performance of its obligations a fee as agreed with the Issuer.

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 Corporations Act; or
  - (ii) hold an Australian financial services licence (as defined in the Corporations Act) which licence extends to the provision of financial services as Cover Pool Monitor; or
  - (iii) be exempt from holding an Australian financial services licence (as defined in the Corporations Act) which exemption extends to the provision of financial services as Cover Pool Monitor.

The Trust Manager may:

- (a) at any time, but only with the prior written consent of the Security Trustee, direct the Covered Bond Guarantor to terminate the appointment of the Cover Pool Monitor by giving at least 60 days' prior written notice to the Cover Pool Monitor; or
- (b) at any time direct the Covered Bond Guarantor to terminate the appointment of the Cover Pool Monitor, if the Cover Pool Monitor is unable to comply with the requirements set out in sections 30(2) and 30(3) of the Australian Banking Act,

provided that such termination will (for the purposes of (a) above) and may, at the discretion of the Trust Manager (for the purposes of (b) above), not be effective unless and until a replacement cover pool monitor has been found by the Trust Manager.

The Cover Pool Monitor may, at any time, resign by giving at least 60 days' prior written notice to the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee and the Security Trustee.

Upon giving notice of termination or receiving notice of resignation, the Trust Manager will use its best endeavours to arrange for the Covered Bond Guarantor 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 30 days prior to a date when procedures are to be carried out in accordance with the terms of the Cover Pool Monitor Agreement, then the Trust Manager will use all reasonable endeavours to arrange for the Covered Bond Guarantor to appoint an accountancy firm or trustee company of national standing in Australia or a firm recognised as having expertise in managing assets on behalf of investors to carry out the relevant procedures on a one-off basis. The Trust Manager will promptly notify the Rating Agencies of the appointment of any substitute cover pool monitor, or any accountancy or other firm or trustee company to carry out the relevant procedures.

The Cover Pool Monitor will not be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by the Covered Bond Guarantor, the Security Trustee and/or any other person as a result of a breach by any of the other parties to the Cover Pool Monitor Agreement of any provision of the Cover Pool Monitor Agreement, save to the extent that such loss, liability, claim, expense or damage is suffered or incurred as a result of any negligence, fraud, or wilful default of the Cover Pool Monitor or as a result of a breach by the Cover Pool Monitor of the terms and provisions of the Cover Pool Monitor Agreement. The liability of the Cover Pool Monitor is limited by a scheme approved under professional standards legislation, except where the Cover Pool Monitor is a financial services licensee. If the Cover Pool Monitor's liability is not limited pursuant to the scheme, the liability of the Cover Pool Monitor for any loss, liability, claim, expense or damage suffered or incurred by any of the other parties caused by breach of any provision of the Cover Pool Monitor Agreement, tort (including negligence), breach of fiduciary duty or other actionable wrong of any kind will be limited to ten times the fees paid for the report the subject of the loss, liability, claim, expense or damage.

None of the Covered Bond Guarantor, the Bond Trustee nor the Security Trustee are obliged to act as Cover Pool Monitor or to monitor or supervise the performance of the Cover Pool Monitor in any circumstances.

The Cover Pool Monitor Agreement is, and is 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 and IBAL as the Issuer, the Seller, the Trust Manager and the Servicer establishes the IBAL Covered Bond 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 Covered Bonds including (without limitation) the acquisition, management and sale of, among other things, Mortgage Loans and the related 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; the granting of security; and any purpose which is ancillary or incidental to any of those purposes listed above.

### ***Unitholders***

The beneficial interest in the Assets of the Trust is vested in the Residual Income Unitholder as holder of one Residual Income Unit and the Residual Capital Unitholder as holder of one Residual Capital Unit. Pursuant to the Establishment Deed, the Residual Income Unitholder is entitled to distributions of the net income, if any, of the Trust for each financial year. The Residual Capital Unitholder's interest in the Trust comprises its interest in any Assets of the Trust remaining after payment of any amount of net income due to the Residual Income Unitholder in satisfaction of the Residential Income Unitholder's entitlement.

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 applicable Priorities of Payment.

### ***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 Calculation 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 (as at the last day of the immediately preceding Collection Period) is at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds as calculated on the relevant Calculation Date (the **Asset Coverage Test**). The Trust Manager will perform all calculations required on each Calculation Date, and any other date on which the Asset Coverage Test is required to be calculated, to determine whether the Asset Coverage Test is satisfied in respect of the Mortgage Loans then forming part of the Assets of the Trust.

If on any Calculation Date (the **First Calculation 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 Asset Coverage Test as calculated on that First Calculation Date is not satisfied, then the Trust Manager must immediately notify the Covered Bond Guarantor, the Bond Trustee and the Security Trustee in writing and the Trust Manager will undertake to use all reasonable endeavours to arrange for the Covered Bond Guarantor to acquire sufficient additional Mortgage Loan Rights from the Seller in accordance with the Mortgage Sale Agreement (see "*Overview of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loan Rights*"), and must direct the Covered Bond Guarantor to purchase Substitution Assets or request subscriptions from the Demand Note Subscriber for an Increase in the Demand Note to ensure that the Asset Coverage Test is satisfied on any date on or before the

immediately following Calculation Date (the **Second Calculation 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 Asset Coverage Test remains unsatisfied on the Second Calculation Date, the Trust Manager will immediately notify the Covered Bond Guarantor, 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 having actual knowledge or express notice of the non-satisfaction of the Asset Coverage Test). The Bond Trustee will be deemed to have revoked an Asset Coverage Test Breach Notice if, on the next Calculation 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 have revoked an Asset Coverage Test Breach Notice, the Trust Manager must immediately notify (in writing) the Bond Trustee of such revocation.

Following service of an Asset Coverage Test Breach Notice (which has not been revoked):

- (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*" below);
- (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-Issuer Event of Default Priority of Payments will be modified as described in "*Cashflows - Allocation and Distribution of Available Income Amounts following service of an Asset Coverage Test Breach Notice*" and "*Cashflows – Allocation and Distribution of Available Principal Amounts 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 not been revoked as described above, then the Asset Coverage Test will be breached and an Issuer Event of Default will occur on the next following Calculation Date after the service of such Asset Coverage Test Breach Notice and the Trust Manager must immediately give written notice of that occurrence to the Covered Bond Guarantor, the Bond Trustee and the Security Trustee.

For the purposes hereof:

**Adjusted Aggregate Mortgage Loan Amount** means the amount calculated on each Calculation Date as follows:

$$(A + B + C + D + E) - Z,$$

where:

**A** = the lower of:

- (a) the aggregate of the LVR Adjusted Mortgage Loan Balance Amounts of the Mortgage Loans forming part of the Assets of the Trust as at the last day of the immediately preceding Collection Period; and
- (b) the aggregate of the Asset Percentage Adjusted Mortgage Loan Balance Amounts of the Mortgage Loans forming part of the Assets of the Trust as at the last day of the immediately preceding Collection Period,

(in each case, for the avoidance of doubt, excluding any Mortgage Loans being repurchased by the Seller on the last day of the immediately preceding Collection Period but including any Mortgage Loans being purchased by the Covered Bond Guarantor on the last day of the immediately preceding Collection Period).

The **LVR Adjusted Mortgage Loan Balance Amount** will be calculated for a Mortgage Loan, on the relevant Calculation Date, as:

- (i) for each Mortgage Loan forming part of the Assets of the Trust, as at the last day of the immediately preceding Collection Period, that is not, as at the last day of the immediately preceding Collection Period, a Defaulted Mortgage Loan, the lesser of:
  - (A) the outstanding Current Principal Balance of the Mortgage Loan as at the last day of the immediately preceding Collection Period; and
  - (B) the product of M and L, where:
    - I. M is 80 per cent.; and
    - II. L is the Indexed Valuation for the Mortgaged Property which secures the Mortgage Loan as at the last day of the immediately preceding Collection Period (but without double counting across Mortgage Loans); and
- (ii) for each Mortgage Loan forming part of the Assets of the Trust, as at the last day of the immediately preceding Collection Period, that is, as at the last day of the immediately preceding Collection Period, a Defaulted Mortgage Loan, zero;

less:

- (iii) where a Mortgage Loan or the related Mortgage Loan Rights in respect of which the Seller was, in the immediately preceding Collection Period, known by the Covered Bond Guarantor or the Trust Manager to be in breach of the Representations and Warranties contained in the Mortgage Sale Agreement as at the date of its sale to the Covered Bond Guarantor and the Seller has not, as at the last day of the immediately preceding Collection Period, repurchased the Mortgage Loan and the related 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 (as calculated pursuant to paragraphs (i) and (ii) above) for each Mortgage Loan to which this paragraph (iii) applies; and
- (iv) 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 Agreement, 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 Calculation Date, as the Asset Percentage multiplied by:

- (i) for each Mortgage Loan forming part of the Assets of the Trust, as at the last day of the immediately preceding Collection Period, that is not, as at the last day of the immediately preceding Collection Period, a Defaulted Mortgage Loan, the lesser of:

- (A) the outstanding Current Principal Balance of the Mortgage Loan as at the last day of the immediately preceding Collection Period; and
- (B) the product of M and L, where:
  - I. M is 100 per cent.; and
  - II. L is the Latest Valuation for the Mortgaged Property which secures the Mortgage Loan as at the last day of the immediately preceding Collection Period (but without double counting across Mortgage Loans); and
- (ii) for each Mortgage Loan forming part of the Assets of the Trust, as at the last day of the immediately preceding Collection Period, that is, as at the last day of the immediately preceding Collection Period, a Defaulted Mortgage Loan, zero;

less:

- (iii) where a Mortgage Loan or the related Mortgage Loan Rights in respect of which the Seller were, in the immediately preceding Collection Period, known by the Covered Bond Guarantor or the Trust Manager to be in breach of the Representations and Warranties contained in the Mortgage Sale Agreement as at the date of its sale to the Covered Bond Guarantor and the Seller has not, as at the last day of the immediately preceding Collection Period, repurchased the Mortgage Loan and the related 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 (as calculated pursuant to paragraphs (i) and (ii) on the relevant Calculation Date) for each Mortgage Loan to which this paragraph (iii) applies; and
- (iv) 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 Agreement, 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 each issue of any Intercompany Notes and/or any Increase in the Demand Note which have not been applied as contemplated in the Programme Documents as at the last day of the immediately preceding Collection Period;

**C** = the aggregate principal balance of any Substitution Assets and Authorised Investments as at the last day of the immediately preceding Collection Period;

**D** = the aggregate amount of Principal Collections standing to the credit of the GIC Account as at the last day of the immediately preceding Collection Period (without double counting any amounts already covered in B above) but excluding any amounts due to be applied on or before the next Trust Payment Date in accordance with the applicable Priorities of Payment;

**E** = the amount of any Sale Proceeds standing to the credit of the Pre-Maturity Ledger as at the last day of the immediately preceding Collection Period (without double counting any amounts already covered in D above); and

**Z** = the product of:



- (i) the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding calculated by the Trust Manager as at the last day of the immediately preceding Collection Period (provided that if such amount is less than one, it will be deemed for the purposes of this calculation, to be one);
- (ii) the Australian Dollar Equivalent of the then aggregate Principal Amount Outstanding of the Covered Bonds, as at the last day of the immediately preceding Collection Period; and
- (iii) the then Negative Carry Factor, where the **Negative Carry Factor** is:
  - (A) zero, for so long as the Interest Rate Swaps are in effect in accordance with their terms; or
  - (B) if the Interest Rate Swaps are not in effect in accordance with their terms, then either:
    - I. 0.50 per cent. if the then Weighted Average Spread is less than or equal to 0.10 per cent. per annum; or
    - II. 0.40 per cent., plus the Weighted Average Spread, if such Weighted Average Spread is greater than 0.10 per cent., per annum,
 where:
    - III. the **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 there is no Covered Bond Swap in place, the margin for the Series specified in the Applicable Final Terms; and (B) in any other case the spread used to calculate the floating amounts denominated in Australian Dollars payable by the Covered Bond Guarantor in accordance with the applicable Covered Bond Swap; and
    - IV. the **Weighted Average Spread** is the weighted average Spread (as determined under III above) then payable on each Series of Covered Bonds (determined by reference to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding, as at the last day of the immediately preceding Collection Period of the applicable Series).

There is no obligation on the Covered Bond Guarantor or the Issuer to ensure that an AAA credit rating is maintained by Fitch or an Aaa credit rating is maintained by Moody's in respect of the Covered Bonds, and the Trust Manager is under no obligation to change the percentage figure determined by it and notified to Fitch or Moody's, as applicable, and the Covered Bond Guarantor and the Security Trustee in line with the level of credit enhancement required to ensure an AAA credit rating by Fitch or an Aaa credit rating by Moody's.

### ***Amortisation Test***

The Trust Manager must ensure that, for so long as Covered Bonds are outstanding, on each Calculation Date 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) the Amortisation Test Aggregate Mortgage Loan Amount will be in an amount at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds as calculated on the relevant Calculation Date (the **Amortisation Test**).

The Trust Manager will perform all calculations required on each Calculation 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 on the Covered Bond Guarantor and the Issuer), and any other date on which the Amortisation Test is required to be calculated pursuant to any Programme Document, to determine whether the Amortisation Test is satisfied in respect of the Mortgage Loans then forming part of the Assets of the Trust as at the last day of the immediately preceding Collection Period.

If on any Calculation 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 at the last day of the immediately preceding Collection Period) as calculated on the relevant Calculation Date, then the Amortisation Test will be breached and a Covered Bond Guarantor Event of Default will occur. The Trust Manager must immediately notify the Covered Bond Guarantor, the Security Trustee and (for so long as 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 relevant Calculation Date 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 L and M, where:

(a) L is 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 per cent. of the Indexed Valuation for the Mortgaged Property charged by 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 is:

- (i) for each Mortgage Loan that is not then a Defaulted Mortgage Loan as at last day of the immediately preceding Collection Period,  $M = 1.0$ ; or
- (ii) for each Mortgage Loan that is then a Defaulted Mortgage Loan as at last day of the immediately preceding Collection Period,  $M = \text{zero}$ ;

**B** = the sum of the amount of any cash standing to the credit of the GIC Account as at last day of the immediately preceding Collection Period and the principal amount of any Authorised Investments as at last day of the immediately preceding Collection Period (excluding any Interest Collections received in the immediately preceding Collection Period and any principal amounts due to be applied on or before the next Trust Payment Date in accordance with the applicable Priorities of Payment);

**C** = the aggregate principal balance of any Substitution Assets as at last day of the immediately preceding Collection Period not taken into account elsewhere in this calculation; and

**Z** = the product of:

- (a) the weighted average remaining maturity of all Covered Bonds then outstanding as at last day of the immediately preceding Collection Period (expressed in years) (but if less than one, then deemed to be one);
- (b) the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding, as at last day of the immediately preceding Collection Period, of the Covered Bonds; and
- (c) the Negative Carry Factor.

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

The Establishment Deed will provide 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 credit ratings of the Issuer fall below a specified level and such Series of Hard Bullet Covered Bonds is due for repayment within a specified period of time thereafter. The Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must offer to, sell Selected Mortgage Loan Rights forming part of the Assets of the Trust, subject to the rights of pre-emption enjoyed by the Seller pursuant to the terms of the Mortgage Sale Agreement (as described in "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loan Rights*") and subject to any Pre-Maturity Demand Note Funding having been provided by the Demand Note Subscriber from time to time. The proceeds from any such sale which constitute Available Principal Amounts will be credited to the Pre-Maturity Ledger and deposited into the GIC Account in accordance with the Pre-Issuer Event of Default Principal Priority of Payment. 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 in the GIC Account following such repayment in full will be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager) in accordance with the applicable Priorities of Payment unless the Issuer is failing 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 in the Pre-Maturity Ledger in order to provide liquidity for that other Series of Hard Bullet Covered Bonds. Otherwise, the proceeds will be applied as set out in "*Cashflows*" below.

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***

After service of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to the service of a Notice to Pay, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction the Covered Bond Guarantor must, sell Selected Mortgage Loan Rights then forming part of the Assets of the Trust in accordance with the Establishment Deed (as described below), subject to the rights of pre-emption enjoyed by the Seller pursuant to the Mortgage Sale Agreement (as described in "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loan Rights*") and subject to any Pre-Maturity Demand Note Funding having been provided by the Demand Note Subscriber from time to time. The proceeds from any such sale will be credited to the GIC Account and applied as set out in "*Cashflows – Allocation and Distribution of Available Income Amounts following service of an Asset Coverage Test Breach Notice*" and "*Cashflows – Allocations and Distribution of Available Principal Amounts following service of an Asset Coverage Test Breach Notice*".

***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 following the occurrence of an Issuer Event of Default, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must, sell Selected Mortgage Loan Rights then forming part of the Assets of the Trust in accordance with the Establishment Deed (as described below), subject to the rights of

pre-emption enjoyed by the Seller pursuant to the Mortgage Sale Agreement (as described in "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loan Rights*"). The proceeds from any such sale will be credited to the GIC Account and applied as set out in the Guarantee Priority of Payments.

### ***Method of Sale of Selected Mortgage Loan Rights***

If the Covered Bond Guarantor is required to sell Selected Mortgage Loan Rights then forming part of the Assets of the Trust to Purchasers following the service of an Asset Coverage Test Breach Notice, a breach of the Pre-Maturity Test or the service of a Notice to Pay on the Covered Bond Guarantor, the Trust Manager must ensure that before offering Selected Mortgage Loan Rights then forming part of the Assets of the Trust for sale:

- (a) the Selected Mortgage Loan Rights are selected on a basis that is representative of the Mortgage Loan Rights then forming part of the Assets of the Trust; and
- (b) the Mortgage Loans relating to 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 service of a Notice to Pay on the Covered Bond Guarantor), such amount that would ensure that, if those Mortgage Loans were sold at their Current Principal Balance plus the arrears of interest and accrued interest thereon, the Asset Coverage Test would be satisfied on the next Calculation Date taking into account the payment obligations of the Covered Bond Guarantor on the Trust Payment Date following that Calculation Date; or
  - (ii) following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor:

$$N \times \left[ \frac{A}{B} \right]$$

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, the Required Redemption Amount of the relevant Series of Hard Bullet Covered Bonds less amounts standing to the credit of the Pre-Maturity Ledger that are not otherwise required to provide liquidity for any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant series of Hard Bullet Covered Bonds; 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 Substitution Assets or Authorised Investments (excluding all amounts to be applied on the next following Trust Payment 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);

**A** is the aggregate Current Principal Balance of all Mortgage Loans forming part of the Assets of the Trust; and

**B** is the Australian Dollar Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding less the Australian Dollar Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding which has been provided for in cash.

The Trust Manager must direct the Covered Bond Guarantor to, and, upon receiving that direction, the Covered Bond Guarantor will, 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 on the Covered Bond Guarantor), 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 accrued interest thereon; 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 breach of the Pre-Maturity Test or 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:

- (a) in respect of a sale in connection with the service of a Notice to Pay on the Covered Bond Guarantor:
  - (i) where the relevant Covered Bonds are not subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, 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); and
  - (ii) where the relevant 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 Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto); or
- (b) 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 Covered Bond Guarantor (acting at the direction of the Trust Manager) will 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 Trust Manager may direct the Covered Bond Guarantor to, and, upon receiving that direction, the Covered Bond Guarantor (subject to the right of pre-emption in favour of the Seller in the Mortgage Sale Agreement) will, offer for sale a portfolio of Selected Mortgage Loan Rights, in accordance with the provisions summarised above, in respect of other Series of Covered Bonds.

The Covered Bond Guarantor (acting at the direction of the Trust Manager) is also permitted to offer for sale to Purchasers a 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 of the sale of the Partial Portfolio, the sale price of the Partial Portfolio will (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 Covered Bond Guarantor (acting at the direction of 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 it in relation to the sale of the Selected Mortgage Loan Rights to Purchasers (except where the Seller is exercising its rights of pre-emption in respect of the Selected Mortgage Loan Rights under the Mortgage Sale Agreement, as described in "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loan Rights*"). The terms of the agreement giving effect to the appointment in accordance with such tender must be approved by the Security Trustee.

In respect of any sale of Selected Mortgage Loan Rights following service of an Asset Coverage Test Breach Notice (if not revoked) or a Notice to Pay on the Covered Bond Guarantor, the Trust Manager will instruct such 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 will give effect to the recommendations of the portfolio manager) will be subject to the prior written approval of the Security Trustee (unless the Seller has exercised its rights of pre-emption under the Mortgage Sale Agreement, as described in "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loan Rights*"). The Security Trustee will not be required to release the Selected Mortgage Loan Rights from the Security unless the conditions relating to the release of the Security (as described under "*Overview of Principal Documents - Security Deed – Release of Security*" below) are satisfied.

The Trust Manager must direct the Covered Bond Guarantor to, and, upon receiving that direction, the Covered Bond Guarantor must, subject to the paragraph above, enter into a sale and purchase agreement with the related Purchasers (except where the Seller has exercised its rights of pre-emption under the Mortgage Sale Agreement, as described in "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loan Rights*"), which will require, among 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 and otherwise agreed with the Seller.

#### ***Limit on Investing in Substitution Assets and Authorised Investments***

Provided no Asset Coverage Test Breach Notice is outstanding 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, upon receiving that direction, the Covered Bond Guarantor must, invest Available Income Amounts, Available Principal Amounts and the proceeds of the issue of Intercompany Notes and the Demand Note (or the proceeds of any Increase in the Demand Note) standing to the credit of the GIC Account in Substitution Assets, provided that:

- (a) the aggregate amount so invested in:

- (i) any assets which fall within paragraph (a) of the definition of "Substitution Assets" does not exceed 15 per cent. 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 must be sold by the Covered Bond Guarantor (acting at the direction of the Trust Manager) as quickly as reasonably practicable, and the proceeds credited to the GIC Account, after which the Covered Bond Guarantor (acting at the direction of the Trust Manager) will be permitted 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.

### ***Negative Covenants***

Except as provided in or permitted by the Programme Documents, the Trust Manager must not direct the Covered Bond Guarantor to:

- (a) create or permit to subsist any Security Interest over the whole or any part of the Assets of the Trust;
- (b) transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of the Assets of the Trust or any interest, estate, right, title or benefit in or to such Assets or agree or attempt or purport to do so;
- (c) have an interest in any bank account;
- (d) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any such indebtedness;
- (e) consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any other person;
- (f) have any employees or premises or subsidiaries;
- (g) acquire any assets;
- (h) invest in assets of a kind prescribed by the regulations issued for the purposes of section 31(3) of the Australian Banking Act;
- (i) enter into any contracts, agreements or other undertakings;
- (j) compromise, compound or release any debt due to it; and/or
- (k) commence, defend, settle or compromise any litigation or other claims relating to it or any of its assets.

The Covered Bond Guarantor will:

- (a) remain Tax Resident in Australia throughout the period for which it is acting as trustee of the Trust; and
- (b) not perform any of its duties, or exercise any rights in relation to the Trust outside of Australia.

### ***Other Provisions***

The allocation and distribution of Available Income Amounts, Available Principal Amounts and all other amounts received by the Covered Bond Guarantor is described under "*Cashflows*" below.

### ***Retirement and Removal of the Covered Bond Guarantor***

#### ***Mandatory Retirement***

The Covered Bond Guarantor must retire as trustee of the Trust if:

- (a) the Covered Bond Guarantor ceases to carry on business in all respects or as a professional trustee;
- (b) the Covered Bond Guarantor merges or consolidates with another entity, unless:
  - (i) that entity assumes the obligations of the Covered Bond Guarantor under the Programme Documents; and
  - (ii) each Rating Agency has been notified of, and the Issuer has delivered a Rating Affirmation Notice to the Covered Bond Guarantor in respect of, the proposed retirement;
- (c) an Insolvency Event occurs in respect of the Covered Bond Guarantor in its personal capacity;
- (d) an Extraordinary Resolution requiring 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 Covered Bond Swap Rate and such retirement is approved in writing by each Secured Creditor (such approval not to be unreasonably withheld or delayed); or
- (e) the Covered Bond Guarantor does not comply with a material obligation under the Programme Documents and does not remedy the non-compliance within 30 days of being requested to do so by the Trust Manager.

Where the Covered Bond Guarantor does not retire within 30 days of the occurrence of any of the events described above, the Trust Manager may by written notice remove the Covered Bond Guarantor as trustee of the Trust. The Trust Manager must appoint another trustee to be the trustee of the Trust as soon as practicable after notification of the Covered Bond Guarantor's retirement or removal under the above circumstances.

#### ***Voluntary Retirement***

The Covered Bond Guarantor may voluntarily retire as trustee of the Trust if the Covered Bond Guarantor gives the Trust Manager not less than three months' (or such other period as the Trust Manager may agree) written notice of its intention to do so, subject to the Covered Bond Guarantor's procurement of, at least 30 days before the date on which that removal becomes effective, another person to assume all of its obligations under the Programme Documents to which it is a party and to execute such documents as the Trust Manager requires for that person to become bound by those Programme Documents and subject to such appointment of the successor Covered Bond Guarantor being approved by the Trust Manager.



Any mandatory or voluntary retirement or removal of the Covered Bond Guarantor is conditional upon the Issuer having delivered a Rating Affirmation Notice to the Covered Bond Guarantor (copied to the Trust Manager, the Bond Trustee and the Security Trustee) in respect of such mandatory or voluntary retirement of the Covered Bond Guarantor or removal and appointment by the Trust Manager.

The Establishment Deed is governed by, and construed in accordance with, the laws applying in the State of New South Wales, Australia.

### **Management Agreement**

The Trust Manager will act as trust manager of the Trust and in doing so will provide certain Trust 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 18 May 2018 between the Covered Bond Guarantor, IBAL (in its capacities as Trust Manager, Issuer, Seller and Servicer), the Account Bank and the Security Trustee.

The **Trust Management Services** will include but will not be limited to:

- (a) maintaining the Ledgers on behalf of the Covered Bond Guarantor;
- (b) determining the amount of Interest Collections and the Principal Collections received and Available Income Amounts and Available Principal Amounts to be distributed in accordance with the Priorities of Payments described under "*Cashflows*", below;
- (c) determining the amount of Losses incurred on the Mortgage Loans forming part of the Assets of the Trust during each Collection Period and the amounts payable by the Covered Bond Guarantor on the immediately following Trust Payment Date under the applicable Priorities of Payment described under "*Cashflows*", below;
- (d) distributing the Available Income Amounts and the Available Principal Amounts in accordance with the applicable Priorities of Payment described under "*Cashflows*", below;
- (e) maintaining records of all Authorised Investments and Substitution Assets, as applicable.

The **Calculation Management Services** will include but will not be limited to:

- (a) determining whether the Asset Coverage Test is satisfied on each Calculation Date and at all other times required in accordance with the Programme Documents prior to an Issuer Event of Default and service of a Notice to Pay and/or a Covered Bond Guarantee Acceleration Notice in accordance with the Establishment Deed, as more fully described under "*Credit Structure - Asset Coverage Test*" below;
- (b) determining whether the Amortisation Test is satisfied on each Calculation Date and at all other times required in accordance with the Programme Documents 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 on the Covered Bond Guarantor and the Issuer) in accordance with the Establishment Deed, as more fully described under "*Credit Structure – Amortisation Test*", below; and
- (c) on each AU 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, determining whether the Pre-Maturity Test for each Series of Hard Bullet Covered Bonds is satisfied, as more fully described under "*Credit Structure – Pre Maturity Test*" below.

The Covered Bond Guarantor may terminate the appointment of the Trust Manager under the Management Agreement if a **Trust Manager Default** occurs and subsists, being the Trust Manager breaches any representation, warranty, obligation or undertaking made or given by it in any Programme Document; and such breach would reasonably be considered likely to have a Material Adverse Effect; and, if the breach is capable of remedy, the Trust Manager does not remedy the breach within 30 days (or such longer period as may be specified in the notice) after notice from the Covered Bond Guarantor or the Security Trustee requiring it to be remedied. The Covered Bond Guarantor must terminate the appointment of the Trust Manager under the Management Agreement if an Insolvency Event has occurred in relation to the Trust Manager. The Trust Manager may also voluntarily retire as manager of the Trust by giving the Covered Bond Guarantor not less than three months' notice in writing (or such other period as the Trust Manager and the Covered Bond Guarantor may agree) of its intention to resign. On termination or retirement of the appointment of the Trust Manager (the **Outgoing Manager**), the Covered Bond Guarantor shall be entitled to appoint another person (the **Incoming Manager**) to be the Trust Manager, and until such appointment is made, the Covered Bond Guarantor shall, subject to the Management Agreement and any approval required by law, act as Trust Manager and shall be entitled to the Trust Manager's fee. The provisions of the Programme Documents which relate to or which limit the obligations or liabilities of the Covered Bond Guarantor (including without limitation clause 37 of the Establishment Deed) will apply, with such consequential amendments as are necessary to give effect to them, in respect of the acts, omissions or liabilities of the Covered Bond Guarantor for so long as it is acting as the Trust Manager. The Incoming Manager must give notice to the Security Trustee, the Rating Agencies and the Account Bank as soon as practicable following its appointment, and the Covered Bond Guarantor must ensure that the Incoming Manager executes such documents as the Covered Bond Guarantor requires to assume all the rights, powers, discretions and obligations of the Trust Manager under the Management Agreement and the Programme Documents to which the Outgoing Manager is or was a party, as if the Incoming Manager had originally been a party to them.

The Management Agreement is governed by, and 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 Loans and from certain other Assets forming part of the Trust, amounts payable by the Covered Bond Guarantor under the Intercompany Note Subscription Agreement to IBAL 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 Basis Swap, Fixed Rate Swap and each Covered Bond Swap) (together, the **Swaps**) will be evidenced by a confirmation that supplements, forms part of and is subject to, an ISDA 2002 Master Agreement as published by the International Swaps & Derivatives Association, Inc. (ISDA) and schedule thereto between a swap provider (a **Swap Provider**), the Covered Bond Guarantor, the Trust Manager and the Security Trustee and may also include a credit support document (such credit support document to be in the form of the ISDA 1995 Credit Support Annex (Bilateral Form - Transfer) published by ISDA) (together, a **Swap Agreement**).

## Interest Rate Swap Agreements

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 and the Intercompany Notes and the Demand Note will be

based on the Bank Bill Rate for Australian Dollar deposits. 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 Australian Dollar deposits and varying applicable interest or calculation period,

the Covered Bond Guarantor, the Trust Manager, the Security Trustee and the Interest Rate Swap Provider will enter into a Basis Swap and a Fixed Rate Swap under the relevant Interest Rate Swap Agreement.

Each Interest Rate Swap Agreement is governed by, and 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 Basis Swap or the Fixed 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 payments made under the Intercompany Notes 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: (1) 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 Swaps; and (2) amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of the Covered Bonds (after the service of a Notice to Pay on the Covered Bond Guarantor).

Each Non-Forward Starting Covered Bond Swap will provide a hedge against: (1) 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 Swaps; and (2) amounts payable by the Covered Bond Guarantor under the Intercompany Note Subscription 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 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 relevant 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 Trust Payment Date or other payment date (as specified in the relevant confirmation) after service of a Notice to Pay on the Covered Bond Guarantor an amount in Australian Dollars calculated by reference to the Bank Bill Rate for Australian Dollar deposits (for such period as specified in the relevant confirmation) or such other rate as may be specified in the relevant Confirmation plus a spread. Unless the 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 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 Intercompany Note is made in Australian Dollars (where the related Series of Covered Bonds are denominated in Australian Dollars), the Covered Bond Guarantor will pay to the Covered Bond Swap Provider on each payment date (as specified in the relevant confirmation) an amount in Australian Dollars calculated by reference to the Bank Bill Rate for Australian Dollar deposits (for such period as specified in the relevant confirmation) or such other rate as may be specified in the relevant confirmation plus a spread. In return the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date an amount in Australian Dollars calculated by reference to the rate of interest payable on the related Series or Tranche of Covered Bonds; and
- (b) if the related Intercompany Note is made in a currency other than in 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 Intercompany Note (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 Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date an amount equal to the relevant amounts that would be payable by the Covered Bond Guarantor under either the related Intercompany Note in accordance with the terms of the Intercompany Note Subscription Agreement or the Covered Bond Guarantee in respect of interest and principal 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 payment date (as specified in the relevant confirmation) an amount in Australian Dollars calculated by reference to the Bank Bill Rate for Australian Dollar deposits (for such period as specified in the relevant confirmation) or such other rate as may be specified in the relevant confirmation plus a spread and the Australian Dollar Equivalent of the relevant portion of any principal due to be repaid in respect of the related Intercompany Note in accordance with the Intercompany Note Subscription Agreement. Unless the 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 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 Intercompany Note in exchange for payment by the Covered Bond Guarantor of the Australian Dollar Equivalent of that amount.

Each Non-Forward Starting Covered Bond Swap and each Forward Starting Covered Bond Swap will terminate on 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 (other than a Swap Agreement relating to a Basis Swap), in the event that the credit rating(s) or counterparty risk assessment, as applicable, of the relevant Swap Provider is downgraded by a Rating Agency below the credit rating(s) or counterparty risk assessment, as applicable,

specified in such Swap Agreement (in accordance with the requirements of such Rating Agency's criteria) for that Swap Provider, that Swap Provider will, in accordance with such Swap Agreement, be required to take certain remedial measures which may include:

- (a) providing collateral for its obligations under such Swap Agreement;
- (b) arranging for its obligations under such Swap Agreement to be transferred to a replacement entity provided that either (i) such entity is an entity with the credit rating(s) or counterparty risk assessment, as applicable, required 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 in effect immediately prior to the downgrade;
- (c) procuring another entity to become co-obligor or guarantor in respect of its obligations under such Swap Agreement provided that either (i) such entity is an entity with the credit rating(s) or counterparty risk assessment required 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 in effect immediately prior to the downgrade; or
- (d) taking such other measure 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 one or more of the Swaps under such Swap Agreement.

This Rating Downgrade Event does not apply to any Basis Swap.

#### ***Other Termination Events***

One or more Swaps 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 parties to such Swap Agreement without an assumption of the obligations under such Swap Agreement;
- (c) if there is a change of law, a change in application of the relevant law or a 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) if there is a change in law which results in the illegality of the obligations to be performed by either party under such Swap Agreement;
- (e) in relation to a Covered Bond Swap only, if the corresponding Series of Covered Bonds are redeemed or cancelled;

- (f) upon the making of an amendment (without the prior written consent of the relevant Swap Provider) to the Priorities of Payment which has an adverse effect on the amounts paid to the relevant Swap Provider under the Priorities of Payment; and
- (g) upon the making of an amendment (without the prior written consent of the relevant Swap Provider) to any Programme Document, which has the effect of requiring the relevant Swap Provider 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 relevant 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 Document***

The Covered Bond Guarantor and each Swap Provider (other than the provider of a Basis Swap) will also enter into a credit support document under the relevant Swap Agreement (such credit support document in the form of the ISDA 1995 Credit Support Annex (Bilateral Form - Transfer) published by ISDA (each, a **Swap Agreement Credit Support Document**). Each Swap Agreement Credit Support Document will provide that, from time to time, if required to do so following its downgrade and subject to the conditions specified in such Swap Agreement Credit Support Document, 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 Document. Each Swap Agreement Credit Support Document will form part of the relevant Swap Agreement.

Swap Collateral required to be transferred by the relevant Swap Provider pursuant to the terms of the Swap Agreement Credit Support Document may be delivered in the form of cash or certain securities as specified in such Swap Agreement Credit Support Document.

In the case of the Covered Bond Swaps, cash amounts will be paid into an interest bearing account held with a Qualified Institution (a **Covered Bond Swap Cash Collateral Account**) and any non-cash collateral will be held in a separate securities account (a **Covered Bond Swap Securities Collateral Account**), in each case, opened in accordance with the relevant Covered Bond Swap Agreement.

In the case of the Fixed Rate Swap, cash amounts payable by IBAL, as Swap Provider, will be paid into an account designated as a **Swap Collateral Cash Account** in respect of the relevant Swap Agreement Credit Support Annex opened and held with the Account Bank. Securities will be transferred into a custody account opened and held with a custodian (a **Swap Collateral Securities Account**). References to the above accounts and to payments and/or transfers from such accounts are deemed to be a reference to payments and/or transfers from such accounts as and when opened by the Covered Bond Guarantor.

If a Covered Bond Swap Cash Collateral Account, a Swap Collateral Cash Account, a Covered Bond Swap Securities Collateral Account or a Swap Collateral Securities Account is opened, cash and securities (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 Document.

Any Swap Collateral Excluded Amounts will be paid to the relevant Swap Provider directly and not via the Priorities of Payments.

No Swap Agreement Credit Support Document will be entered into with the provider of a Basis Swap.

### ***Limited Recourse***

All obligations of the Covered Bond Guarantor to the relevant Swap Provider under the Swap Agreements are limited in recourse as described in the Establishment Deed.

### ***Governing Law***

Each Swap Agreement (including the Swap Agreement Credit Support Document under such Swap Agreement) will be governed by, and 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 18 May 2018 between the Covered Bond Guarantor, the Account Bank, the Issuer and Trust Manager and the Security Trustee, the Covered Bond Guarantor will maintain with the Account Bank, the GIC Account and the Swap Collateral Cash 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 any of the following occur in relation to the Account Bank:
  - (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; or
  - (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 AU Business Days; or
  - (iii) if the Account Bank fails to perform any of its other material obligations under the Account Bank Agreement and such failure is, in the opinion of the Security Trustee, materially prejudicial to the holders of Covered Bonds (and such failure is not waived by the Covered Bond Guarantor (acting at the direction of the Trust Manager) with the prior written consent of the Security Trustee) and such failure remains unremedied for a period of 10 AU Business Days after the Trust Manager or the Security Trustee has given notice of such failure to the Account Bank; and
- (b) must terminate the appointment of the Account Bank if any of the following matters occur in relation to the Account Bank:
  - (i) the Account Bank ceases to be a Qualified Institution and the Account Bank does not, within 40 days of the occurrence of such event, obtain a guarantee of its obligations under the Account Bank Agreement from a Qualified Institution; or
  - (ii) if an Insolvency Event occurs in respect of the Account Bank.

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 18 May 2018 by, among others, the Covered Bond Guarantor, the Trust Manager, the Account Bank and the Security Trustee, as security for payment of the Secured Obligations, the Covered Bond Guarantor charges all of its present and future rights, title and interest in, and all of its present and future rights in relation to the Charged Property (**Charged Property**), in favour of the Security Trustee.

The Security referred to above is a floating charge over Revolving Assets and a fixed charge over all other Charged Property.

Unless it is permitted to do so under the Security Deed the Covered Bond Guarantor must not create or allow another interest (including any other Security Interest) in any Charged Property or deal with, dispose of, or part with possession of, any Charged Property.

However, the Covered Bond Guarantor may do any of the following in the ordinary course of the Covered Bond Guarantor's ordinary business provided that it is entitled or required to do so by another provision in a Programme Document:

- (a) create or allow another interest in, deal with, dispose of, or part with possession of, any Charged Property which is a Revolving Asset; or
- (b) withdraw or transfer money from a Trust Account or any other account with a bank or other financial institution.

The Covered Bond Guarantor may discharge in accordance with the terms of the Programme Documents and its terms, the Security Interest comprised in the Assets of the Trust. Any such Security Interest discharged will automatically, and without the need for any act on the part of the Security Trustee, be free from and released from the Security.

If a Control Event occurs in respect of any Charged Property then automatically that Charged Property is not (and immediately ceases to be) a Revolving Asset; any floating charge over that Charged Property immediately operates as a fixed charge; and the Covered Bond Guarantor may no longer deal with the Charged Property as described above.

Further, any right which the Covered Bond Guarantor has under any Programme Document to deal with:

- (a) any Charged Property ceases immediately upon the occurrence of an event referred to in paragraph (b) of the definition of Control Event; and
- (b) specified Charged Property ceases immediately upon the Security Trustee notifying the Covered Bond Guarantor in writing after the Security has become enforceable that its rights to deal with that specified Charged Property have ceased.

## Release of Security

In the event of any sale or transfer of Mortgage Loan Rights (including Selected Mortgage Loan Rights) by or on behalf of the Covered Bond Guarantor (including by way of *in specie* distributions to the Seller), or surrender or extinguishment of the Covered Bond Guarantor's interest in Mortgage Loan Rights (including Selected Mortgage Loan Rights) pursuant to and in accordance with the Programme Documents, such Mortgage Loan Rights will no longer form part of the Assets of the Trust and the Security Trustee will, if so directed in writing by the Trust Manager (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 from the Security Interests created by and pursuant to the Security Deed on or prior to the date of such sale, provided



that the Trust Manager has provided to the Security Trustee a certificate that such sale of Mortgage Loan Rights has been made in accordance with the terms of the Programme Documents and, in the case of Selected Mortgage Loan Rights only, that the Selected Mortgage Loan Rights have been selected on a basis that is representative of the Mortgage Loans then forming part of the Assets of the Trust.

### ***Retirement and removal of Security Trustee***

The Security Trustee may retire as trustee of the Security Trust at any time upon giving three calendar months' prior written notice to the Trust Manager.

The Security Trustee must retire if:

- (a) it ceases to carry on business as a professional security trustee;
- (b) an Insolvency Event occurs in respect of the Security Trustee in its personal capacity (but not in its capacity as trustee of any other trust); or
- (c) the removal of the Security Trustee is approved by an Extraordinary Resolution at (i) a meeting of the Covered Bondholders of all Series taken together as a single Series or (ii) (if there are no Covered Bonds outstanding) a meeting of the Majority Secured Creditors.

If the Security Trustee does not retire within 30 days following any of the events described above, the Trust Manager may remove the Security Trustee from office as trustee of the Security Trust and will use its best endeavours to ensure that a successor security trustee is appointed as soon as possible.

The retirement or removal of the Security Trustee takes effect when a successor security trustee is appointed, the successor security trustee obtains title to (or the benefit of) the Security Deed and each of the other Programme Documents to which the Security Trustee is party, and the parties to such documents have the same rights and obligations amongst themselves as if they would have had if the successor security trustee had been party to them at the dates of such Programme Documents.

If no successor security trustee is appointed within 90 days of notice of the retirement or removal of the Security Trustee, the Security Trustee may itself appoint a successor security trustee or apply to the court for a successor security trustee to be appointed.

Any mandatory or voluntary retirement or removal of the Security Trustee is conditional upon the Issuer having delivered a Rating Affirmation Notice to the Covered Bond Guarantor (copied to the Trust Manager, the Issuer, the Rating Agencies and the Security Trustee) in respect of such mandatory or voluntary retirement, removal and appointment by the Trust Manager.

### ***Enforcement***

If a Covered Bond Guarantee Acceleration Notice is served 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 Loans then forming part of the Assets of the Trust), and/or take such steps as it will deem 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 will be applied in accordance with the Post-Enforcement Priority of Payments described under "*Cashflows*" below other than any Swap Collateral Excluded Amounts which will be paid to the relevant Swap Provider directly and not via the Post-Enforcement Priority of Payments.

The Security Deed is governed by, and will 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 an Issuer Event of Default, service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice (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) or, if earlier, following the occurrence of a Covered Bond Guarantor Event of Default and service by the Bond Trustee on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee) 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 to the Issuer;
- (b) the Pre-Maturity Test is intended to ensure that the Covered Bond Guarantor has sufficient liquidity 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 the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds on a monthly basis;
- (d) the Amortisation Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds following the occurrence of an Issuer Event of Default, service on the Issuer (copied to the Covered Bond Guarantor) of an Issuer Acceleration Notice and service of a Notice to Pay on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee);
- (e) a Reserve Fund will be established in the GIC Account to trap Available Income Amounts up to the Reserve Fund Required Amount or the proceeds of the issue of an Intercompany Note or the Demand Note (or an Increase in the Demand Note) if IBAL's credit ratings fall 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 as it determines 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 becomes 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 direct, absolute, unconditional (following an Issuer Event of Default, service of an Issuer Acceleration Notice and service of a Notice to Pay or following a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice) and (subject as provided in Condition 17 of the Conditions) obligations of the Covered Bond Guarantor, secured as provided in the Security Deed and limited in recourse against the Covered Bond Guarantor. The Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor following the occurrence of an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice on 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).

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 (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. Payments made by the Security Trustee will be made subject to, and in accordance with, the Post-Enforcement Priority of Payments.

See further "*Overview of the Principal Documents — Bond Trust Deed*" as regards the terms of the Covered Bond Guarantee.

See further "*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 AU 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 is intended to ensure that the Covered Bond Guarantor has sufficient liquidity for such Covered Bonds.

The Issuer will fail and be in breach of the Pre-Maturity Test on any Pre-Maturity Test Date in respect of a Series of Hard Bullet Covered Bonds if the Issuer's:

- (a) long-term credit rating from Moody's is lower than A2 and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within 12 months from the relevant Pre-Maturity Test Date; or
- (b) short-term credit rating from Moody's is lower than P-1 or from Fitch is lower than F1 and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within 12 months from the relevant Pre-Maturity Test Date.

### **Asset Coverage Test**

The Asset Coverage Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds on a monthly basis. This is to ensure that the assets of 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* and rateably 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 Covered Bond Guarantor are subject to the Asset Coverage Test. Accordingly, for so long as the Covered Bonds remain outstanding, the Trust Manager must ensure that on each such Calculation Date, the Adjusted Aggregate Mortgage Loan Amount (as at the last day of the immediately preceding Collection Period) will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds as calculated on the relevant Calculation Date. The Asset Coverage Test will be tested by the Trust Manager on each such Calculation Date and:

- (a) on any day, to the extent that 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 that day (but by reference to the Adjusted Aggregate Mortgage Loan Amount and the aggregate Principal Amount Outstanding of the Covered Bonds as at the last day of the immediately preceding Collection Period), the Asset Coverage Test will be satisfied; and
- (b) on any day, to the extent that the Adjusted Aggregate Mortgage Loan Amount is not at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on that day (but by reference to the Adjusted Aggregate Mortgage Loan Amount and the aggregate Principal Amount Outstanding of the Covered Bonds as at the last day of the immediately preceding Collection Period), the Asset Coverage Test will not be satisfied.

If on any Calculation 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 Asset Coverage Test is not satisfied, then pursuant to the terms of the Establishment Deed, the Trust Manager must:

- (i) use all reasonable endeavours to arrange for the Covered Bond Guarantor to acquire sufficient additional Mortgage Loans and related Mortgage Loan Rights from the Seller in accordance with the Mortgage Sale Agreement; and
- (ii) direct the Covered Bond Guarantor to purchase Substitution Assets or request subscriptions from the Demand Note Subscriber for an Increase in the Demand Note,

in order to ensure that the Asset Coverage Test will be satisfied on any date on or before the immediately following Calculation Date. The consideration payable to the Seller for the sale of such Mortgage Loans and related 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 Loans and Mortgage Loan Rights in accordance with the Pre-Issuer Event of Default Principal Priority of Payments; and/or (ii) the proceeds of an Increase in the Demand Note.

If the Trust Manager has not taken sufficient action in accordance with the above paragraph such that the Asset Coverage Test remains unsatisfied for a second consecutive Calculation Date, the Bond Trustee must serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the non-satisfaction of the Asset Coverage Test). The Bond Trustee will be deemed to have revoked an Asset Coverage Test Breach Notice if on the Calculation Date falling on or prior to the third consecutive Calculation Date, the Asset Coverage Test is subsequently satisfied and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If the Asset Coverage Test Breach Notice has not been revoked in accordance with the foregoing, then an Issuer Event of Default will occur.

See further "*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 Covered Bond Guarantor do not fall below a certain threshold and are sufficient 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.

Pursuant to the Establishment Deed, the Trust Manager must, for so long as any Covered Bonds remain outstanding, ensure that on each Calculation 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 then aggregate Principal Amount Outstanding (as at the last day of the immediately preceding Collection Period) of the Covered Bonds.

See further "*Overview of the Principal Documents — Establishment Deed — Amortisation Test*", above.

### **Legislated Collateralisation Test**

The Programme benefits from the Issuer's obligation to comply with the minimum over-collateralisation requirements set out in the Australian Banking Act. This is described in more detail in the section "Description of the Covered Bond Provisions of the Australian Banking Act" in this Prospectus. As the Legislated Collateralisation Test is a minimum requirement, the Issuer expects that its obligation in respect of this legal requirement will be satisfied in all circumstances in which the Asset Coverage Test or the Amortisation Test, as applicable, is satisfied.

### **Reserve Fund**

If the Issuer's credit ratings fall below the Moody's Specified Rating and/or Fitch Specified Rating, the Covered Bond Guarantor is required to establish a reserve fund within the GIC Account and to credit, on the next Trust Payment Date, to the Reserve Fund the proceeds of Available Income Amounts (in accordance with the Pre-Issuer Event of Default Income Priority of Payments) or the remaining subscription proceeds of an issue of Intercompany Notes or the Demand Note (or an Increase in the Demand Note) up to an amount equal to the Reserve Fund Required Amount.

## 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 Trust Accounts 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 and/or realisation of the Security,

all in accordance with the Establishment Deed and Security Deed, as applicable.

### ***Allocation and distribution of Available Income Amounts 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 on the Covered Bond Guarantor or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, Available Income Amounts standing to the credit of the Trust Accounts will be allocated and distributed as described below.

On the Calculation Date immediately preceding each Trust Payment Date, the Trust Manager must calculate:

- (a) the amount of Available Income Amounts available for distribution on the following Trust Payment 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 Calculation Date falling within the Pre-Maturity Test Period, 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 the relevant Series of Hard Bullet Covered Bonds at such date (after deducting from the balance standing to the credit of the Pre-Maturity Ledger such amount as is then required to repay any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds).

### ***Pre-Issuer Event of Default Income Priority of Payments***

On each Trust Payment Date (except for amounts due to third parties by the Covered Bond Guarantor described below under (c)(iii) which in each case must be paid, at the direction of the Trust Manager, 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 must be paid, at the direction of the Trust Manager, directly to the relevant Swap Providers in accordance with the terms of the relevant Swap Agreements), the Trust Manager must direct the Covered Bond Guarantor to, and, upon receiving that direction, the Covered Bond Guarantor will, apply Available Income Amounts from the GIC Account to make the following payments and provisions in the following order of priority (**Pre-Issuer Event**

**of Default 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*, \$1 to the Residual Income Unitholder;
- (b) *second, pari passu* and rateably:
  - (i) 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 Trust Payment Date; and
  - (ii) in or towards any Third Party Amounts, to be applied in accordance with the Servicing Deed;
- (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 amounts due and payable to each Agent under the provisions of the Agency Agreements;
  - (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 Priorities 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 Trust Payment Date occurs;
- (d) *fourth*, in or towards satisfaction *pari passu* and rateably of:
  - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement in the Trust Payment Period in which such Trust Payment Date occurs, together with applicable GST (or other similar Taxes) thereon;
  - (ii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with applicable GST (or other similar Taxes) thereon;
  - (iii) 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 applicable GST (or other similar Taxes) thereon; and
  - (iv) any remuneration then due and payable to the Trust Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Trust Manager pursuant to the Establishment Deed and the Management Agreement in the Trust Payment Period in which such Trust Payment Date occurs, together with any applicable GST (or other similar Taxes) thereon;
- (e) *fifth*, if the Interest Rate Swap Provider is not the Issuer or, if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and

notified to the Covered Bond Guarantor and the Trust Manager), in or towards payment on the Trust Payment Date 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 due or to become due and payable to the Interest Rate Swap Provider in respect of the Interest Rate Swaps (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);

- (f) *sixth*, in or towards payment on the Trust Payment Date or to provide for payment on such date in the future 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 Interest Rate Swap Provider is the Issuer and a Regulatory Event has not occurred or is not likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards payment on the Trust Payment Date 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 due or to become due and payable to the Interest Rate Swap Provider in respect of the Interest Rate Swaps (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);
  - (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 Covered Bond Swap (including any termination payment due and payable (other than in respect of principal) by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have already been paid out as contemplated in "*Cashflows – Termination payments in respect of Swaps*" from any termination payments received from any terminated Covered Bond Swap Provider) in accordance with the terms of each relevant Covered Bond Swap Agreement; and
  - (iii) any interest amount due, or to become due and payable, in respect of the Intercompany Notes, *pari passu* and rateably to the Intercompany Noteholders in accordance with the terms of the Intercompany Note Subscription Agreement, but in the case of any such payment, after taking into account any amounts (other than principal) receivable from each relevant Covered Bond Swap Provider under each Covered Bond Swap Agreement on the Trust Payment Date or such date in the future as the Trust Manager may reasonably determine,

but, in the case of any such payment or provision, after taking into account any amounts receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement on the Trust Payment Date or such date in the future 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 in 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 Calculation 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 on the immediately preceding Calculation 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 Calculation 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 Trust Payment Date pursuant to paragraph (a) of the Pre-Issuer Event of Default Principal Priority of Payments;
- (h) *eighth*, if a Servicer Default has occurred, all remaining Available Income Amounts 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 any relevant part);
- (i) *ninth*, in or towards a credit to the Reserve Ledger and deposit into the GIC Account 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 Calculation Date;
- (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;
- (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*, in or towards payment of any interest amounts or any principal amount of the Demand Note relating to an Interest Rate Shortfall Demand Note Funding due or to become due and payable in respect of the Demand Note pursuant to the terms of the Demand Note Subscription Agreement; and
- (m) *thirteenth*, the remainder to the Residual Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust.

***Allocation and Distribution of Available Income Amounts following the 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 revoked), but 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 on the Covered Bond Guarantor and the Issuer, all Available Income Amounts will continue to be applied in accordance with the Pre-Issuer Event of Default Income Priority of Payments provided that, while any Covered Bonds remain outstanding, the Trust Manager will ensure that:

- (a) it will not direct the Covered Bond Guarantor to apply any moneys under paragraph (f)(iii), (l) or (m) of the Pre-Issuer Event of Default Income Priority of Payments; and
- (b) the remainder (if any) will be retained in the GIC Account (with a corresponding credit to the Income Ledger) and form part of the Available Income Amounts on the next succeeding Trust Payment Date.

***Allocation and Distribution of Available Principal Amounts 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 on the Covered Bond Guarantor or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, Available Principal Amounts standing to the credit of the GIC Account must be allocated and distributed as described below.

On each Calculation Date, the Trust Manager must calculate the amount of Available Principal Amounts available for distribution on the immediately following Trust Payment Date.

***Pre-Issuer Event of Default Principal Priority of Payments***

On each Trust Payment Date, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will, apply Available Principal Amounts 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, at the direction of the Trust Manager, directly to the relevant Swap Providers in accordance with the terms of the relevant Swap Agreements) and any In Specie Mortgage Loan Rights (but only in the case of paragraphs (d) and (g) below) in making the following payments or provisions or credits in the following order of priority (**Pre-Issuer Event of Default 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 Trust Payment Date):

- (a) *first*, 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 in 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 Calculation Date for the relevant Series of Hard Bullet Covered Bonds; and
  - y is the amount standing to the credit of the Pre-Maturity Ledger on the immediately preceding Calculation 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 Calculation Date, which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds;
- (b) *second*, to acquire Mortgage Loan Rights offered to the Covered Bond Guarantor by the Seller in accordance with the terms of the Mortgage Sale Agreement 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 and thereafter to acquire Substitution Assets in an amount not to exceed the prescribed limits (as specified in the Establishment Deed) sufficient to ensure that, after taking into account the other resources available to the Covered Bond Guarantor, the Asset Coverage Test is satisfied;
- (c) *third*, to deposit the remaining Available Principal Amounts into the GIC Account (with a corresponding credit to the Principal Ledger) 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*, if a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards repayment of the principal amount of the Demand Note which is due or to become due and payable pursuant to the terms of the Demand Note Subscription Agreement, to the extent that such payment would not cause

the Asset Coverage Test (as determined on the immediately preceding Calculation Date) to be breached;

- (e) *fifth*, in or towards repayment on the Trust Payment Date (or to provide for repayment 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 the principal amount of the Intercompany Notes 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 Covered Bond Swap (including any termination payment (relating solely to principal) due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) in accordance with the terms of each relevant Covered Bond Swap Agreement; and
  - (ii) where appropriate, after taking into account any amounts in respect of principal receivable from each relevant Covered Bond Swap Provider under each Covered Bond Swap on the Trust Payment Date or such date in the future as the Trust Manager may reasonably determine, the amounts (in respect of principal) due or to become due and payable to the Intercompany Noteholders *pari passu* and rateably in respect of each relevant Intercompany Note;
- (f) *sixth*, *pari passu* and rateably, to:
  - (i) pay the Initial Consideration for Mortgage Loan Rights offered to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement following receipt by the Seller of a notice from the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement; and
  - (ii) pay the Seller any Further Consideration in relation to any Additional Advances and/or Redraws that the Covered Bond Guarantor has agreed to reimburse the Seller for in accordance with the Mortgage Sale Agreement;
- (g) *seventh*, in or towards repayment of any principal amount of the Demand Note (other than any principal amount relating to an Interest Rate Shortfall Demand Note Funding):
  - (i) which remains due and payable pursuant to clause 10.1(d) of the Demand Note Subscription Agreement after any distribution as a result of the Covered Bonds having been repaid and confirmation from the Issuer that no additional Covered Bonds will be issued under the Programme;
  - (ii) for which a demand is made by the Demand Noteholder in accordance with the Demand Note Subscription Agreement and at which time the Issuer has not determined and notified the Covered Bond Guarantor and the Trust Manager that a Regulatory Event has occurred or is likely to occur, to the extent that such payment would not cause the Asset Coverage Test to be breached; or
  - (iii) where the Issuer has determined and notified the Covered Bond Guarantor and the Trust Manager that a Regulatory Event has occurred or is likely to occur and an In Specie Failure has also occurred, that amount which would otherwise have been satisfied under paragraph (d) above, to the extent that such payment would not cause the Asset Coverage Test to be breached;

- (h) *eighth*, to be paid to the Residual Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust remaining unpaid; and
- (i) *ninth*, to be paid to the Residual Capital Unitholder in respect of the Residual Capital Unit.

No payment of Available Principal Amounts will be made under paragraph (d) above by the Covered Bond Guarantor. The Trust Manager must ensure that paragraph (d) is satisfied by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*". The Trust Manager may, but is not obliged to, satisfy any amount payable by the Covered Bond Guarantor in accordance with paragraph (g) by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*".

***Allocation and Distribution of Available Principal Amounts 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 revoked), but 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 on the Covered Bond Guarantor and the Issuer, all Available Principal Amounts will continue to be applied in accordance with the Pre-Issuer Event of Default Principal Priority of Payments provided that, while any Covered Bonds remain outstanding, no moneys will be applied (nor will any *in specie* distribution of In Specie Mortgage Loan Rights be made) under paragraphs (b), (e)(ii), (f), (g), (h) and (i) of the Pre-Issuer Event of Default Principal Priority of Payments, and the remainder (if any) will be retained in the GIC Account (with a corresponding credit to the Principal Ledger) and will form part of the Available Principal Amounts on the next succeeding Trust Payment Date.

***Allocation and Distribution of Available Income Amounts and Available Principal Amounts 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 service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, all Available Income Amounts and Available Principal Amounts will be applied as described below under "*Guarantee Priority of Payments*".

The Trust Manager will create and maintain the Pre-Maturity Ledger for each Series of Hard Bullet Covered Bonds and record amounts allocated to the Pre-Maturity Ledger in respect of such Series of Hard Bullet Covered Bonds in accordance with the Programme Documents, 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 of such Hard Bullet Covered Bonds.

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, upon receiving that direction, the Covered Bond Guarantor must, apply all moneys (if any) standing to the credit of the Pre-Maturity Ledger to repay the Covered Bonds comprising the relevant Series.

***Guarantee Priority of Payments***

On each Trust Payment Date (except for amounts due to third parties described under (e)(ii) below which in each case will be paid, at the direction of the Trust Manager, 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 must be paid, at the direction of the Trust Manager, directly to

the relevant Swap Providers) the Trust Manager must direct the Covered Bond Guarantor to, and, upon receiving that direction, the Covered Bond Guarantor will, apply Available Income Amounts, Available Principal Amounts and any In Specie Mortgage Loan Rights (but only in the case of paragraphs (c) and (o) 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 Residual Income Unitholder;
- (b) second, *pari passu* and rateable:
  - (i) 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 Trust Payment Date; and
  - (ii) in or towards any Third Party Amounts, which will be applied in accordance with the Servicing Deed;
- (c) *third*, if a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards repayment of the principal amount of the Demand Note which is due or to become due and payable pursuant to a demand from the Demand Noteholder under the terms of the Demand Note Subscription Agreement to the extent that such payment would not cause the Asset Coverage Test (as determined on that Calculation Date) to be breached;
- (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 Trust Payment Date occurs together with interest and applicable GST (or other similar Taxes) thereon;
  - (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 Trust Payment Date occurs together with interest and applicable GST (or other similar Taxes) thereon; and
  - (iii) all amounts due and payable or to become due and payable to itself as trustee of the Trust in the Trust Payment Period in which such Trust Payment Date occurs together with interest and any applicable GST thereon;
- (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) thereon;
  - (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 Trust Payment 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 costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the Trust Payment Period in which such Trust Payment Date occurs under the provisions of the Servicing Agreement together with applicable GST (or other similar Taxes) thereon;
  - (ii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with applicable GST (or other similar Taxes) thereon;
  - (iii) amounts due and payable to the Trust Manager under the Establishment Deed and the Management Agreement; and
  - (iv) amounts due and payable to the Cover Pool Monitor (other than the amounts referred to in paragraph (n) below) pursuant to the terms of the Cover Pool Monitor Agreement, together with applicable GST (or other similar Taxes) thereon;
- (g) *seventh*, if the Interest Rate Swap Provider is not the Issuer or, if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards payment on the Trust Payment Date, 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 due or to become due and payable to the Interest Rate Swap Provider in respect of the Interest Rate Swaps (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) in accordance with the terms of the Interest Rate Swap Agreement;
- (h) *eighth*, in or towards payment on the Trust Payment Date or to provide for payment on such date in the future 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 Interest Rate Swap Provider is the Issuer and a Regulatory Event has not occurred or is not likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards payment on the Trust Payment Date, 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 due or to become due and payable to the Interest Rate Swap Provider in respect of the Interest Rate Swaps (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) in accordance with the terms of 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 Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) in accordance with the terms of each 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 Trust Payment 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 applicable Agent 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, after taking into account any amounts receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement and, if applicable, any amounts (other than principal) receivable from each relevant Covered Bond Swap Provider under each Covered Bond Swap Agreement on the Trust Payment Date or such date in the future as the Trust Manager may reasonably determine, provided that if the amount available for distribution under this paragraph (h) (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 Interest that is or will be Due for Payment in respect of each Series of Covered Bonds under paragraph (h)(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 each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap in respect of each relevant Series of Covered Bonds or provision to be made in respect of such amount under paragraph (h)(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;

- (i) *ninth* in or towards payment on the Trust Payment Date or to provide for payment in the immediately succeeding 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 each relevant Covered Bond Swap Agreement to the extent not already paid under paragraph (h)(ii) above, but excluding any relevant Excluded Swap Termination Amount) in accordance with the terms of each 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 succeeding 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 applicable Agent on behalf of the Covered Bonds *pari passu* and rateably in respect of each Series of Covered Bonds,

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) 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 paragraph (i)(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 each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under paragraph (i)(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;

- (j) *tenth*, in or towards payment on the Trust Payment Date (if such date is an Interest Payment Date) or to provide for payment on any Interest Payment Date prior to the immediately succeeding Trust Payment Date of the Final Redemption Amount (or portion thereof 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, by making the following payments, *pari passu* and rateably of:

- (i) any amounts due or to become due and payable to each relevant Covered Bond Swap Provider (whether or not in respect of principal) *pari passu* and rateably in respect of each Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) in accordance with the terms of each 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 applicable Agent on behalf of the Covered Bondholders,

but, in the case of any such payment or provision, after taking into account any amounts receivable from the Interest Rate Swap Provider in respect of the Interest Rate Swap Agreement and, if applicable, any amounts (whether or not in respect of principal) receivable from each relevant Covered Bond Swap Provider in respect of each relevant Covered Bond Swap, 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 such Final Redemption Amount in respect of the relevant Series of Covered Bonds under paragraph (j)(ii) above, the shortfall will be divided among all such Series of Covered Bonds on a *pari passu* and rateable basis, and any amount payable by the Covered Bond Guarantor to each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap in respect of each Series of Covered Bonds under paragraph (j)(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*, to deposit the remaining moneys in the GIC Account for application on the immediately succeeding Trust Payment Date in accordance with the priority of payments described in paragraphs (a)-(j) (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);
- (l) *twelfth*, 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;
- (m) *thirteenth*, in and towards payment of any amounts due and payable (whether in respect of principal or interest) in respect of the Intercompany Notes *pari passu* and rateably in respect of each Intercompany Note pursuant to the terms of the Intercompany Note Subscription Agreement;
- (n) *fourteenth*, 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;
- (o) *fifteenth*, in or towards satisfaction of all amounts due and payable in respect of the Demand Note or otherwise outstanding under the Demand Note Subscription Agreement (to the extent not already satisfied in accordance with paragraph (c) above) including upon the occurrence of a Regulatory Event and an In Specie Failure, any amounts that would otherwise have been satisfied under paragraph (c) above;
- (p) *sixteenth*, to be paid to the Residual Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust remaining unpaid; and
- (q) *seventeenth*, to be paid to the Residual Capital Unitholder in respect of the Residual Capital Unit.

No payment of Available Income Amounts and Available Principal Amounts will be made under paragraph (c) above by the Covered Bond Guarantor. The Trust Manager must ensure that paragraph (c) is



satisfied by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*". The Trust Manager may, but is not obliged to, satisfy any amount payable by the Covered Bond Guarantor in accordance with paragraph (o) by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loans pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*".

***Amounts received on or after the Trust Payment Date***

- (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 Trust Payment Date but prior to the immediately succeeding Trust Payment Date will be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager), together with any provision for such payments made on any preceding Trust Payment Date, to make payments (other than principal) due and payable *pari passu* and rateably in respect of each Covered Bond Swap under the relevant Covered Bond Swap Agreement or, as the case may be, in respect of interest on each relevant Intercompany Note in accordance with the Intercompany Note Subscription Agreement, 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 any 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 Trust Payment Date but prior to the immediately succeeding Trust Payment Date will be applied, by the Covered Bond Guarantor (acting at the direction of the Trust Manager), together with any provision for such payments made on any preceding Trust Payment 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 to the Intercompany Noteholders in respect of the corresponding Intercompany Notes in accordance with the Intercompany Note Subscription Agreement 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 any 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 Trust Payment Date but prior to the immediately succeeding Trust Payment Date will be applied, by the Covered Bond Guarantor (acting at the direction of the Trust Manager), together with any provision for such payments made on any preceding Trust Payment 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 Trust Payment Date but prior to the immediately succeeding Trust Payment Date that are not applied towards a payment or provision in accordance with paragraph (f) of the Pre-Issuer Event of Default Income Priority of Payments, paragraph (h) of the Guarantee Priority of Payments or paragraphs (a) or (c) above, will be credited to the Income Ledger, deposited into the GIC Account and form part of the Available Income Amounts to be applied on that Trust Payment Date (if received on that day) or on the immediately succeeding Trust Payment Date (if received after that day).

- (e) Any amounts (other than any Swap Collateral Excluded Amounts) of principal received under a Covered Bond Swap Agreement on a Trust Payment Date or any date prior to the immediately succeeding Trust Payment Date which are not applied towards a payment or provision in accordance with paragraph (e) of the Pre-Issuer Event of Default Principal Priority of Payments, paragraph (j) of the Guarantee Priority of Payments or paragraphs (b) or (c) above, will be credited into the GIC Account, and will form part of the Available Principal Amounts to be applied on that Trust Payment Date (if received on that day) or on the immediately succeeding Trust Payment Date (if received after that day).
- (f) Any amounts of principal received from the Seller in respect of a surrender or an extinguishment of the Seller's interest in, or transfer by the Seller of, Mortgage Loan Rights to enable the Covered Bond Guarantor (acting at the direction of the Trust Manager) to apply such amounts to repay any relevant Intercompany Notes on the date on which the Covered Bonds corresponding to such Intercompany Notes mature will not be applied in accordance with the Pre-Issuer Event of Default Principal Priority of Payment and will (after being swapped if necessary under the relevant Covered Bond Swaps) be applied or be deemed to be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager) in repayment of the relevant Intercompany Notes on the date on which the Covered Bonds corresponding to such Intercompany Notes mature, subject to the Asset Coverage Test being satisfied on the date of such repayment and after giving effect to such repayment after taking into account amounts that will be paid or provided for on the immediately following Trust Payment Date.

#### ***Termination payments in respect of 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 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 on the Covered Bond Guarantor and the Issuer and only at the direction of the Trust Manager) first towards the payment to a replacement Swap Provider to enter into a replacement Swap with the Covered Bond Guarantor, unless a replacement Swap has already been entered into on behalf of the Covered Bond Guarantor in which case the Trust Manager will direct the Covered Bond Guarantor to apply the termination payment in accordance with the applicable Priorities of Payment, and if 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 Priorities of Payment. If the Covered Bond Guarantor receives any premium from a replacement Swap Provider in respect of a replacement Swap, such premium will form part of the Available Income Amounts and the Trust Manager will direct the Covered Bond Guarantor to apply such premium in accordance with the applicable Priorities of Payment.

#### ***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 moneys received or recovered by the Security Trustee or any Receiver (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 terms of the relevant Swap Agreements) and any In Specie Mortgage Loan Rights (but only in the case of paragraphs (f) and (j)), after the service of a Covered Bond Guarantee Acceleration Notice, for the benefit of the Secured Creditors in respect of the Secured Obligations, will be held by it in the Trust Accounts on trust to be applied, 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, pari passu* and rateably:
  - (i) in or towards satisfaction of any Accrued Interest Adjustment outstanding to the Seller in connection with the transfer of any Mortgage Loans to the Trust; and
  - (ii) in or towards any Third Party Amounts, which will be applied in accordance with the Servicing Deed;
- (b) *second*, 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) thereon;
  - (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) thereon; and
  - (iii) all amounts due and payable or to become due and payable to the Covered Bond Guarantor together with interest and any applicable GST (or similar Taxes) thereon;
- (c) *third*, in or towards satisfaction of all amounts due and payable to the Agents under or pursuant to the Agency Agreements together with any applicable GST (or similar Taxes) thereon;
- (d) *fourth*, in or towards satisfaction *pari passu* and rateably of:
  - (i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement, together with any applicable GST (or other similar Taxes) thereon;
  - (ii) amounts due to the Account Bank (including any costs, charges, liabilities and expenses) pursuant to the terms of the Account Bank Agreement, together with any applicable GST (or other similar Taxes) thereon; and
  - (iii) any remuneration then due and payable to the Trust Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Trust Manager under the provisions of the Establishment Deed and the Management Agreement, together with any applicable GST (or other similar Taxes) thereon;
- (e) *fifth*, if the Interest Rate Swap Provider is not the Issuer or, if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards satisfaction of 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;
- (f) *sixth*, if a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Security Trustee or any Receiver and the Trust Manager), subject to the Asset Coverage Test (as determined at the time of any distribution in accordance with this paragraph (f))

being met, in or towards satisfaction of any amounts due and payable in respect of the Demand Note pursuant to the terms of the Demand Note Subscription Agreement;

- (g) *seventh*, in or towards satisfaction of *pari passu* and rateably of:
- (i) if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has not occurred or is not likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards satisfaction of 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 Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) in accordance with the terms of each relevant Covered Bond Swap Agreement; and
  - (iii) the 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 (g) (excluding any amounts received from the Covered Bond Swap Provider) 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 paragraph (g)(iii) 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 each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under paragraph (g)(ii) above will be correspondingly reduced to take account of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

- (h) *eighth*, in or towards satisfaction *pari passu* and rateably according to the respective amounts thereof, of any Excluded Swap Termination Amounts due and payable by the Covered Bond Guarantor under the Swap Agreements;
- (i) *ninth*, in or towards satisfaction of all amounts due and payable in respect of the Intercompany Notes or otherwise outstanding under the Intercompany Note Subscription Agreement;
- (j) *tenth*, in or towards satisfaction of all amounts due and payable in respect of the Demand Note or otherwise outstanding under the Demand Note Subscription Agreement (to the extent not already satisfied in accordance with paragraph (f) above) including upon the occurrence of a Regulatory Event and an In Specie Failure, any amounts that would otherwise have been satisfied under paragraph (f) above;
- (k) *eleventh*, to be paid to the Residual Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust remaining unpaid; and
- (l) *twelfth*, to be paid to the Residual Capital Unitholders *pari passu* and rateably amongst them in respect of the Residual Capital Units.

No monies will be applied under paragraph (f) above by the Security Trustee and any Receiver. The Security Trustee and any Receiver must ensure that paragraph (f) is satisfied by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loan Rights pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*". The Security Trustee and any Receiver may, but is not obliged to, satisfy any amount payable by the Covered Bond Guarantor in accordance with paragraph (j) by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loans pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*".

## THE MORTGAGE LOANS AND THE RELATED MORTGAGE LOAN RIGHTS

The Mortgage Loans and the related Mortgage Loan Rights forming part of the Assets of the Trust acquired by the Covered Bond Guarantor consists of Mortgage Loans and 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 "*Overview of the Principal Documents – Mortgage Sale Agreement*".

For the purposes hereof:

**Mortgage Loan Rights** means, in relation to a Mortgage Loan, all of the Seller's right, title, interest (present and future) in, to, under or derived from:

- (a) that Mortgage Loan and any Mortgage which secures that Mortgage Loan from time to time;
- (b) such of the following as relate to that Mortgage Loan:
  - (i) the Collateral Securities;
  - (ii) the Mortgage Documents;
  - (iii) the Collections;
  - (iv) all moneys (present or future, actual or contingent) owing at any time by an Obligor (whether alone or with another person) and all other rights under or in connection with the Mortgage Documents for that Mortgage Loan; and
  - (v) any Other Secured Liability relating to that Mortgage Loan; and
- (c) any Lender's Mortgage Insurance Policy relating to that Mortgage Loan.

Any schedule of the Mortgage Loans and related Mortgage Loan Rights attached to any Sale Notice may be provided in a document stored in electronic form in a format acceptable to the Trust Manager (acting reasonably).

See also the following risk factors under "*Risk Factors – Risk Factors related to the Covered Bond Guarantor – Covered Bondholders receive a limited description of the Mortgage Loans forming part of the Assets of the Trust, Risk Factors related to the Covered Bond Guarantor – Maintenance of Assets of the Trust*".

## DESCRIPTION OF THE COVERED BOND 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 Bond Provisions**). At the date of this Prospectus, there are no regulations in support of the Covered Bond Provisions. To facilitate the issuance of Covered Bonds in Australia, APRA also 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 Bond Provisions and the capital treatment of covered bonds for ADIs that invest in covered bonds. The standard became effective on 1 August 2012. 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 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 (as defined below) maintained by the ADI exceeds 8 per cent. (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.

### *Cover Pool and eligible assets*

The Australian Banking Act provides that the cover pool for covered bonds consists of the assets beneficially owned by the covered bond special purpose vehicle to the extent that they secure the liabilities to the covered bondholders equally or in priority to any other liabilities (**Cover Pool**). It also 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 comprise of one or more of the following types of assets:

- (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) lender's 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 the 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 per cent. of the face value of the covered bonds. There is no such limit 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 assets prescribed by regulation.

The Covered Bond 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 any contractual powers that the ADI may have and the contractual obligations of the issuing ADI in relation to the assets.

Any Swap Collateral Excluded Amount will not form part of the Cover Pool and will be paid to the relevant Swap Provider directly and not via the Priorities of Payment.

#### ***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 Bond 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 Bond 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 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 "*Cover Pool and eligible assets*" above, to the extent that assets secure the covered bond liabilities of the issuing ADI, the Covered Bond 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 "*Risk Factors – General Risk Factors - APRA's powers under the Australian Banking Act*" above.



### ***Maintenance of the Cover Pool***

The Covered Bond 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 per cent. 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 per cent. in respect of loans secured by a mortgage over residential property and a maximum loan to value ratio of no greater than 60 per cent. 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 "*Risk Factors – General Risk Factors - APRA's powers under the Australian Banking Act*" above.

### ***Cover Pool Monitor***

The Covered Bond 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 Corporations Act, 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 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 ADI's compliance with the requirement to maintain the value of the Cover Pool as described above in "*Maintenance of the Cover Pool*" and that the assets in the Cover Pool are eligible assets as described in "*Cover Pool and eligible assets*" every six months; 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 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 Agency Agreements 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.*

### **Book-entry Systems**

#### ***Clearing and settlement in Australia***

Upon the issuance of an A\$ Registered Covered Bond, the Issuer will (unless otherwise agreed with the Covered Bondholder including by specification of such in the Applicable Final Terms) procure that the A\$ Registered Covered Bond is entered into the Austraclear System. Upon entry, Austraclear will become the sole registered holder (**Registered Holder**) of the A\$ Registered Covered Bond.

Members of the Austraclear System (**Accountholders**) may acquire rights against the Registered Holder in relation to an A\$ Registered Covered Bond entered in the Austraclear System. If potential investors are not Accountholders, they may hold their interest in the relevant A\$ Registered Covered Bond through a nominee who is an Accountholder. All payments in respect of A\$ Registered Covered Bonds entered in the Austraclear System will be made directly to an account of the Registered Holder or as it directs in accordance with the Austraclear Regulations.

#### ***Secondary market transfers***

Secondary market transfers of A\$ Registered Covered Bonds held in the Austraclear System will be conducted in accordance with the Austraclear Regulations and the A\$ Registry Agreement.

#### ***Relationship of Accountholders with the Registered Holder***

Each of the persons shown in the records of the Austraclear System as having an interest in an A\$ Registered Covered Bond issued by the Issuer must look solely to Austraclear for such person's share of each payment made to the Registered Holder in respect of that A\$ Registered Covered Bond and to any other rights arising under that A\$ Registered Covered Bond, subject to and in accordance with the Austraclear Regulations. Unless and until such A\$ Registered Covered Bond are uplifted from the Austraclear System and registered in the name of an Accountholder, such person has no claim directly against the Issuer or the Covered Bond Guarantor in respect of payments by the Issuer or the Covered Bond Guarantor and such obligations of the Issuer or the Covered Bond Guarantor will be discharged by payment to the Registered Holder (or as it directs) in respect of each amount so paid. Where a Registered Holder is registered as the holder of A\$ Registered Covered Bonds that are lodged in the Austraclear System, the Registered Holder may, in its absolute discretion, instruct the A\$ Registrar to transfer or "uplift" the A\$ Registered Covered Bonds to the person in whose "Security Record" (as defined in the Austraclear Regulations) those A\$ Registered Covered Bonds are recorded without any consent or action of such transferee and, as a consequence, remove those A\$ Registered Covered Bonds from the Austraclear System.

### ***Austraclear and Cross-Trading with Euroclear and Clearstream, Luxembourg***

Subject to the rules of the relevant clearing and settlement system, Covered Bondholders may elect to hold interests in A\$ Registered Covered Bonds (i) directly through the Austraclear System, (ii) indirectly through Euroclear or Clearstream, Luxembourg if they are participants in such systems or (iii) indirectly through organisations which are participants in the Austraclear System, Euroclear or Clearstream Luxembourg. The Issuer has been advised that Euroclear and Clearstream, Luxembourg will hold interests on behalf of their participants through customers' securities accounts in their respective names on the books of their respective Australian sub-custodians, which in turn will hold such interests in customers' securities accounts in the names of the Australian sub-custodians. The rights of a holder of interests in A\$ Registered Covered Bonds held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the Austraclear Regulations. Participants in any of such systems should contact the relevant clearing system(s) if they have any questions in relation to clearing, settlement and cross-market transfers and/or trading.

### ***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 depository 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 Registered Global Covered Bonds***

Transfers of any interests in Covered Bonds represented by a Registered 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.

Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Covered Bonds among participants and accountholders of Clearstream, Luxembourg and Euroclear. 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 Clearstream, Luxembourg or Euroclear 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 Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## **TAXATION**

### **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 a 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 (including the gross amount of any Coupons) 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**

#### *Australian 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 (including potentially the gross amount of any Coupons) 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, which provide for a specialised regime for the taxation of financial instruments that can affect the amount and timing of recognition of any gain or loss in respect of the Covered Bonds.

Applicable withholding tax (currently at a rate of 47 per cent.) may be deducted from payments to such a Covered Bondholder if the Covered Bondholder does not provide 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 the top marginal rate (currently 45 per cent.) 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 Covered 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 per cent. 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.

The Issuer does not intend to issue any Covered Bonds that would be characterised other than as ordinary debt interests or debentures for tax purposes.

Various exemptions are available from interest withholding tax, including the "public offer" exemption, tax treaty exemption, 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 ten 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, 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 a Covered Bond or an interest in a Covered Bond 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 a Covered Bond or an interest in a Covered Bond 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 herein (or another relevant supplement to this Prospectus), the Issuer intends to issue the Covered 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, Iceland, 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 exemptions. The availability of relief under Australia's double tax agreements may be limited by Australia's adoption of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in circumstances where a Covered Bondholder has an insufficient connection with the relevant jurisdiction. 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. However, this exemption may not apply if the fund has either (i) an ownership interest (direct and indirect) of 10 per cent. or more in the Issuer, or (ii) influence over the Issuer's key decision-making.

### ***Payment of additional amounts***

As set out in more detail in the Conditions, if the Issuer is at any time required 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, and the Applicable Final Terms indicate that tax gross-up by the Issuer is applicable, the Issuer must, subject to certain exceptions, 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 the Issuer is or will be required 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, or in part, on giving not less than 30 nor more than 60 days' notice to the Bond Trustee (see further Condition 6(b) of the Conditions).

The Covered Bond Guarantor will not be required to pay any additional amounts in these circumstances. Refer to section "*Payments by the Covered Bond Guarantor*" below.

### ***Taxation of gains on disposal or redemption***

#### ***Australian 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 on disposal or redemption of the Covered Bonds in their assessable income and may be able to deduct any loss on disposal or redemption of the Covered Bonds depending on their personal circumstances.

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.

Special rules can apply to treat a portion of the purchase price of the 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 resident. Any deemed interest under these rules is able to qualify for an 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 per cent. 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 Covered Bonds other than the repayment of amounts subscribed for the Covered 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 that 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 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 Trust***

The tax treatment of the Trust could affect the Covered Bond Guarantor's ability to make payments under the Intercompany Notes, the Demand Note, the Interest Rate Swaps, the Covered Bond Swaps and, if called upon, the Covered Bond Guarantee.

### ***Income Tax Status of the Covered Bond Guarantor***

As the Covered Bond Guarantor is wholly owned by the Issuer, it is a member of the same income tax consolidated group as the Issuer (the **Tax Consolidated Group**), and is taken to be a part of the head company of the Tax Consolidated 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 Trust in the first instance.

All members of the 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 covering each of the group's tax liabilities, the liability of each member, including the



Covered Bond Guarantor, will be limited to a reasonable allocation of such group tax liabilities. Under the Tax Consolidated Group's tax sharing and funding agreement, subject to certain assumptions regarding the operation of the Trust, the Covered Bond Guarantor should have a nil allocation of that group's tax liabilities for these purposes.

It is the opinion of Allen Overy Shearman Sterling that the Tax Consolidated Group's tax sharing and funding 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 Shearman Sterling that the Tax Consolidated Group's tax sharing and funding agreement is a valid and effective tax sharing agreement.

Additionally, the Tax Consolidated Group's tax sharing and funding agreement contains funding provisions, pursuant to which members of the Tax Consolidated Group may be required to pay funding amounts to the head company of the group in respect of taxes. However, under the terms of the tax sharing and funding agreement, the Covered Bond Guarantor should not be liable to pay any funding amounts 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 legislation, it is possible that the law could be amended in a way that would cause the Covered Bond Guarantor to become subject to a liability in respect of taxes in certain circumstances (including under the Tax Consolidated Group's tax sharing and 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 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 relevant Priorities of Payments. The GST treatment of the Covered Bond Guarantor could affect the Covered Bond Guarantor's ability to make such payments.

The Covered Bond Guarantor is a member of a GST group (the **ING GST Group**). This means that the Covered Bond Guarantor is taken to be a part of the ING GST Group for GST purposes. The primary liability for GST rests with the representative member of the ING GST Group. As a result, the Covered Bond Guarantor will not be subject to any GST liability in respect of supplies made by the Covered Bond Guarantor in the first instance.

All members of the ING GST Group, including the Covered Bond Guarantor, can become jointly and severally liable for the GST liabilities of the group where the representative member of the group defaults on those GST liabilities. However, where the members of the group have entered into a valid and effective indirect tax sharing agreement, the liability of each member, including the Covered Bond Guarantor, will be limited to a reasonable allocation of the group's GST liabilities as determined under the indirect tax sharing agreement.

It is the opinion of Allen Overy Shearman Sterling that the ING GST Group's indirect tax sharing deed is consistent with the current guidance published by the Australian Commissioner of Taxation in relation to indirect 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 an indirect 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 Shearman Sterling that the ING GST Group's indirect tax sharing deed is a valid and effective indirect tax sharing agreement.

## **United Kingdom Taxation**

*The comments below are of a general nature based on the Issuer's understanding of current United Kingdom law and published HM Revenue and 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 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 may affect the tax treatment of that and any other Series of Covered Bonds and should be treated with appropriate caution. The comments below do not deal with the tax consequences of any substitution of the Issuer in accordance with Condition 14 of the Conditions of the Covered Bonds.*

*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.*

### *Payments of interest in respect of the Covered Bonds*

Payments of interest by the Issuer on the Covered Bonds that does not have a United Kingdom source may be made without withholding on account of United Kingdom income tax.

## **Foreign Account Tax Compliance Act Withholding**

Pursuant to certain provisions of the Code, commonly known as FATCA, a "foreign financial institution" 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 Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Australia) have entered into, or have agreed in substance to, intergovernmental agreements (**IGAs**) with the United States to implement FATCA, 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 the Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the 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 the Covered Bonds, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register 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). Holders should consult their own tax advisors regarding how these rules may apply to their investment in the 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 Proposed Financial Transactions Tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common 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 are expected to be exempt.

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.

However, the FTT proposal remains subject to negotiation between Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or participating Member States may decide to withdraw. Therefore, it is currently uncertain whether and when the proposed FTT will be enacted by the participating Member States and when it will take effect with regard to dealings in the Covered Bonds.

Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

### **OECD Common Reporting Standard**

The CRS requires certain financial institutions to report information regarding certain accounts to their local tax authority and follow related due diligence procedures. Covered Bondholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed a competent authority agreement may provide this information to other jurisdictions that have signed a competent authority agreement.

Prospective investors should consult their tax advisers on how the CRS may apply to such investor.

## EXCHANGE CONTROLS AND LIMITATIONS

Under the Charter of the United Nations Act 1945 (Cth) and the Australian Charter of United Nations (Dealings with Assets) Regulations 2008, the approval of the Australian Minister for Foreign Affairs, or the Minister's delegate, is required with respect to certain payments and actions in relation to an asset proscribed or listed under, or which is owned or controlled directly or indirectly by a person or entity proscribed or listed under those regulations or is an asset derived or generated from such assets (proscribed persons presently include, among others, persons associated with the Qadhafi regime in Libya, the Taliban, a member of the Al-Qaida organisation and other persons and entities connected with them). The Australian Department for Foreign Affairs and Trade maintains a consolidated list of all such proscribed and listed persons and entities, which is publicly available on its website. The identity of such proscribed persons or entities under those regulations may change in the future.

Additionally, under Part 4 of the Charter of the United Nations Act 1945 (Cth), it may be an offence under Australian law to deal with certain assets or certain persons or entities which have either been listed by the Australian Minister for Foreign Affairs or proscribed in regulations made by the Australian Governor General, unless the prior approval of the Australian Minister for Foreign Affairs is granted in relation to that dealing. Generally, assets, persons or entities are listed or proscribed by regulation for the purpose of giving effect to resolutions adopted by the United Nations Security Council in relation to terrorism. Assets, persons or entities listed or proscribed by regulation are subject to change from time to time – as at the date of this Prospectus, regulations were in effect in relation to assets, persons or entities associated with, among others, Al-Qaida, ISIL (Da-esh) and the Taliban, Central African Republic, Democratic Republic of the Congo, Guinea-Bissau, Iran, Iraq, Libya, Lebanon, Mali, Democratic People's Republic of Korea (North Korea), Somalia, South Sudan, Sudan, Syria and Yemen.

Under Sections 102.6 and 102.7 of the Australian Criminal Code Act 1995 (Cth), a person commits a criminal offence if the person intentionally receives funds from, makes funds available to, or provides support or resources to a terrorist organisation. Certain organisations are prescribed as terrorist organisations by regulations enacted pursuant to Division 102 of the Criminal Code Act 1995 (Cth). Under the Australian Autonomous Sanctions Act 2011 (Cth) and the Autonomous Sanctions Regulations 2011 (Cth), sanctions are imposed against certain specifically identified persons and entities associated with particular countries and territories, currently including the Democratic People's Republic of Korea (North Korea), Zimbabwe, the former Federal Republic of Yugoslavia, Myanmar, Syria, Russia and Ukraine (including the Crimea and Donbas Regions of Ukraine (including Donetsk and Luhansk)), Libya and Iran, and certain transactions involving the named persons or entities may only be conducted with specific approval from the Minister of Foreign Affairs. Contravention of these sanctions constitutes a criminal offence.

## SUBSCRIPTION AND SALE AND SELLING RESTRICTIONS

*The following section applies to any Covered Bond issued pursuant to the Programme.*

The Dealers have, in the Programme Agreement dated on or about 26 July 2018 (as the same may be 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 subscribe for, offer and/or place Covered Bonds. Any such agreement for any particular subscription, offer and/or placement by a Dealer will extend to those matters stated under the sections of this Prospectus entitled "*Form of the Covered Bonds*" and "*Conditions of the Covered Bonds*" above. The Issuer may pay the Dealers commission from time to time in connection with any such subscription, offer and/or placement. 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 subscribe for, offer and/or place Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer.

### Selling Restrictions

#### *United States*

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, 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. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented, warranted and agreed that it has not offered, sold or delivered Covered Bonds of any identifiable Series or Tranche, and will not offer, sell or deliver 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 its distribution at any time and (b) otherwise until 40 days after the later of the date of issue of the identifiable Series or Tranche of Covered Bonds of which such Covered Bonds are a part and the completion of the distribution of such identifiable Series or Tranche (the **distribution compliance period**), as determined and certified to the Principal Paying Agent or the Issuer by the relevant Dealer (or in the case of a sale of an identifiable Series or Tranche of Covered Bonds to or through more than one Dealer, by each of such Dealers as to the Covered Bonds of such identifiable Series or Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer will notify each such Dealer when all such Dealers have so certified), except in either case in accordance with Regulation S. Accordingly each Dealer has represented, warranted and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts as defined in Regulation S under the Securities Act with respect to Covered Bonds, and it and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. Each Dealer has agreed that, at or prior to confirmation of sale of Covered Bonds it will have sent to each distributor, dealer or persons 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."

Each Dealer has represented, warranted and agreed that it, its Affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Covered Bond, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

In addition, in respect of Bearer Covered Bonds where TEFRA D is specified in the Applicable Final Terms:

- (i) except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D) (the **D Rules**), each Dealer has (a) represented, warranted and agreed that it has not offered or sold, and agrees that during the restricted period it 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 (b) represented, warranted and agreed that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Bearer Covered Bonds that are sold during the restricted period;
- (ii) each Dealer has represented, warranted and agreed that throughout the restricted period it 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;
- (iii) if it is a United States person, each Dealer has represented, warranted and agreed that it is acquiring 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. Section 1.163-5(c)(2)(i)(D)(6);
- (iv) with respect to each Affiliate that acquires Bearer Covered Bonds from a Dealer for the purpose of offering or selling such Covered Bonds during the restricted period, such Dealer has repeated and confirmed the representations and agreements contained in paragraphs (i), (ii), (iii) and (v) on such Affiliate's behalf; and
- (v) each Dealer has represented, warranted and agreed that 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 this paragraph from the person with whom it enters into such written contract.

Terms used in the above paragraph have the meanings given to them by the Code and regulations promulgated thereunder, including the D Rules.

In respect of Bearer Covered Bonds where TEFRA C is specified in the Applicable Final Terms, such Bearer Covered Bonds must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented, warranted and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Covered Bonds within the United States or its possessions in connection with their original issuance. Further, each Dealer has

represented, warranted and agreed in connection with the original issuance of such Bearer Covered Bonds that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale of such Bearer Covered Bonds. Terms used in this paragraph have the meanings given to them by the Code and regulations promulgated thereunder.

### ***Australia***

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Covered Bonds has been or will be lodged with ASIC. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it:

- (a) has not (directly or indirectly) offered, and will not offer for issue or sale and has not made or invited, and will not make or invite, applications for issue, or offers to purchase, the Covered Bonds in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any information memorandum, advertisement or any other offering material relating to any Covered Bonds in Australia,

unless (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in other currencies disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act, (ii) such action complies with all applicable laws, regulations and directives, (iii) such action does not require any document to be lodged with ASIC and (iv) the offer or invitation is not made to a "retail client" within the meaning of section 761G of the Corporations Act.

Section 708(19) of the Corporations Act provides that an offer of debentures for issue or sale does not need disclosure to investors under Part 6D.2 of the Corporations Act if the issuer is an Australian authorised deposit-taking institution (**ADI**). As at the date of this Prospectus, the Issuer is an ADI.

### ***United Kingdom***

#### ***Prohibition of sales to UK Retail Investors***

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK 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 this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. 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 (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; 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.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK 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 made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Covered Bonds to the public in the United Kingdom:

- (A) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (B) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom 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 section 86 of the FSMA,

provided that no such offer of Covered Bonds referred to in paragraphs (A) to (C) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression **an offer of Covered Bonds to the public** in relation to any Covered Bonds 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; and
- the expression **UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

#### ***Other regulatory restrictions***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Covered Bonds having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) 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



- (c) 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.

### ***Prohibition of Sales to EEA Retail Investors***

Unless the Final Terms 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 this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. 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 Distribution 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 Regulation; and
- (b) the expression "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.

If the Final Terms 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 European Economic Area (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 it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State, except that it may 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 Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) 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 1(4) of the Prospectus Regulation,

provided that no such offer of Covered Bonds referred to in paragraphs (a) to (c) above will require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an **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 and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

## ***France***

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, directly or indirectly, any Covered Bonds to the public in France and that offers and sales of Covered Bonds have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

In addition, 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 distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France this Prospectus, any Applicable Final Terms or any other offering material relating to the Covered Bonds other than to investors to whom offers and sales of Covered Bonds in France may be made as described above.

## ***The Netherlands***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Covered Bonds will only be offered in The Netherlands to qualified investors as defined in the Prospectus Regulation, unless such offer is made in accordance with the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

## ***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 or limited disclosure document 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 or Coupons 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 or otherwise have exempt status in respect of resident withholding tax 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).

### *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 will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the 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 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.

### *Singapore*

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant 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 the Covered Bonds, whether directly or indirectly, to any person in Singapore other than (I) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (II) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

**Notification under Section 309B(1)(c) of the SFA** - Unless otherwise stated in the Applicable Final Terms in respect of any Covered Bonds, in connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined, and hereby notifies all relevant persons as defined in Section 309A(1) of the SFA, unless otherwise specified before an offer of Covered Bonds, that all Covered Bonds issued or to be issued under the Programme are classified as capital markets products other than prescribed capital markets products (as defined in the CMP Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### *Hong Kong*

Each Dealer has represented and agreed 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 Hong Kong (the **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 (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMPO)**) or which do not constitute an offer to the public within the meaning of the C(WUMPO); 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 thereunder.

### ***Malaysia***

The Covered Bonds may not be offered, sold, transferred or otherwise disposed directly or indirectly, nor may any document or other material in connection therewith be distributed, other than to a person to whom an offer or invitation to subscribe or purchase the Covered Bonds and to whom the Covered Bonds are issued would fall within:

- (c) Part 1 of Schedule 6 or Section 229(1)(b) and Part 1 of Schedule 7 or Section 230(1)(b) of the Capital Market and Services Act 2007 (**CMSA**); read together with
- (d) Schedule 8 or Section 257(3) of the CMSA,

as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.

### ***Republic of Korea***

The Covered Bonds have not been and will not be registered with the Financial Services Commission of Korea for public offering in the Republic of Korea (**Korea**) under the Financial Investment Services and Capital Markets Act (the **FSCMA**).

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, directly or indirectly, any Covered Bonds in Korea or to any resident of Korea except as otherwise permitted under the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the **FETL**).

For a period of one year from the issue date of the Covered Bonds, any acquirer of the Covered Bonds who was solicited to buy the Covered Bonds in Korea is prohibited from transferring any of the Covered Bonds to another person in any way other than as a whole to one transferee. Furthermore, the purchaser of the Covered Bonds shall comply with all applicable regulatory requirements (including but not limited to requirements under FETL) in connection with the purchase of the Covered Bonds.

### ***Taiwan***

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Covered Bonds may be made available outside Taiwan for purchase outside Taiwan by investors resident or domiciled in Taiwan but are not permitted to be offered or sold in Taiwan. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no person or entity in Taiwan has been authorised to offer or sell the Covered Bonds in Taiwan.

## *General*

Each Dealer has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Prospectus and 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 and regulations 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, the Seller, the Bond Trustee, the Arranger and any of the other Dealers will have any responsibility therefor. Furthermore, they will not directly or indirectly offer, sell or deliver any Covered Bonds or distribute or publish any form of application, prospectus, advertisement or other offering material except under circumstances that will, to the best of their knowledge and belief, result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Covered Bonds by them will be made on the same terms.

None of the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Arranger or any of the Dealers have made any representation that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Series or Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the Applicable Final Terms.

The Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Dealers may engage in transactions with, or perform services for the Issuer or the Covered Bond Guarantor in the ordinary course of business. Some of the Dealers or their affiliates have, directly or indirectly, performed investment and/or commercial banking or financial advisory services for the Issuer and the Covered Bond Guarantor, for which they have received customary fees and commissions, and they expect to provide these services to the Issuer and the Covered Bond Guarantor in the future, for which they will receive customary fees and commissions. In the ordinary course of their various business activities, the Dealers and their respective 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, and such investment and securities activities may involve securities and/or instruments of the Issuer or the Covered Bond Guarantor. If any of the Dealers or their affiliates have a lending relationship with the Issuer or the Covered Bond Guarantor, certain of those Dealers or their affiliates routinely hedge, and certain other of those Dealers or their affiliates may hedge, their credit exposure to the Issuer or the Covered Bond Guarantor consistent with their customary risk management policies. Typically, these 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 the securities of the Issuer, including potentially the Covered Bonds offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Covered Bonds offered hereby. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

This Prospectus may be used by any Dealer for offers and sales related to market-making transactions in the Covered Bonds. Each Dealer may act as principal or agent in these transactions. These sales will be made at prices relating to prevailing market prices at the time of sale. Each Dealer does not have any obligation to make a market in the Covered Bonds, and any market-making may be discontinued at any time without notice.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of Covered Bonds have been duly authorised by the resolutions of the Board of Directors of IBAL dated 3 May 2018 and 28 June 2018.

### Listing and admission to trading of Covered Bonds

No application has been made by the Issuer to list any Covered Bonds issued under the Programme on any stock exchange or to admit any Covered Bonds issued under the Programme to trading on any regulated or unregulated market. Covered Bonds issued under the Programme may be unlisted or the Issuer may procure the listing, trading and/or quotation of the Covered Bonds on any listing authority, stock exchange and/or regulated or unregulated market. The Applicable Final Terms relating to each Series or Tranche of 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 and/or markets.

### Documents Available

So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will, when published, be available for inspection on the Issuer's website at <https://www.ing.com.au/dlCoveredBonds.htm> (other than in the case of the constitutive documents of the Covered Bond Guarantor, which will be made available at the office of the Issuer):

- (a) the constitutive documents of the Issuer;
- (b) the constitutive documents of the Covered Bond Guarantor;
- (c) any future prospectuses, information memoranda, Supplements to the Prospectus, any Final Terms this Prospectus and any other documents incorporated herein or therein by reference, save that Final Terms relating to a Covered Bond which is not 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 Regulation or is an unlisted Covered Bond will only be available for inspection by appointment at the registered office of the Issuer or the specified office of the Principal Paying Agent or the Registrar, upon proof satisfactory to the Principal Paying Agent or the Registrar, as the case may be, as to the identity of the holder of any Covered Bond to which such Final Terms relate, and at the Principal Paying Agent's or the Registrar's option, such inspection can be provided electronically; and

the Bond Trust Deed (which contains the guarantee from the Covered Bond Guarantor to the Bond Trustee for the benefit of the Covered Bondholders), including the forms of the Global Covered Bonds, the Definitive Covered Bonds, the Coupons and the Talons (but excluding the Final Terms as specified above).

### Clearing Systems

The Bearer Covered Bonds to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and the International Securities Identification Number (**ISIN**) for each Tranche of Bearer Covered Bonds allocated by Euroclear and Clearstream, Luxembourg 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. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg,

Luxembourg. The relevant ISIN and Common Code for each Tranche of Covered Bonds will be specified in the Applicable Final Terms.

If A\$ Registered Covered Bonds are lodged into the Austraclear System, Austraclear will become the registered holder of those A\$ Registered Covered Bonds in the A\$ Register. While those A\$ Registered Covered Bonds remain in the Austraclear System:

- (a) all payments and notices required of the Issuer, the Covered Bond Guarantor and the Trust Manager in relation to those A\$ Registered Covered Bonds will be directed to Austraclear; and
- (b) all dealings and payments in relation to those A\$ Registered Covered Bonds within the Austraclear System will be governed by the Austraclear Regulations.

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.

### **Legal Entity Identifier**

The legal entity identifier is 70UN1RCXO6LO7KWNC831 in respect of the Issuer.

### **Conditions for determining price**

In relation to any Tranche of Fixed Rate Covered Bonds, an indication of the yield in respect of such Covered Bonds will be specified in the Applicable Final Terms. The yield is calculated on the Issue Date of the Covered Bonds on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Covered Bonds and will not be an indication of future yield.

### **No Significant Change and No Material Adverse Change**

There has been no significant change in the financial performance or financial position of IBAL since 31 December 2024 (the end of the last financial period for which audited financial information has been published). There has been no material adverse change in the prospects of IBAL since 31 December 2024 (the end of the last financial period for which audited financial information has been published).

There has been no significant change in the financial performance or financial position of the Trust since 31 December 2024 (the end of the last financial period for which audited financial information has been published). There has been no material adverse change in the prospects of the Trust since 31 December 2024 (the end of the last financial period for which audited financial information has been published).

### **Litigation**

Except as described in the section *Financial Information Concerning IBAL's Assets and Liabilities, Financial Position and Profits and Losses - Legal and arbitration proceedings* of this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12-month period before the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

The Covered Bond Guarantor is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Covered Bond Guarantor is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Covered Bond Guarantor.

## **Auditors**

The auditors of the Issuer and the Trust are KPMG, who have audited the Issuer's accounts, without qualification in accordance with generally accepted auditing standards in Australia for the financial years ended 31 December 2023 and 31 December 2024. The auditors of the Issuer have no material interest in the Issuer and the auditors of the Trust have no material interest in the Trust. The partners of KPMG are typically members of Chartered Accountants Australia and New Zealand, but each firm itself is not a member.

## **Reports**

The Bond Trust Deed provides that the Bond Trustee may rely on the advice, report, certificate or opinion of, or any other information obtained from certain professional advisers or other experts in accordance with the provisions of the Bond Trust Deed, whether or not any such advice, report, certificate or opinion of, or any other information, or engagement letter or 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.

The Trust Manager will prepare semi-annual and annual Asset Coverage Reports detailing, among other things, compliance with the Asset Coverage Test. Copies of the Applicable Final Terms 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**

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 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.

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.

Since the date of this Prospectus, there have been no demands to repurchase or replace any Mortgage Loans as a result of a breach of any representations or warranties under the Programme Documents.

## **Announcement**

By distributing or arranging for the distribution of this Prospectus to whom this Prospectus is being distributed, the Issuer announces to each such person that:

- (a) each Tranche of Bearer Covered Bonds may 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.



## GLOSSARY

<b>A\$ or AUD</b>	means the lawful currency for the time being of Australia.
<b>A\$ Register</b>	means the register of holders of the A\$ Registered Covered Bonds maintained by the A\$ Registrar.
<b>A\$ Registered Covered Bonds</b>	means covered bonds denominated in A\$ issued in registered form by entry in the A\$ Register maintained by the A\$ Registrar.
<b>A\$ Register</b>	means the register of holders of the A\$ Registered Covered Bonds maintained by the A\$ Registrar.
<b>A\$ Registrar</b>	means Austraclear Services Limited ABN 28 003 284 419 or any other person appointed by the Issuer and/or the Covered Bond Guarantor under an Agency Agreement to maintain the A\$ Register and perform any payment and other duties as specified in that agreement.
<b>A\$ Registry Agreement</b>	means the ASX Austraclear Registry and IPA Services Agreement entered into on or about the Programme Date, between the Issuer, the A\$ Registrar, the Covered Bond Guarantor and the Bond Trustee, as amended, restated, supplemented, replaced or novated from time to time.
<b>Account Bank</b>	means ING Bank N.V. (Sydney Branch), in its capacity as Account Bank pursuant to the Account Bank Agreement together with any successor or replacement account bank appointed from time to time in accordance with the terms of the Account Bank Agreement.
<b>Account Bank Agreement</b>	means the account bank agreement dated on or about the Programme Date between the Covered Bond Guarantor, the Seller Trustee, the Trust Manager, the Account Bank and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
<b>Account Bank Mandate</b>	means either of the GIC Account Mandate or the Swap Collateral Cash Account Mandate to be set up by the Covered Bond Guarantor (acting at the direction of the Trust Manager).
<b>Accrual Period</b>	has the meaning given to it in Condition 4(a).
<b>Accrued Interest Adjustment</b>	means, with respect to a Mortgage Loan, any amount payable in respect of interest accrued on that Mortgage Loan as calculated by the Servicer, for the period up to (but not including) the relevant Closing Date.
<b>Additional Advance</b>	means an Advance (other than a Redraw) made after the Cut-Off under a Mortgage Loan following the making of which the principal amount of that Mortgage Loan outstanding at that time exceeds the amount which was the Maximum Principal Outstanding of that Mortgage Loan prior to that advance being approved by the Servicer.
<b>Additional Business Centre</b>	means, in relation to a Series of Covered Bonds, the Additional Business Centre as specified in the Applicable Final Terms.

<b>ADI</b>	means an Authorised Deposit-Taking Institution.
<b>Adjusted Aggregate Mortgage Loan Amount</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Establishment Deed – Asset Coverage Test</i> " of this Prospectus.
<b>Adjusted Required Redemption Amount</b>	<p>means in relation to a Series of Covered Bonds:</p> <ul style="list-style-type: none"> <li>(a) the Australian Dollar Equivalent of the Required Redemption Amount; plus or minus</li> <li>(b) 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: <ul style="list-style-type: none"> <li>(i) the Pre-Maturity Ledger;</li> <li>(ii) the GIC Account; and</li> <li>(iii) the principal balance of any Substitution Assets and Authorised Investments (excluding all amounts to be applied on the next following Trust Payment Date to repay higher ranking amounts in the relevant Priorities 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</li> </ul> </li> <li>(c) the Australian Dollar Equivalent of any swap termination amounts payable to or by the Covered Bond Guarantor under the Interest Rate Swap.</li> </ul>
<b>Adjustment Spread</b>	has the meaning given to it in Condition 4(d)(vii).
<b>Administrator</b>	has the meaning given to it in Condition 4(b)(ii)(D)(4).
<b>Administrator Recommended Rate</b>	has the meaning given to it in Condition 4(b)(ii)(D)(4).
<b>Advance</b>	means an advance by the Seller, by way of a loan, to an Obligor under a Mortgage Loan Agreement for a Mortgage Loan forming part of the Assets of the Trust.
<b>Agency Agreements</b>	means the Principal Agency Agreement and the A\$ Registry Agreement, and each an <b>Agency Agreement</b> .
<b>Agents</b>	means the Paying Agents, the Registrar, the Transfer Agent, the Calculation Agents and the A\$ Registrar and each, an <b>Agent</b> .
<b>Alternative Rate</b>	has the meaning given to it in Condition 4(d)(vii).
<b>Amortisation Test</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Establishment Deed – Amortisation Test</i> " of this Prospectus.
<b>Amortisation Test</b>	has the meaning given to it in the section " <i>Overview of the Principal</i> "

<b>Aggregate Mortgage Loan Amount</b>	<i>Documents – Establishment Deed – Amortisation Test</i> of this Prospectus.
<b>Alternative Rate</b>	has the meaning given to it in Condition 4(d)(vii).
<b>Amortisation Test Current Principal Balance</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Establishment Deed – Amortisation Test</i> " of this Prospectus.
<b>Annual Financial Reports</b>	has the meaning given to it in the section " <i>Documents Incorporated by Reference</i> " of this Prospectus.
<b>AONIA</b>	means the Australian dollar interbank overnight cash rate.
<b>AONIA Rate</b>	has the meaning given to it in Condition 4(b)(ii)(D)(4).
<b>Applicable Benchmark Rate</b>	has the meaning given to it in Condition 4(b)(ii)(D)(4).
<b>Applicable Final Terms</b>	means, in relation to a Series or Tranche of Covered Bonds, the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Covered Bonds comprising that Series or Tranche or, in relation to a Series or Tranche which comprises A\$ Registered Covered Bonds, entered into the A\$ Register in respect of such Series or Tranche.
<b>Appointee</b>	means any attorney, manager, Receiver, agent, delegate, nominee, custodian or other person appointed by the Bond Trustee under the Bond Trust Deed or by the Security Trustee under the Security Deed.
<b>APRA</b>	means the Australian Prudential Regulation Authority.
<b>Arranger</b>	means, in relation to any issuance of Covered Bonds, ING Bank N.V. and any company appointed to the position of arranger for the Programme or in respect of any particular Tranche of Covered Bonds.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>Asset Coverage Reports</b>	means the monthly reports in a form agreed from time to time between the parties to the Management Agreement, and each an <b>Asset Coverage Report</b> .
<b>Asset Coverage Test</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Establishment Deed – Asset Coverage Test</i> " of this Prospectus.
<b>Asset Coverage Test Breach Notice</b>	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 Calculation Dates.
<b>Asset Percentage</b>	means the lowest of: <ul style="list-style-type: none"> <li>(a) 95%;</li> <li>(b) such percentage figure determined by the Trust Manager on each Calculation Date (and on such other dates as may be agreed, from time to time, between the Issuer and the Trust Manager) in accordance with the terms of this deed, being the percentage figure that is necessary to</li> </ul>

ensure that the Covered Bonds maintain the then current ratings assigned to them by Fitch;

- (c) such percentage figure as may be determined by the Trust Manager from time to time, in accordance with the terms of this deed, and notified to Moody's and the Security Trustee on the Calculation Date, or if no notification is made to Moody's and the Security Trustee on such Calculation 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.

**Asset Percentage  
Adjusted Mortgage Loan  
Balance Amount**

has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" of this Prospectus.

<b>Assets</b>	<p>means, in relation to the Trust, all property and assets (real and personal (including choses in action and other rights), tangible and intangible, present or future) comprising and held by the Covered Bond Guarantor as trustee of the Trust from time to time, including but not limited to:</p> <ul style="list-style-type: none"> <li>(a) the Mortgage Loan Rights;</li> <li>(b) Authorised Investments;</li> <li>(c) Substitution Assets;</li> <li>(d) the rights of the Covered Bond Guarantor in, to and under the Programme Documents and the Trust Accounts;</li> <li>(e) the proceeds of realisation, sale, transfer, surrender or extinguishment of any Assets of the Trust;</li> <li>(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;</li> <li>(g) all income from the Trust held pending distribution or reinvestment.</li> <li>(h) the benefit of all representations, warranties, undertakings, covenants, indemnities, promises and choses in action made by any party in favour of the Covered Bond Guarantor under the Programme Documents; and</li> <li>(i) amounts derived or accrued from any of the assets referred to in the preceding paragraphs of this definition.</li> </ul>
<b>Attorney</b>	means any attorney appointed under the Security Deed.
<b>AU Business Day</b>	means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney and on which the Austraclear System is operating.
<b>Auditors</b>	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 <b>Auditor</b> .
<b>Austraclear</b>	means Austraclear Ltd ABN 94 002 060 773.
<b>Austraclear Regulations</b>	means the regulations and related operating procedures established from time to time by Austraclear to govern the use of the Austraclear System.
<b>Austraclear System</b>	means the clearance and settlement system operated by Austraclear and defined as the "System" in the Austraclear Regulations.
<b>Australian Banking Act</b>	means the Banking Act 1959 (Cth).

<b>Australian Bureau of Statistics Index</b>	means the quarterly index of increases or decreases in established house prices (determined on the basis of the weighted average of house prices in eight 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).
<b>Australian Bureau of Statistics Indexed Valuation</b>	means, in relation to any Mortgaged Property at any date, the Latest Valuation of that Mortgaged Property 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.
<b>Australian Dollar Equivalent</b>	means in relation to an amount which is denominated in: <ul style="list-style-type: none"> <li>(a) a currency other than Australian Dollars, the Australian Dollar equivalent of such amount ascertained using the relevant Covered Bond Swap Rate; and</li> <li>(b) Australian Dollars, the applicable amount in Australian Dollars.</li> </ul>
<b>Authorised Deposit-Taking Institution</b>	means an authorised deposit-taking institution as defined in the Australian Banking Act.
<b>Authorised Investments</b>	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 Trust Payment Date and the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an Authorised Deposit-Taking Institution) has: <ul style="list-style-type: none"> <li>(a) a short-term deposit rating of at least P-1 by Moody's; and</li> <li>(b) a credit rating of at least F1 by Fitch assigned to its short-term unsecured, unguaranteed and unsubordinated debt obligations or a credit rating of at least A- by Fitch assigned to its long term, unsecured, unsubordinated and unguaranteed debt obligations,</li> </ul> <p>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.</p>
<b>Authorised Signatory</b>	means, in relation to a Transaction Party, an officer of the Transaction Party, or such other person appointed by the Transaction Party to act as its authorised signatory and notified to the other Transaction Parties.
<b>Available Income Amounts</b>	means, on a relevant Calculation Date, an amount equal to the aggregate of: <ul style="list-style-type: none"> <li>(a) the amount of Interest Collections received during the immediately preceding Collection Period;</li> <li>(b) all amounts received under or in respect of an Interest Rate Swap after the Trust Payment Date for the immediately preceding Collection Period and on or before the Trust Payment Date for that Collection</li> </ul>

Period;

- (c) the Offset Amount for that Collection Period paid to the Covered Bond Guarantor under the Mortgage Sale Agreement;
- (d) all amounts of interest received on the Trust Accounts and all amounts of interest or income received in respect of the Substitution Assets and Authorised Investments, in each case during the immediately preceding Collection Period;
- (e) 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 in excess of the Reserve Fund Required Amount;
- (f) 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;
- (g) any Third Party Amounts; 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 of 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) any Swap Collateral Excluded Amounts which will be applied in accordance with the terms of the relevant Swap Agreements; and
- (j) any amounts invested in Substitution Assets during the immediately preceding Collection Period in accordance with the Establishment Deed.

**Available Principal Amounts**

means, on a Calculation Date, an amount equal to the aggregate of (without double counting):

- (a) the amount of Principal Collections received during the immediately preceding Collection Period;
- (b) the proceeds of issue of, or Increase in, the Demand Note (where such proceeds have not been applied to acquire Mortgage Loan Rights from the Seller or to invest in Substitution Assets or Authorised Investments) and any Excess Proceeds;
- (c) 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;

- (d) 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 in excess of the Reserve Fund Required Amount;
- (e) following repayment of any Hard Bullet Covered Bonds, any amounts standing to the credit of the Pre-Maturity Ledger (unless such amounts are required to be retained in accordance with the Establishment Deed); and
- (f) any other principal receipts not referred to in paragraphs (a) to (e) above (inclusive) received during any previous Collection Period and standing to the credit of the Principal Ledger of 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:*

- (g) any Swap Collateral Excluded Amounts which will be applied in accordance with the terms of the relevant Swap Agreements;
- (h) any amounts invested in Substitution Assets during the immediately preceding Collection Period in accordance with the Establishment Deed; and
- (i) all amounts applied towards the acquisition of any Mortgage Loan Rights during the immediately preceding Collection Period.

**Bank Bill Rate**

means, in relation to a specified term, the rate expressed as a percentage per annum for prime bank eligible securities and displayed at approximately 10.15 a.m. Sydney time on the first day of that specified term on the Reuters screen page "BBSW" 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 (other than in the case of the Account Bank Agreement, in which case such determination is to be made by the Account Bank) at or around that time on that day, having regard, to the extent possible, to comparable indices then available.

**Basis Swap**

means the basis swap transaction as evidenced by a confirmation that supplements, forms part of and is subject to, the Interest Rate Swap Master Agreement, pursuant to which the Covered Bond Guarantor pays to the Interest Rate Swap Provider an amount in respect of Mortgage Loans forming part of the Assets of the Trust that are not Fixed Rate Mortgage Loans and the Interest Rate Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.

**BBSW**

means the Australian Bank Bill Swap Reference Rate.

**BBSW Rate**

has the meaning given to it in Condition 4(b)(ii)(D)(4).

**Bearer Covered Bonds**

means Covered Bonds in bearer form.

**Bearer Definitive**

has the meaning given to it in the Conditions.



## **Covered Bonds**

<b>Bearer Global Covered Bonds</b>	means together, the Temporary Bearer Global Covered Bond and the Permanent Bearer Global Covered Bond, and Bearer Global Covered Bond means either one of them.
<b>Benchmark Amendments</b>	has the meaning given to it in Condition 4(d)(vii).
<b>Benchmark Replacement Conforming Changes</b>	has the meaning given to it in Condition 4(b)(ii)(C)(5).
<b>Binding Provision</b>	means any provision of the Code of Banking Practice, any other code or arrangement binding on the Seller or the Servicer and any laws applicable to banks or other lenders in the business of making retail home loans.
<b>BKBM</b>	means the New Zealand Bank Bill Benchmark Rate.
<b>Bond Trust Deed</b>	means the bond trust deed dated on or about the Programme Date, between the Issuer, the Covered Bond Guarantor, the Trust Manager and the Bond Trustee, each of the schedules thereto and any supplemental bond trust deed and schedules (if any), thereto, as amended, restated, supplemented, replaced or novated from time to time.
<b>Bond Trustee</b>	means DB Trustees (Hong Kong) 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.
<b>Buildings Policies</b>	means all buildings insurance policies relating to Mortgaged Properties which have been taken out in the name of the relevant Obligor or in the name of the Obligor and the Seller or in the name of the Obligor with the interest of the Seller noted, in accordance with the applicable Mortgage Documents.
<b>Business Day</b>	<p>means in the case of Covered Bonds, any day (other than a Saturday, Sunday or public holiday) which is:</p> <ul style="list-style-type: none"><li>(a) a day on which banks and foreign exchange markets settle payments and are open for business (including dealing in foreign exchange and foreign currency deposits) in Sydney and any Additional Business Centre specified in the Applicable Final Terms; and</li><li>(b) in the case of any sum payable, either:<ul style="list-style-type: none"><li>(i) in relation to any sum payable in a Specified Currency other than Australian Dollars, 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 Sydney) and any Additional Business Centre specified in the Applicable Final Terms); or</li><li>(ii) in relation to any Covered Bonds denominated or payable in euro, a day on which the Trans-European Automated Real-</li></ul></li></ul>

time Gross Settlement Express Transfer System or any successor or replacement for that system (T2) is open.

<b>Calculation Agency Agreement</b>	means the agreement in substantially the form set out in schedule 1 to the Principal Agency Agreement.
<b>Calculation Agent</b>	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, if applicable, any successor or separately appointed calculation agent in relation to all or any Series of the Covered Bonds.
<b>Calculation Date</b>	means the date which is two AU Business Days prior to a Trust Payment Date.
<b>Calculation Management Services</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Management Agreement</i> " of this Prospectus.
<b>CDOR</b>	means the Canadian Dollar Offered Rate.
<b>Charged Property</b>	means the Assets of the Trust held by the Covered Bond Guarantor from time to time.
<b>Clearing Systems</b>	means Euroclear, Clearstream, Luxembourg and/or the Austraclear System and will be deemed to include references to any additional or alternative clearing system as is approved by the Issuer, the Principal Paying Agent (other than in the case of A\$ Registered Covered Bonds) and the Bond Trustee or as may otherwise be specified in the Applicable Final Terms.
<b>Clearstream, Luxembourg</b>	has the meaning given to it in Condition 1.
<b>Closing Date</b>	means the date on which the Seller, subject to the fulfilment of certain conditions, sells any Mortgage Loan Rights to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement.
<b>Code</b>	means the U.S. Internal Revenue Code of 1986, as amended.
<b>Collateral Securities</b>	means in relation to a Mortgage Loan: <ul style="list-style-type: none"><li>(a) the Mortgage and any other Security Interest securing that Mortgage Loan; and</li><li>(b) any guarantee, indemnity or similar undertaking by any person to be responsible for the obligations of an Obligor under that Mortgage Loan.</li></ul>
<b>Collection Period</b>	means: <ul style="list-style-type: none"><li>(a) with respect to the first Calculation 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</li><li>(b) with respect to each subsequent Calculation Date, the calendar month</li></ul>

immediately preceding that Calculation Date.

**Collections**

means all amounts paid by an Obligor under or in respect of a Mortgage Loan, or received or recovered in respect of any amount payable under or in respect of a Mortgage Loan under the Collateral Securities for that Mortgage Loan, and in relation to the Trust, means all such amounts paid, received or recovered in respect of the Mortgage Loans comprising the Assets of the Trust.

**Conditions**

means the terms and conditions of the Covered Bonds (as set out in schedule 1 to the Bond Trust Deed) as modified and/or supplemented by the Final Terms 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 Conditions are to each of such terms and conditions, or to the relevant terms and conditions, as the context requires.

**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 jurisdiction of Australia or the provisions of the Code set out in the Appendix to the Consumer Credit (Western Australia) Act 1996 or the provisions of the Code set out in the Appendix to the Consumer Credit Code (Tasmania) Act 1996.

**Control Event**

means:

- (a) in respect of any Charged Property that is, or would have been, a Revolving Asset:
  - (i) the Issuer breaches, or attempts to breach clause 5.1 of the Security Deed in respect of the Charged Property or takes any step which would result in it doing so;
  - (ii) a person takes a step (including signing a notice or direction) which may result in Tax, or an amount owing to an authority, ranking ahead of the security interest in the Charged Property under the Security Deed;
  - (iii) distress is levied or a judgment, order or Security Interest is enforced or a creditor takes any step to levy distress or enforce a judgment, order or Security Interest over the Charged Property;
  - (iv) the Security Trustee gives a notice to the Issuer that the Charged Property is not a Revolving Asset. However, the Security Trustee may only give a notice if the Security Trustee reasonably considers that it is necessary to do so to protect its rights under the Security Deed or if an Event of Default is continuing; or
- (b) in respect of all Charged Property that is, or would have been, Revolving Assets:
  - (i) a voluntary administrator, liquidator or provisional liquidator is appointed in respect of the Issuer or the winding up of the Issuer begins;

- (ii) a Receiver or any other receiver or receiver and manager is appointed to any of Charged Property;
- (iii) something having a substantially similar effect to paragraph (i) or (ii) happens under any law; or
- (iv) the Security becoming enforceable.

<b>Corporations Act</b>	means the Corporations Act 2001 (Cth).
<b>Couponholders</b>	has the meaning given to it in the Conditions.
<b>Coupons</b>	has the meaning given to it in the Conditions.
<b>Cover Pool</b>	has the meaning given to it in the section " <i>Description of the Covered Bond Provisions of the Australian Banking Act – Cover Pool and eligible assets</i> " of this Prospectus.
<b>Cover Pool Monitor</b>	means KPMG whose registered office is at Level 38, Tower Three, International Towers Sydney, 300 Barangaroo Avenue, Sydney NSW 2000, or any successor or replacement cover pool monitor appointed from time to time in accordance with the terms of the Cover Pool Monitor Agreement.
<b>Cover Pool Monitor Agreement</b>	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 Issuer, the Seller, the Bond Trustee and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
<b>Cover Pool Monitor Report</b>	means the results of the tests conducted by the Cover Pool Monitor in accordance with the Cover Pool Monitor Agreement to be delivered to the Covered Bond Guarantor, the Trust Manager, the Issuer, the Bond Trustee and the Security Trustee.
<b>Covered Bond Guarantee</b>	means the unconditional and irrevocable guarantee by the Covered Bond Guarantor under the Bond Trust Deed for the payment of an amount equal to the Guaranteed Amounts in respect of the Covered Bonds.
<b>Covered Bond Guarantee Acceleration Notice</b>	means, following the occurrence of a Covered Bond Guarantor Event of Default which is continuing, a notice in writing given by the Bond Trustee to the Issuer and the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee), that 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) and as against the Covered Bond Guarantor, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in and in accordance with the Bond Trust Deed and thereafter the Security will become enforceable.
<b>Covered Bond Guarantor</b>	means Perpetual Corporate Trust Limited ABN 99 000 341 533 incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 14, 123 Pitt Street, Sydney, NSW 2000, as trustee of the IBAL Covered Bond Trust.

<b>Covered Bond Guarantor Event of Default</b>	has the meaning given to it in Condition 9(b).
<b>Covered Bond Swap</b>	means each currency 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 which, for the avoidance of doubt, does not include the Interest Rate Swaps).
<b>Covered Bond Swap Agreement</b>	means a Covered Bond Swap Master Agreement, together with one or more confirmations thereunder, each evidencing a Covered Bond Swap.
<b>Covered Bond Swap Master Agreement</b>	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, as amended, restated, supplemented, replaced or novated from time to time.
<b>Covered Bond Swap Provider</b>	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 or successor thereto or replacement Covered Bond Swap Provider.
<b>Covered Bond Swap Rate</b>	means in relation to a Covered Bond or a Series or Tranche of Covered Bonds, the exchange rate specified as being the <b>Swap Rate</b> in the Covered Bond Swap relating to such Covered Bond or Series or Tranche of Covered Bonds, or, if such Covered Bond Swap has terminated, the applicable spot rate.
<b>Covered Bondholders</b>	means the holders of the Covered Bonds from time to time.
<b>Covered Bonds</b>	means the covered bonds issued or to be issued pursuant to the Programme Agreement and which are or are to be constituted under or in accordance with the Bond Trust Deed (including any A\$ Registered Covered Bonds), which covered bonds may be represented by a Global Covered Bond or any Definitive Covered Bond and includes any replacements or a Covered Bond issued pursuant to Condition 10, and each a <b>Covered Bond</b> .
<b>Current Principal Balance</b>	<p>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:</p> <ul style="list-style-type: none"> <li>(a) the original principal amount advanced to the relevant Obligor and any further amount advanced on or before any given date to the relevant Obligor under that Mortgage Loan secured or intended to be secured by the Collateral Securities;</li> <li>(b) the amount of any Redraws and Additional Advances secured or purported to be secured by the Collateral Security; and</li> <li>(c) any interest or expenses that have been capitalised,</li> </ul>

	less any repayment or payment of any of the foregoing made on or before the end of the AU Business Day immediately preceding that given date.
<b>Cut-Off</b>	means, in relation to a Sale Notice, the time specified as such in the relevant Sale Notice.
<b>Day Count Fraction</b>	has the meaning given to it in Condition 4(a).
<b>Dealer and Dealers</b>	in relation to any issuance of Covered Bonds, means ING Bank N.V. and any other dealer appointed from time to time in accordance with the Programme Agreement.
<b>Deed of Accession</b>	means any deed of accession entered into between, amongst others, the Covered Bond Guarantor, the Trust Manager and Security Trustee (on behalf of all Secured Creditors) on the terms substantially set out in the form set out in schedule 1 to the Security Deed.
<b>Defaulted Mortgage Loan</b>	means any Mortgage Loan forming part of the Assets of the Trust in respect of which the Current Principal Balance is greater than the Scheduled Balance and is calculated to be 90 days in arrears in accordance with the relevant Mortgage Loan Agreement.
<b>Definitions Schedule</b>	has the meaning given to it in the Conditions.
<b>Definitive Covered Bond</b>	means a Bearer Definitive Covered Bond and/or, as the context may require, a Registered Definitive Covered Bond.
<b>Demand Noteholder</b>	means, at any given time, the person then appearing in the Instrument Register as the holder of the Demand Note.
<b>Demand Note</b>	has the meaning given to it in the section "Overview of the Principal Documents – Demand Note Subscription Agreement" of this Prospectus.
<b>Demand Note Funding Date</b>	means, in relation to a Demand Note, the date specified in the Demand Note Funding Request.
<b>Demand Note Funding Request</b>	means the request received by the Demand Note Subscriber from the Covered Bond Guarantor to either subscribe for the Demand Note or fund an Increase in the Demand Note (which has been previously issued).
<b>Demand Note Interest Period</b>	means: <ul style="list-style-type: none"> <li>(a) in relation to the first Demand Note Interest Period, the period commencing on and including the first Demand Note Funding Date and ending on (but excluding) the next Trust Payment Date; and</li> <li>(b) in relation to all subsequent Demand Note Interest Periods, the period commencing on (and including a Trust Payment Date) and ending on (but excluding) the next Trust Payment Date.</li> </ul>
<b>Demand Note Subscriber</b>	means IBAL.
<b>Demand Note Subscription Agreement</b>	means the demand note subscription agreement dated on or about the Programme Date between the Covered Bond Guarantor, the Trust Manager,

the Demand Note Subscriber, the Seller and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.

<b>Demand Note</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Demand Note Subscription Agreement</i> " of this Prospectus.
<b>Designated Account</b>	has the meaning given to it in Condition 5(d).
<b>Designated Bank</b>	has the meaning given to it in Condition 5(d).
<b>Determination Period</b>	has the meaning given to it in Condition 4(a).
<b>Distribution Compliance Period</b>	has the meaning given to it in Condition 2(g).
<b>Due for Payment</b>	<p>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:</p> <ul style="list-style-type: none"><li>(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:<ul style="list-style-type: none"><li>(i) (if paragraph (ii) below does not apply) on the date of the Original Due for Payment Date; and</li><li>(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, on the Extended Due for Payment Date, but only:<ul style="list-style-type: none"><li>(A) 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; and</li><li>(B) 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:<ul style="list-style-type: none"><li>(1) 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(b)(i)) under the terms of the Covered Bond Guarantee; or</li></ul></li></ul></li></ul></li></ul>

(2) 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.

**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 (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 6(f).

**Early Repayment Charges**

means any charge or fee which an Obligor is required to pay in accordance with the Mortgage Loan Agreement applicable to a Mortgage Loan in the event that the Obligor repays all or part of the relevant Mortgage Loan before a specified date.

**EEA**

European Economic Area.

**Eligible Mortgage Loan**

means a Mortgage Loan which satisfies the Mortgage Loan eligibility criteria set out in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Eligible Mortgage Loans*" of this Prospectus.

**Established Rate**

has the meaning given to it in Condition 5(j).

**Establishment Deed**

means the establishment deed dated on or about the Programme Date between the Covered Bond Guarantor, the Issuer, the Trust Manager, the Seller and the Servicer, as amended, restated, supplemented, replaced or novated from time to time.

**EU Benchmarks Regulation**

means the Regulation (EU) No. 2016/1011.

**EURIBOR**

has the meaning given to it in Condition 4(b)(ii)(A)(3).

**Euro**

means the lawful currency for the time being of the member states of the European Union that adopt the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.

**Eurobond Basis**

has the meaning given to it in Condition 4(b)(iv)(F).



<b>Euroclear</b>	has the meaning given to it in Condition 1.
<b>EUWA</b>	means the European Union (Withdrawal) Act 2018.
<b>Excess Proceeds</b>	means all moneys received by the Bond Trustee following the occurrence of an Issuer Event of Default and delivery of an Issuer Acceleration Notice and a Notice to Pay, from the Issuer or any receiver, manager, liquidator, administrator, controller, statutory manager or other similar official appointed in relation to the Issuer following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay.
<b>Exchange Date</b>	means on or after the date which is 40 days after a Temporary Bearer Global Covered Bond is issued.
<b>Exchange Notice</b>	has the meaning given to it in Condition 5(i)(iv).
<b>Excluded Scheduled Interest Amounts</b>	has the meaning given to it in the definition of <b>Scheduled Interest</b> in this Prospectus.
<b>Excluded Scheduled Principal Amounts</b>	has the meaning given to it in the definition of <b>Scheduled Principal</b> in this Prospectus.
<b>Excluded Swap Termination Amount</b>	means, in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable: <ul style="list-style-type: none"> <li>(a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider and such Swap Agreement; or</li> <li>(b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider and such Swap Agreement.</li> </ul>
<b>Existing Covered Bonds</b>	means, at any time, the Covered Bonds of all Series outstanding at such time.
<b>Extended Due for Payment Date</b>	has the meaning given to it in Condition 6(a).
<b>Extension Determination Date</b>	has the meaning given to it in Condition 6(a).
<b>Extraordinary Resolution</b>	has the meaning given to it in schedule 4 of the Bond Trust Deed.
<b>Fallback Rate</b>	has the meaning given to it in Condition 4(b)(ii)(D)(4).
<b>FCA</b>	means the Financial Conduct Authority.
<b>Final Fallback Rate</b>	has the meaning given to it in Condition 4(b)(ii)(D)(4).
<b>Final Maturity Date</b>	means, in relation to a Series of Covered Bonds, the Interest Payment Date specified as such in the Applicable Final Terms on which such Series of Covered Bonds is required to be redeemed at their Principal Amount Outstanding in accordance with the Conditions.
<b>Final Redemption</b>	means, in relation to a Series of Covered Bonds, the meaning given in the

<b>Amount</b>	Applicable Final Terms.
<b>Final Terms</b>	means the final terms prepared in relation to each Series or Tranche of Covered Bonds (substantially in the applicable form set out schedule 5 to the Bond Trust Deed).
<b>Financial Year</b>	<p>means, in relation to the Trust:</p> <ul style="list-style-type: none"> <li>(a) each consecutive period of 12 months from 1 January in each year until 31 December in the same year; or</li> <li>(b) any other consecutive period of 12 months as may at any time be substituted for the consecutive period referred to in paragraph (a) above by determination of the Trust Manager with the approval of the Covered Bond Guarantor,</li> </ul> <p>and includes,</p> <ul style="list-style-type: none"> <li>(c) any consecutive period greater or less than 12 months that may arise as a result of the adoption of any substituted period under paragraph (b) above;</li> <li>(d) the period commencing on the date of its creation under this deed to the next succeeding 31 December; and</li> <li>(e) the period to the Vesting Date of the Trust from the immediately preceding 31 December or, if a substituted period is in force under this definition at the Vesting Date, then from the immediately preceding date of the commencement of that substituted period.</li> </ul>
<b>Fitch</b>	means Fitch Australia Pty Ltd. and includes any successor to its ratings business.
<b>Fitch Specified Ratings</b>	<p>means a credit rating of:</p> <ul style="list-style-type: none"> <li>(a) short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least F1 by Fitch; or</li> <li>(b) long-term, unsecured, unsubordinated and unguaranteed debt obligations of at least A by Fitch.</li> </ul>
<b>Fixed Coupon Amount</b>	has the meaning given to it in Condition 4(a).
<b>Fixed Interest Period</b>	has the meaning given to it in Condition 4(a).
<b>Fixed Rate Mortgage Loans</b>	means each Mortgage Loan which is subject to a fixed interest rate for a specified period of time and at the expiration of that period is generally subject to a variable rate.
<b>Fixed Rate Swap</b>	means the fixed rate swap transaction as evidenced by a confirmation that supplements, forms part of and is subject to, the Interest Rate Swap Master Agreement pursuant to which the Covered Bond Guarantor pays the Interest Rate Swap Provider an amount in respect of Fixed Rate Mortgage Loans forming part of the Assets of the Trust and the Interest Rate Swap Provider

	pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.
<b>Floating Rate Convention</b>	has the meaning given to it in Condition 4(b).
<b>Following Business Day Convention</b>	has the meaning given to it in Condition 4(b)(i)(B).
<b>FSMA</b>	means the Financial Services and Markets Act 2000.
<b>Further Consideration</b>	means, in relation to a Mortgage Loan specified in a Sale Notice, the principal amount of each Redraw and Additional Advance made in respect of and forming part of that Mortgage Loan.
<b>GIC Account</b>	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 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.
<b>GIC Account Mandate</b>	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.
<b>Global Covered Bond</b>	has the meaning given to it in the Conditions.
<b>Governmental Authority</b>	means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in any relevant jurisdiction.
<b>GST</b>	has the meaning given to it in the GST Act.
<b>GST Act</b>	means the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
<b>Guarantee Priority of Payments</b>	has the meaning given to it in the section " <i>Cashflows – Guarantee Priority of Payments</i> " of this Prospectus.
<b>Guaranteed Amounts</b>	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 Conditions or, if applicable, the Applicable Final Terms 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.
<b>Hard Bullet Covered Bonds</b>	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.

<b>HIBOR</b>	has the meaning given to it in Condition 4(b)(ii)(A)(3).
<b>Higher Redemption Amount</b>	means the amount (if any) specified in the Applicable Final Terms.
<b>IBAL</b>	means ING Bank (Australia) Limited ABN 24 000 893 292.
<b>In Specie Failure</b>	means a failure (as determined by the Demand Noteholder) for any reason whatsoever by the Covered Bond Guarantor (acting at the direction of the Trust Manager) to distribute Mortgage Loans and related Mortgage Loan Rights to the Demand Noteholder as an <i>in specie</i> distribution in satisfaction of the Demand Note.
<b>In Specie Mortgage Loan Rights</b>	means any Mortgage Loan Rights identified by the Trust Manager for the purposes of an <i>in specie</i> distribution to the Demand Noteholder in accordance with the applicable Priorities of Payments.
<b>Income Ledger</b>	means the ledger of the GIC Account with such name maintained by the Trust Manager pursuant to the Management Agreement to record credits and debits of Interest Collections and the other amounts described in the definition of "Available Income Amounts" in accordance with the terms of the Establishment Deed.
<b>Increase</b>	means the funding of an increase in the principal amount outstanding of the Demand Note previously issued to the Demand Note Subscriber.
<b>Independent Adviser</b>	has the meaning given to it in Condition 4(d)(vii).
<b>Indexed Valuation</b>	means at any date in relation to any Mortgage Loan secured over any Mortgaged Property: <ul style="list-style-type: none"> <li>(a) where the Latest Valuation of that Mortgaged Property 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</li> <li>(b) where the Latest Valuation of that Mortgaged Property 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.</li> </ul>
<b>ING Groep</b>	means ING Groep N.V. (a company domiciled in Amsterdam, the Netherlands) and its controlled entities.
<b>ING Groep N.V.</b>	means ING Groep N.V. (a company domiciled in Amsterdam, the Netherlands, and the ultimate holding company of IBAL).
<b>ING GST Group</b>	has the meaning given in the section " <i>Taxation – Australian Taxation – Taxation of interest on Covered Bonds – GST Treatment of Covered Bond Guarantor</i> " of this Prospectus.
<b>Initial Consideration</b>	means, in relation to a Mortgage Loan specified in a Sale Notice, the principal outstanding of that Mortgage Loan as at the relevant Cut-Off.

## Insolvency Event

means:

- (a) in respect of a Transaction Party (other than the Trust Manager) (for the purposes of this paragraph (a) the **Relevant Entity**), the happening of any of these events:
  - (i) a statutory manager is appointed in respect of the Relevant Entity under the Australian Banking Act; or
  - (ii) except for the purpose of a solvent reconstruction or amalgamation:
    - (A) an application or an order is made, proceedings are commenced, a resolution is passed or proposed in a notice of meeting or an application to a court or other steps (other than frivolous or vexatious applications, proceedings, notices and steps) are taken for:
      - (1) the liquidation or dissolution of the Relevant Entity; or
      - (2) the Relevant Entity entering into an arrangement, compromise or composition with or assignment for the benefit of its creditors or a class of them; or
    - (B) the Relevant Entity ceases, suspends or threatens to cease or suspend the conduct of all or substantially all of its business or disposes of or threatens to dispose of substantially all of its assets;
  - (iii) the Relevant Entity is, or under applicable legislation is taken to be, unable to pay its debts (other than as the result of a failure to pay a debt or claim the subject of a good faith dispute) or stops or suspends or threatens to stop or suspend payment of all or a class of its debts (except, in the case of the Covered Bond Guarantor, where this occurs in relation to another trust of which it is the trustee);
  - (iv) a receiver or receiver and manager is appointed (by the Relevant Entity or by any other person) to all or substantially all of the assets and undertaking of the Relevant Entity or any part thereof (except, in the case of the Covered Bond Guarantor, where this occurs in relation to another trust of which it is the trustee) and such appointment is not revoked within 15 AU Business Days;
  - (v) a controller (as defined in the Corporations Act) or an administrator is appointed to the Relevant Entity or any steps are taken for the appointment of a controller or an administrator to the relevant corporation; or
  - (vi) anything analogous to an event referred to in subparagraphs (i)

to (v) above (inclusive) or having substantially similar effect occurs with respect to the Relevant Entity; or

- (b) in relation to any other body corporate, the happening of any of these events:
- (i) an application (other than a frivolous or vexatious application or an application which is stayed within 15 AU Business Days) is made to a court or any order is made that the relevant body corporate be wound up other than for the purposes of a solvent reconstruction or amalgamation;
  - (ii) an application is made to a court or an order appointing a liquidator or provisional liquidator in respect of the relevant body corporate, or one of them, is appointed, whether or not under an order;
  - (iii) a receiver, receiver and manager, liquidator, trustee or similar officer is appointed in respect of any part of the property of the relevant body corporate and such appointment is not revoked within 15 AU Business Days;
  - (iv) a controller (as defined in the Corporations Act) or an administrator is appointed to the relevant body corporate or any steps are taken for the appointment of a controller or an administrator to the relevant body corporate;
  - (v) the relevant body corporate commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors;
  - (vi) the relevant body corporate is or states that it is unable to pay its debts as and when they fall due or is deemed unable to pay its debts under any applicable legislation (other than as a result of the failure to pay a debt or claim which is the subject of a good faith dispute); or
  - (vii) anything analogous or having a substantially similar effect to any of the events specified above happens under the laws of any applicable jurisdiction.

<b>Instrument Holder</b>	means a Unitholder, Intercompany Noteholder and Demand Noteholder.
<b>Instrument Register</b>	means the register of Instrument Holders in the Trust established and maintained in accordance with the Establishment Deed.
<b>Instruments</b>	means the Units, Intercompany Notes and Demand Note.
<b>Insurance Policies</b>	means: <ul style="list-style-type: none"><li>(a) the Buildings Policies; and</li></ul>

(b) the Lender's Mortgage Insurance Policies,  
and each an **Insurance Policy**.

<b>Intercompany Note</b>	means a note issued or to be issued by the Covered Bond Guarantor to the Intercompany Note Subscriber pursuant to the Intercompany Note Subscription Agreement.
<b>Intercompany Note Interest Payment Date</b>	means, unless otherwise specified in the relevant Intercompany Note Notice (in the form set out in schedule 2 of the Intercompany Note Subscription Agreement), each date on which interest is payable on the relevant Covered Bonds to which the Intercompany Note is referable.
<b>Intercompany Note Issue Date</b>	means, in relation to an Intercompany Note, the date specified in the Intercompany Note Subscription Request for the issue of that Intercompany Note, which must be a Business Day.
<b>Intercompany Note Subscriber</b>	means IBAL.
<b>Intercompany Note Subscription Agreement</b>	means the intercompany note subscription agreement dated on or about the Programme Date, between the Intercompany Note Subscriber, the Covered Bond Guarantor, the Trust Manager, the Seller and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
<b>Intercompany Note Subscription Request</b>	means a request substantially in the form set out in the Intercompany Note Subscription Agreement.
<b>Intercompany Noteholder</b>	means at any given time the person then appearing in the Instrument Register as the holder of an Intercompany Note.
<b>Interest Amount</b>	has the meaning given to it in Condition 4(b)(iv).
<b>Interest Collections</b>	<p>means, in relation to a Collection Period, all moneys received by the Covered Bond Guarantor during the immediately preceding Collection Period under, in respect of, or which relate to the Assets of the Trust, or which are otherwise received by the Covered Bond Guarantor, in each case which are determined by the Trust Manager (without double counting) to be in respect of interest, fees or other amounts of an income nature:</p> <p>(a) including any amounts received in respect of damages or compensation for any breach by any person of any of its obligations, or any representation or warranty given or made by it in respect of the Trust under or in connection with any Programme Document;</p> <p>(b) but excluding:</p> <p>(i) any such amounts which the Covered Bond Guarantor is obliged under the terms of a Lender's Mortgage Insurance Policy to pay to the relevant insurer; and</p> <p>(ii) any amount received under an Interest Rate Swap.</p>

<b>Interest Commencement Date</b>	has the meaning given to it in Condition 4(a).
<b>Interest Payment Date</b>	has the meaning given to it in Condition 4(b)(i)(B).
<b>Interest Period</b>	has the meaning given to it in Condition 4(b)(i).
<b>Interest Rate Shortfall</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Servicing Agreement – Interest Rate Shortfall Test</i> " of this Prospectus.
<b>Interest Rate Shortfall Demand Note Funding</b>	means an Increase in the Demand Note in accordance with the Demand Note Subscription Agreement on account of an Interest Rate Shortfall.
<b>Interest Rate Shortfall Test</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Servicing Agreement – Interest Rate Shortfall Test</i> " of this Prospectus.
<b>Interest Rate Swap</b>	means the Basis Swap and/or the Fixed Rate Swap.
<b>Interest Rate Swap Agreement</b>	means each Interest Rate Swap Master Agreement, together with the confirmation under that Interest Rate Swap Master Agreement evidencing any Interest Rate Swaps.
<b>Interest Rate Swap Master Agreement</b>	means each Swap Master Agreement entered into on or about the Programme Date between the Covered Bond Guarantor, the Trust Manager and an Interest Rate Swap Provider relating to an Interest Rate Swap, as amended, restated, supplemented, replaced or novated from time to time.
<b>Interest Rate Swap Provider</b>	means, IBAL or such other party so appointed in its capacity as interest rate swap provider under an Interest Rate Swap Agreement together with any transferee or successor thereto.
<b>ISDA</b>	means the International Swaps and Derivatives Association, Inc.
<b>ISDA 1995 Credit Support Annex</b>	means the ISDA 1995 Credit Support Annex (Bilateral Form - Transfer), as published by ISDA.
<b>ISDA Definitions</b>	has the meaning given to it in Condition 4(b)(ii)(A).
<b>ISDA Master Agreement</b>	means the 2002 ISDA master agreement, as published by ISDA.
<b>ISDA Rate</b>	has the meaning given to it in Condition 4(b)(ii)(A).
<b>Issue Date</b>	means a date on which the Issuer issues Covered Bonds under the Programme.
<b>Issue Price</b>	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.
<b>Issuer</b>	means IBAL.
<b>Issuer Acceleration</b>	has the meaning given to it in Condition 9(a).



## Notice

<b>Issuer Event of Default</b>	has the meaning given to it in Condition 9(a).
<b>Junior Demand Note Component</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Demand Note Subscription Agreement</i> " of this Prospectus.
<b>Land</b>	means: <ul style="list-style-type: none"><li>(a) any estate or interest whether at law or in equity in freehold or leasehold land situated in any Australian jurisdiction, including all improvements on that land; and</li><li>(b) any parcel and any lot, common property and land comprising a parcel within the meaning of the Strata Schemes (Freehold Development) Act 1973 (New South Wales) or the Community Land Development Act 1989 (New South Wales) or any equivalent legislation in any other Australian jurisdiction.</li></ul>
<b>Land Title Act</b>	means the Land Title Act 1994 (Qld).
<b>Latest Valuation</b>	means, in relation to a Mortgaged Property, the value: <ul style="list-style-type: none"><li>(a) given to the Land by the most recent valuation report held by the Seller; or</li><li>(b) in the absence of such a valuation report, the value of the Land most recently determined by the Seller or the Servicer in accordance with its credit policies.</li></ul>
<b>Lead Manager</b>	means, in relation to any Series or Tranche of Covered Bonds, the person named as the Lead Manager in the applicable Subscription Agreement.
<b>Ledgers</b>	means each of the following ledgers established and maintained by the Covered Bond Guarantor or the Trust Manager on its behalf: <ul style="list-style-type: none"><li>(a) the Principal Ledger;</li><li>(b) the Income Ledger;</li><li>(c) the Pre-Maturity Ledger; and</li><li>(d) the Reserve Ledger.</li></ul>
<b>Legislated Collateralisation Test</b>	has the meaning given to it in the section " <i>Structure Overview – Structure Overview – Legislated Collateralisation Test</i> " of this Prospectus.
<b>Lender's Mortgage Insurance Policy</b>	means a policy of insurance under which an insurer insures payment of amounts payable under or in respect of a Mortgage Loan secured by a Mortgage.
<b>Liabilities</b>	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 <b>Liability</b> is to be construed accordingly.

<b>LIBOR</b>	means the London inter-bank offered rate.
<b>Long Maturity Covered Bond</b>	has the meaning given to it in Condition 5(b).
<b>LVR</b>	means, in relation to a Mortgage Loan, at any time, the ratio of the then Current Principal Balance for that Mortgage Loan to the Latest Valuation for the Mortgaged Property which secures that Mortgage Loan.
<b>LVR Adjusted Mortgage Loan Balance Amount</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Establishment Deed – Asset Coverage Test</i> " of this Prospectus.
<b>Majority Secured Creditors</b>	means Secured Creditors whose Secured Obligations amount in aggregate to more than 66 per cent. of the total Secured Obligations.
<b>Management Agreement</b>	means the management agreement dated on or about the Programme Date between the Seller, the Issuer, the Servicer, the Account Bank, the Covered Bond Guarantor, the Trust Manager and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
<b>Maximum Principal Outstanding</b>	means, in relation to a Mortgage Loan, the maximum principal amount of that Mortgage Loan which the relevant Obligor is entitled to borrow and to be outstanding under that Mortgage Loan.
<b>Minimum Redemption Amount</b>	means the amount (if any) specified in the Applicable Final Terms.
<b>Modified Following Business Day Convention</b>	has the meaning given to it in Condition 4(b)(i)(C).
<b>Moody's</b>	means Moody's Investors Service Pty Limited and includes any successor to its rating business.
<b>Moody's Specified Rating</b>	means a credit rating of short-term deposit rating of at least P-1 by Moody's.
<b>Mortgage</b>	means a registered (or pending registration, registrable) mortgage over Land situated in any Australian jurisdiction which secures the repayment of the principal amount of a Mortgage Loan and the payment of other amounts payable under or in respect of that Mortgage Loan.
<b>Mortgage Documents</b>	means, in relation to a Mortgage Loan: <ul style="list-style-type: none"> <li>(a) each agreement setting out or evidencing the agreement as to the making of that Mortgage Loan, including the Mortgage Loan Agreement for that Mortgage Loan;</li> <li>(b) the original or duplicate Mortgage documents in relation to that Mortgage Loan;</li> <li>(c) the certificate or other indicia of title (if any) in respect of the Land the subject of that Mortgage;</li> <li>(d) the original or duplicate of any document which creates or evidences</li> </ul>

any Collateral Security in relation to that Mortgage Loan;

- (e) any deed of priority or its equivalent entered into in connection with that Mortgage or any such Collateral Security;
- (f) all other documents required to evidence the Seller's interest in that Land, that Mortgage or any such Collateral Security; and
- (g) any amendment to or replacement of any of the above.

**Mortgage Loan**

means, unless otherwise specified, each right or interest under a loan or other financial accommodation originated, or acquired, by the Seller assigned or to be assigned (as the case may be) to the Covered Bond Guarantor and referred to in a Sale Notice and which has not been reassigned to the Seller or extinguished pursuant to the Mortgage Sale Agreement and, in relation to the Seller, means a Mortgage Loan assigned to the Covered Bond Guarantor by the Seller.

**Mortgage Loan Agreement**

means, in relation to a Mortgage Loan, each agreement setting out or evidencing the agreement as to the making of that Mortgage Loan.

**Mortgage Loan Rights**

means, in relation to a Mortgage Loan, all of the Seller's right, title and interest (present and future) in, to, under or derived from:

- (a) that Mortgage Loan and any Mortgage which secures that Mortgage Loan from time to time;
- (b) such of the following as relate to that Mortgage Loan:
  - (i) the Collateral Securities;
  - (ii) the Mortgage Documents;
  - (iii) the Collections;
  - (iv) all moneys (present or future, actual or contingent) owing at any time by an Obligor (whether alone or with another person) and all other rights under or in connection with the Mortgage Documents for that Mortgage Loan; and
  - (v) any Other Secured Liability relating to that Mortgage Loan; and
- (c) any Lender's Mortgage Insurance Policy relating to that Mortgage Loan.

**Mortgage Loan Scheduled Payment**

means in respect of a Mortgage Loan, the amount which the applicable Mortgage Loan Agreement requires an Obligor 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 an Obligor is required to make a payment of interest and, if applicable, principal in accordance with the Mortgage Loan Agreement applicable to such Mortgage Loan.

<b>Mortgage Sale Agreement</b>	means the mortgage sale agreement dated on or about the Programme Date, between the Seller, the Covered Bond Guarantor, the Trust Manager and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
<b>Mortgage Transfer</b>	means in relation to a Mortgage a duly executed land titles office transfer which, upon registration at the land titles office in the relevant Australian jurisdiction, is effective to transfer the legal title to the Mortgage to the Covered Bond Guarantor or in accordance with the Mortgage Sale Agreement, the Seller.
<b>Mortgaged Property</b>	means, in relation to a Mortgage, the Land and all other property which is subject to that Mortgage.
<b>N Covered Bond</b>	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 the form of a German " <i>Namensschuldverschreibung</i> " and having the N Covered Bond Conditions applicable to it annexed thereto and subject to the provisions of the N Covered Bond Agreement relating thereto.
<b>N Covered Bond Agreement</b>	means, in respect of any N Covered Bond, an agreement relating to an N Covered Bond between the initial N Covered Bondholder, the Issuer, the Covered Bond Guarantor, the Trust Manager and the Bond Trustee.
<b>N Covered Bond Conditions</b>	means the terms and conditions of each N Covered Bond annexed thereto.
<b>N Covered Bondholder</b>	means the registered holder of an N Covered Bond.
<b>National Consumer Credit Protection Laws</b>	means: <ul style="list-style-type: none"> <li>(a) the National Consumer Credit Protection Act 2009 (Cth), including the Schedules to it;</li> <li>(b) the National Consumer Credit Protection (Fees) Act 2009 (Cth);</li> <li>(c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth) (<b>Transitional Act</b>);</li> <li>(d) the National Consumer Protection Amendment Act 2010 (Cth);</li> <li>(e) any acts or other legislation enacted in connection with any of the acts set out in paragraphs (a) to (c) above and any regulations made under any of the acts set out in paragraphs (a) to (c) above;</li> <li>(f) Division 2 of Part 2 of the Australian Securities and Investment Commission Act 2001 (Cth), so far as it relates to the obligations of the Trust Manager, the Servicer, the Seller or the Covered Bond Guarantor in respect of an Australian Credit Licence issued under the National Consumer Credit Protection Act 2009 (Cth) or registration as a registered person under the Transitional Act; and</li> <li>(g) any other Commonwealth, State or Territory legislation that covers</li> </ul>

conduct relating to credit activities (whether or not it also covers other conduct), but only in so far as it covers conduct relating to credit activities.

<b>Negative Carry Factor</b>	has the meaning given in the section " <i>Overview of the Principal Documents – Establishment Deed – Asset Coverage Test</i> " of this Prospectus.
<b>Net Trust Income</b>	means, in respect of a Financial Year of the Trust, the income of the Trust for that Financial Year as determined by the Trust Manager under the Establishment Deed.
<b>New Secured Creditor</b>	means any person which becomes a Secured Creditor after the date upon which the Security Deed was executed pursuant to and in accordance with the Security Deed.
<b>NGCB</b>	means a Temporary Global Covered Bond or a Permanent Global Covered Bond, in either case where the Applicable Final Terms specify that the Covered Bonds are in New Global Covered Bond form.
<b>NIBOR</b>	has the meaning given to it in Condition 4(b)(ii)(A)(3).
<b>Notice to Pay</b>	means the notice to pay (substantially in the form set out in schedule 3 to the Bond Trust Deed) served by the Bond Trustee on the Covered Bond Guarantor (and copied to the Security Trustee and the Trust Manager) pursuant to the Covered Bond Guarantee 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.
<b>Note Certificate</b>	means a certificate issued by the Covered Bond Guarantor to the Intercompany Noteholder or Demand Noteholder recorded in the Instrument Register in relation to an Intercompany Note or a Demand Note.
<b>Objected Modification</b>	has the meaning given to it in Condition 14.
<b>Obligor</b>	means, in relation to a Mortgage Loan, each person to whom that Mortgage Loan is made and, where the context requires, includes any other person obligated to make payments with respect to that Mortgage Loan (including any guarantor).
<b>OECD</b>	Organisation for Economic Co-operation and Development.
<b>Offshore Associate</b>	has the meaning given in the section " <i>Taxation – Australian Taxation – Taxation of interest on Covered Bonds</i> " of this Prospectus.
<b>Offset Amount</b>	means, in relation to a Collection Period, the aggregate amount by which all interest which would otherwise have been payable during that Collection Period in respect of all Mortgage Loans then forming Assets of the Trust is reduced by all Offset Arrangements.
<b>Offset Arrangement</b>	means any agreement or arrangement between the Seller and an Obligor under which the amount of interest which would (but for such agreement or arrangement) have been payable under or in respect of a Mortgage Loan is reduced by reference to any credit balance on any savings or cheque account of that Obligor with the Seller.

<b>Original Due for Payment Date</b>	means, in respect of the payment of Guaranteed Amounts, prior to the occurrence of a Covered Bond Guarantor Event of Default and following the delivery of a Notice to Pay on the Covered Bond Guarantor, the date on which the Scheduled Payment Date in respect of such Guaranteed Amounts 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 Amounts, or, if the applicable Final Terms specify that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, the Scheduled Payment Date falling on the Final Maturity Date of such Series of Covered Bonds as if such date had been the Extended Due for Payment Date.
<b>Original Reference Rate</b>	has the meaning given to it in Condition 4(d)(vii).
<b>Other Secured Liability</b>	means, in relation to a Mortgage Loan, a loan, financial obligation or other liability that immediately prior to the Closing Date for that Mortgage Loan is secured by the Mortgage or any Collateral Security for that Mortgage Loan, other than the amounts payable under any relevant Mortgage Loan Agreement.
<b>Outstanding or outstanding</b>	<p>means, in relation to the Covered Bonds of all or any Series, all the Covered Bonds of such Series issued other than:</p> <ul style="list-style-type: none"> <li>(a) those Covered Bonds which have been redeemed in full and cancelled pursuant to the Bond Trust Deed and/or the Conditions;</li> <li>(b) those Covered Bonds in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and, where appropriate, notice to that effect has been given to the relative Covered Bondholders in accordance with Condition 13 and remain available for payment against presentation of the relevant Covered Bonds and/or Coupons;</li> <li>(c) those Covered Bonds which have been purchased and cancelled in accordance with Conditions 6(g) and 6(h);</li> <li>(d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case under Condition 8;</li> <li>(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 10;</li> <li>(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 10; and</li> <li>(g) any Global Covered Bond to the extent that it has been exchanged for definitive Covered Bonds or another Global Covered Bond pursuant to</li> </ul>

its provisions, the provisions of the Bond Trust Deed and the Agency Agreement,

provided that for each of the following purposes, namely:

- (i) 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 4 to the Bond Trust Deed;
- (ii) the determination of how many and which Covered Bonds of any Series are for the time being outstanding for the purposes the Bond Trust Deed, Conditions 9 and 14 and paragraphs 2, 5, 6, and 9 of schedule 4 to the Bond Trust Deed;
- (iii) 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
- (iv) 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,

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, 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**

means part of any portfolio of Selected Mortgage Loan Rights offered for sale to purchasers by the Covered Bond Guarantor, or the Trust Manager on its behalf.

**Paying Agents**

means the Principal Paying Agent and any other paying agent appointed pursuant to the Principal Agency Agreement, including any additional or successor paying agents.

**Payment Day**

has the meaning given to it in Condition 5(g).

**Penalty Payment**

means:

- (a) any civil or criminal penalty incurred by the Covered Bond Guarantor under any National Consumer Credit Protection Laws;
- (b) any money ordered by a court, other judicial body or Governmental Authority to be paid by the Covered Bond Guarantor in relation to any claim against the Covered Bond Guarantor under any National

Consumer Credit Protection Laws;

- (c) a payment by the Covered Bond Guarantor in settlement of a liability or alleged liability under any National Consumer Credit Protection Laws,

and includes any legal costs incurred by the Covered Bond Guarantor or which the Covered Bond Guarantor is ordered by a court, other judicial body or Governmental Authority to pay in connection with paragraphs (a) to (c) above.

**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*" of this Prospectus.

**Permanent Bearer Global Covered Bond** means a global bearer covered bond in the form or substantially in the form set out in Part 2 of schedule 2 to the Bond Trust Deed together with the copy of the Applicable Final Terms annexed thereto and 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 and the relevant Dealer(s) relating to the Programme, the 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.

**Permanent Discontinuation Trigger** has the meaning given to it in Condition 4(b)(ii)(D)(4).

**Permanent Fallback Effective Date** has the meaning given to it in Condition 4(b)(ii)(D)(4).

**Permitted Investments** means:

- (a) Mortgage Loans and the related Mortgage Loan Rights;
- (b) Substitution Assets;
- (c) Authorised Investments; and
- (d) amounts deposited in the Trust Accounts,

in each case acquired in accordance with the Programme Documents, and **Permitted Investment** means any of them.

**Post-Enforcement Priority of Payments** has the meaning given to it in the section "*Cashflows – Post-Enforcement Priority of Payments*" of 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.

**Potential Perfection of Title Event**

means an event or circumstance which, with the giving of notice, lapse of time or fulfilment of any condition, would constitute a Perfection of Title Event.

**PPSA**

means the Personal Property Securities Act 2009 (Cth).

**PPS Law**

means:

- (a) the PPSA;
- (b) any regulations made at any time under the PPSA;
- (c) any provision of the PPSA or regulations referred to in paragraph (b) above; or
- (d) any amendment made at any time to any other legislation as a consequence of the PPS Law referred to in paragraphs (a) to (c) above.

**PPSR**

means the Personal Property Securities Register established under section 147 of the PPSA.

**Preceding Business Day Convention**

has the meaning given to it in Condition 4(b)(i)(D).

**Pre-Issuer Event of Default Income Priority of Payments**

has the meaning given to it in the section "*Cashflows – Pre-Issuer Event of Default Income Priority of Payments*" of this Prospectus.

**Pre-Issuer Event of Default Principal Priority of Payments**

has the meaning given to it in the section "*Cashflows – Pre-Issuer Event of Default Principal Priority of Payments*" of this Prospectus.

**Pre-Issuer Event of Default Priorities of Payments**

means the Pre-Issuer Event of Default Principal Priority of Payments and the Pre-Issuer Event of Default Income Priority of Payments and each, a **Pre-Issuer Event of Default Priority of Payments**.

**Pre-Maturity Demand Note Funding**

means, in relation to a request made by the Trust Manager to the Demand Note Subscriber in accordance with the Demand Note Subscription Agreement, the subscription for the Demand Note or the funding of an Increase in the Demand Note (which has not previously been issued) by the Demand Note Subscriber for the purposes of rectifying a breach of the Pre-Maturity Test.

**Pre-Maturity Ledger**

means the ledger in relation to the GIC Account 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*" of this Prospectus.

<b>Pre-Maturity Test Date</b>	means each AU Business Day during the Pre-Maturity Test Period.
<b>Pre-Maturity Test Period</b>	means, in relation to a Series of Hard Bullet Covered Bonds, in respect of: <ul style="list-style-type: none"> <li>(a) the Issuer's long-term credit rating from Moody's, 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 relevant Series; or</li> <li>(b) the Issuer's short-term credit rating from Moody's or from Fitch, 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 relevant Series.</li> </ul>
<b>Principal Agency Agreement</b>	means the agency agreement dated on or about the Programme Date and made between the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee, the Principal Paying Agent, the Transfer Agent and the Registrar, as amended, restated, supplemented, replaced or novated from time to time.
<b>Principal Amount Outstanding</b>	has the meaning given to it in Condition 4(a).
<b>Principal Collections</b>	means any payment in respect of principal received from time to time in respect of any Mortgage Loan forming part of the Assets of the Trust (including whether as all or part of a Mortgage Loan Scheduled Payment by an Obligor on the relevant Mortgage Loan, on redemption (in whole or in part), on enforcement or on disposal of such Mortgage Loan or otherwise (including pursuant to any Insurance Policy)).
<b>Principal Ledger</b>	means the ledger of the GIC Account with such name maintained by the Trust Manager pursuant to the Management Agreement to record the credits and debits of Principal Collections and the other amounts described in the definition of "Available Principal Amounts" in accordance with the terms of the Establishment Deed.
<b>Principal Paying Agent</b>	means Deutsche Bank AG, Hong Kong Branch, or any other person from time to time appointed to perform the role of principal paying agent under the Principal Agency Agreement.
<b>Priorities of Payments</b>	means the orders of priority for the allocation and distribution of amounts standing to the credit of the Trust Accounts in different circumstances including: <ul style="list-style-type: none"> <li>(a) the Pre-Issuer Event of Default Income Priority of Payments;</li> <li>(b) the Pre-Issuer Event of Default Principal Priority of Payments;</li> <li>(c) the Post-Enforcement Priority of Payments; and</li> <li>(d) the Guarantee Priority of Payments,</li> </ul> each a <b>Priority of Payments</b> .

<b>Privacy Act</b>	means the Privacy Act 1988 (Cth).
<b>Programme</b>	means the covered bond programme established by the Issuer pursuant to the Programme Agreement.
<b>Programme Agreement</b>	means the agreement dated on or about the Programme Date, entered into by the Issuer, the Covered Bond Guarantor, the Trust Manager, the Seller, the Arranger and the Dealers to agree a basis upon which the Dealer(s) may from time to time agree to subscribe for, offer or place Covered Bonds, as amended, restated, supplemented, replaced or novated from time to time.
<b>Programme Date</b>	means on or about 18 May 2018.
<b>Programme Documents</b>	<p>means the following documents:</p> <ul style="list-style-type: none"> <li>(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);</li> <li>(b) Servicing Agreement;</li> <li>(c) Cover Pool Monitor Agreement;</li> <li>(d) Intercompany Note Subscription Agreement;</li> <li>(e) Demand Note Subscription Agreement;</li> <li>(f) Establishment Deed;</li> <li>(g) Management Agreement;</li> <li>(h) each Interest Rate Swap Agreement;</li> <li>(i) each Covered Bond Swap Agreement;</li> <li>(j) Account Bank Agreement;</li> <li>(k) Security Deed (and any documents entered into pursuant to the Security Deed, including each Deed of Accession);</li> <li>(l) Bond Trust Deed;</li> <li>(m) Programme Agreement;</li> <li>(n) each Agency Agreement;</li> <li>(o) each Subscription Agreement;</li> <li>(p) Seller's Power of Attorney;</li> <li>(q) Definitions Schedule; and</li> <li>(r) any other document, agreement or deed designated by the Issuer,</li> </ul>

Covered Bond Guarantor and the Security Trustee as a Programme Document,

and each document, agreement or deed ancillary or supplemental to any of such documents and each a **Programme Document**.

**Programme Limit** means AUD7,500,000,000, subject to increase as provided in the Programme Agreement.

**Programme Resolution** has the meaning given to it in Condition 14.

**Prospectus** means this prospectus.

**Prospectus Regulation** means Regulation (EU) 2017/1129.

**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 6(d).

**Qualified Institution** means an ADI:

- (a) which pays any relevant interest in the ordinary course of its business;
- (b) whose short-term deposit rating is at least P-1 by Moody's; and
- (c) whose:
  - (i) short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least F1 by Fitch; or
  - (ii) long term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A- by Fitch,

or, in the case of paragraphs (b) and (c) above (inclusive), such other lower rating as Fitch and/or Moody's may publish in order to maintain the then current ratings of the Covered Bonds.

**Rate of Interest** has the meaning given to it in Condition 5(j).

**Rating Affirmation Notice** means in relation to an event or circumstance(s), a notice in writing from the Issuer to the Covered Bond Guarantor confirming that it has notified the Rating Agencies of the event or circumstances and that:

- (a) the Issuer is satisfied, for the purposes of the Programme Documents, following discussions with the Rating Agencies, that the event or circumstance(s), as applicable, will not result in a reduction, qualification or withdrawal of the ratings then assigned by the Rating Agencies; or
- (b) the relevant Rating Agency has indicated to the Issuer that, notwithstanding that a Rating Agency confirmation may be stated in a Programme Document to be required in respect of the relevant event or circumstance(s), it does not consider such confirmation necessary. In such a case, the Issuer will be entitled to assume that the then current

rating of the Covered Bonds from that Rating Agency will not be downgraded or withdrawn by such Rating Agency as a result of such event or circumstance.

<b>Rating Agencies</b>	means Moody's and Fitch or their successors, to the extent they provide ratings in respect of the Covered Bonds, and each a <b>Rating Agency</b> .
<b>RBA</b>	means the Reserve Bank of Australia.
<b>Receiver</b>	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.
<b>Redeemed Covered Bonds</b>	has the meaning given to it in Condition 6(c).
<b>Redenomination Date</b>	has the meaning given to it in Condition 5(j).
<b>Redraw</b>	means an Advance by the Seller to an Obligor under a Mortgage Loan Agreement for a Mortgage Loan which is a re-borrowing of amounts previously prepaid in respect of that Mortgage Loan as unscheduled principal repayments and, for the avoidance of doubt, does not include any Additional Advances approved by the Servicer.
<b>Register</b>	means the register of holders of the Registered Covered Bonds maintained by the Registrar.
<b>Registered Covered Bonds</b>	means Covered Bonds (other than A\$ Registered Covered Bonds) issued in registered form (being Registered Global Covered Bonds and/or Registered Definitive Covered Bonds, as the case may be).
<b>Registered Definitive Covered Bond</b>	has the meaning given to it in the Conditions.
<b>Registered Global Covered Bond</b>	has the meaning given to it in Condition 2(a).
<b>Registrar</b>	means Deutsche Bank AG, Hong Kong Branch or any other person from time to time appointed to perform the role of registrar under the Principal Agency Agreement.
<b>Regulation S</b>	means Regulation S under the Securities Act.
<b>Regulatory Event</b>	means that the value of assets in cover pools securing covered bonds issued by the Issuer exceeds 8 per cent., or such other percentage as is prescribed by the regulations made under the Australian Banking Act, of the value of the Issuer's assets in Australia for the purposes of sections 28 and 31D(2) of the Australian Banking Act or such other event as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager.
<b>Related Entity</b>	has the meaning given to it in the Corporations Act.
<b>Relevant Acquired</b>	means Covered Bonds which, having been purchased or otherwise acquired by

<b>Covered Bonds</b>	the Covered Bond Guarantor, are cancelled in accordance with Condition 6(g) or Condition 6(h).
<b>Relevant Covered Bonds</b>	means, together with any Relevant Acquired Covered Bonds, any Covered Bonds in respect of which the Covered Bond Guarantor makes, or there is made on its behalf, a payment under the Covered Bond Guarantee.
<b>Relevant Date</b>	means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Bond Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 13.
<b>Representations and Warranties</b>	means the representations and warranties made by the Seller in relation to the Mortgage Loans and related Mortgage Loan Rights as set out in the section " <i>Overview of the Principal Documents – Mortgage Sale Agreement – Representations and Warranties</i> " of this Prospectus.
<b>Required Current Principal Balance Amount</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Establishment Deed – Method of Sale of Selected Mortgage Loan Rights</i> " of this Prospectus.
<b>Required Redemption Amount</b>	means, in respect of a Series of Covered Bonds, the amount calculated in accordance with the following formula: $A \times \left( 1 + \left( B \times \frac{C}{365} \right) \right)$ <p>where,</p> <p><b>A</b> = the Principal Amount Outstanding of the relevant Series of Covered Bonds;</p> <p><b>B</b> = the Negative Carry Factor; and</p> <p><b>C</b> = days to maturity of the relevant Series of Covered Bonds.</p>
<b>Reserve Fund</b>	means the reserve fund established by the Covered Bond Guarantor in the GIC Account which will be credited with the proceeds of Available Income Amounts, proceeds from the issue of an Intercompany Note and/or the proceeds from the issue of, or an Increase in, the Demand Note up to an amount equal to the Reserve Fund Required Amount in accordance with the applicable Priorities of Payments.
<b>Reserve Fund Required Amount</b>	means: <ol style="list-style-type: none"> <li>(a) if, and for so long as, the Issuer's credit rating or deposit rating, as applicable, is equal to or higher than the Moody's Specified Rating and the Fitch Specified Ratings, nil or such other amount as the Issuer will direct the Covered Bond Guarantor from time to time; or</li> <li>(b) if, and for so long as: <ol style="list-style-type: none"> <li>(i) the Issuer's credit ratings are less than the Moody's Specified</li> </ol> </li> </ol>

Rating but are higher than or equal to the Fitch Specified Rating, an amount equal to the Australian Dollar Equivalent of amounts of: (A) in relation to each Series of Covered Bonds where a Covered Bond Swap is in place, the aggregate amounts due to each relevant Covered Bond Swap Provider in the immediately following three months; and/or (B) 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 three months; and (C) an amount equal to one quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (d), and if applicable (e), of the Pre-Issuer Event of Default 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

- (ii) the Issuer's credit rating or deposit rating, as applicable, is less than the Fitch Specified Ratings but are equal to or higher than the Moody's Specified Rating, an amount equal to the Australian Dollar Equivalent of: (A) 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) or is guaranteed by a third party with an appropriate rating, the aggregate amounts due to each relevant Covered Bond Swap Provider in the immediately following three months; and/or (B) in relation to each Series of Covered Bonds where a Covered Bond Swap is not in place and/or is provided by the Issuer (or a related party) or is guaranteed by a third party with an appropriate rating, the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following three months; and (C) an amount equal to the anticipated amount payable in respect of the items specified in paragraphs (a) to (d) and if applicable (e), of the Pre-Issuer Event of Default Income Priority of Payments in the immediately following three months 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
- (iii) the Issuer's credit ratings are less than both the Moody's Specified Rating and the Fitch Specified Ratings, the higher of the amounts determined in accordance with paragraphs (b)(i) and (b)(ii) above.

**Reserve Ledger**

means the ledger of the GIC Account with such name maintained by the Trust Manager pursuant to the Management Agreement, to record the crediting of amounts to the Reserve Fund and the debiting of such Reserve Fund in

accordance with the terms of the Establishment Deed.

<b>Residual Capital Unitholder</b>	means a person registered as the holder of a Residual Capital Unit in the Trust in the Instrument Register.
<b>Residual Capital Unit</b>	means the Unit in the Trust which is designated as the "Residual Capital Unit" in the Instrument Register.
<b>Residual Income Unit</b>	means the Unit in the Trust which is designated as the "Residual Income Unit" in the Instrument Register.
<b>Residual Income Unitholder</b>	means the person registered as the holder of the Residual Income Unit in the Trust in the Instrument Register.
<b>Revolving Asset</b>	<p>means any Charged Property:</p> <ul style="list-style-type: none"><li>(a) which is:<ul style="list-style-type: none"><li>(i) inventory;</li><li>(ii) a negotiable instrument;</li><li>(iii) machinery, plant or equipment which is not inventory and has a value of less than \$1,000 or its equivalent;</li><li>(iv) money (including money withdrawn or transferred to a third party from an account of the Covered Bond Guarantor with a bank or other financial institution); and</li></ul></li><li>(b) in relation to which no Control Event has occurred, subject to the Security Deed.</li></ul>
<b>Sale Notice</b>	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).
<b>Sale Proceeds</b>	means the cash proceeds realised from the sale of Selected Mortgage Loan Rights.
<b>Scheduled Balance</b>	means, in relation to a Mortgage Loan, the amount that would be owing on that Mortgage Loan at the date of determination if the Obligor had made prior to that date the minimum payments required on that Mortgage Loan.
<b>Scheduled Interest</b>	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 (but excluding any additional amounts relating to premiums, default interest or interest upon interest ( <b>Excluded Scheduled Interest Amounts</b> ) payable by the Issuer following service of an Issuer Acceleration Notice 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 Final Terms specified 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 are as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7.

**Scheduled Payment Date** means, in relation to payments under the Covered Bond Guarantee:

- (a) each Interest Payment Date; or
- (b) 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 6(a) and Condition 6(e) (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest (**Excluded Scheduled Principal Amounts**) payable by the Issuer following service of an Issuer Acceleration Notice 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 Final Terms 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.

**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 Note Subscriber, each Intercompany Noteholder, the Demand Note Subscriber, each Demand Noteholder, the Account Bank, the Swap Providers, the Trust Manager, the Cover Pool Monitor, the Agents 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;
  - (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, among others, the Covered Bond Guarantor, the Trust Manager and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.

<b>Security Interest</b>	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). It also includes a <b>security interest</b> within the meaning of section 12 of the PPSA, other than an interest in personal property that would not be a security interest but for section 12(3) of the PPSA.
<b>Security Trust</b>	means the trust formed under the Security Deed.
<b>Security Trustee</b>	means P.T. Limited ABN 67 004 454 666, in its capacity as security trustee under the Establishment Deed and the Security Deed together with any additional security trustee appointed from time to time in accordance with the terms of the Security Deed.
<b>Selected Mortgage Loan Extinguishment Notice</b>	means a notice substantially in the form of schedule 8 of the Mortgage Sale Agreement from the Covered Bond Guarantor served on the Seller offering to extinguish its interest in, or transfer, Selected Mortgage Loan Rights in favour of, or to, the Seller.
<b>Selected Mortgage Loan Rights</b>	means Mortgage Loan and the related Mortgage Loan Rights the Covered Bond Guarantor's interest in which is to be extinguished in favour of the Seller, or transferred to the Seller, pursuant to the terms of the Establishment Deed having in aggregate the Required Current Principal Balance Amount.
<b>Selection Date</b>	has the meaning given to it in Condition 6(c).
<b>Seller</b>	means IBAL in its capacity as seller pursuant to the Mortgage Sale Agreement.
<b>Seller Powers of Attorney</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Mortgage Sale Agreement – Transfer of Title to the Mortgage Loan Rights to the Covered Bond Guarantor</i> " of this Prospectus.
<b>Seller Trust Back</b>	means the trust established or, as the case may be, to be established pursuant to the Mortgage Sale Agreement.
<b>Seller Trust Back Assets</b>	means all of the rights under or interest in the Mortgages securing the Mortgage Loans and any related Mortgage Loan Rights to the extent that such right or interest relates to (but only to the extent it relates to) any Other Secured Liabilities secured by that Mortgage.
<b>Seller Trustee</b>	means, in respect of a Seller Trust Back, the Covered Bond Guarantor as bare trustee of that Seller Trust Back.
<b>Senior Demand Note Component</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Demand Note Subscription Agreement</i> " of this Prospectus.
<b>Series</b>	means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are: <ul style="list-style-type: none"> <li>(a) expressed to be consolidated and form a single series; and</li> </ul>

- (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

<b>Series Reserved Matter</b>	has the meaning given to it in Condition 14.
<b>Servicer</b>	means IBAL or any other person from time to time appointed to perform the role of servicer under the Servicing Agreement.
<b>Servicer Default</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Servicing Agreement – Removal or resignation of the Servicer</i> " of this Prospectus.
<b>Services</b>	means the services to be performed by the Servicer in accordance with the Servicing Agreement.
<b>Servicing Agreement</b>	means the Servicing Agreement dated on or about the Programme Date, between the Covered Bond Guarantor, the Trust Manager, the Servicer, the Seller and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
<b>Servicing Procedures</b>	means, at any time, the Servicer's normal servicing procedures for Mortgage Loans secured by Mortgages held in the Servicer's portfolio and, to the extent not expressly set out in those procedures, the procedures and standards which would reasonably be expected of an appropriately qualified servicer of mortgage loans.
<b>SIBOR</b>	has the meaning given to it in Condition 4(b)(ii)(A)(3).
<b>SOFR</b>	means the Secured Overnight Finance Rate.
<b>SONIA</b>	means the Sterling Overnight Index Average.
<b>Specified Currency</b>	means subject to any applicable legal or regulatory restrictions, Australian Dollars, Euro, Sterling, U.S. dollars, Yen, Swiss Franc 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.
<b>Specified Denomination</b>	means in respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds specified in the Applicable Final Terms.
<b>Stock Exchange</b>	means the 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.
<b>Subsidiary</b>	has the meaning given in the Corporations Act.
<b>Substitute Servicer</b>	means, at any time, any entity appointed as the Servicer in accordance with the Servicing Agreement.

<b>Substituted Debtor</b>	has the meaning given to it in Condition 14.
<b>Substitution Assets</b>	<p>means:</p> <ul style="list-style-type: none"> <li>(a) Australian Dollar bank accepted bills and certificates of deposit held with a Qualified Institution, with a remaining period to maturity of 100 days or less, provided that such Qualified Institution accepted bills and certificates of deposit are not issued by IBAL and satisfy the requirements for eligible assets that may collateralise covered bonds in accordance with RBA repo eligibility requirements (if any);</li> <li>(b) Australian Dollar at call deposits held with a Qualified Institution and convertible into cash within two AU Business Days;</li> <li>(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 Aaa by Moody's and AA- or F1+ by Fitch or their equivalents by two other internationally recognised rating agencies; and</li> <li>(d) any other asset of a kind prescribed in section 31(1) of the Australian Banking Act or by regulations 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,</li> </ul> <p>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.</p>
<b>sub-unit</b>	has the meaning given to it in Condition 4(a).
<b>Successor Rate</b>	has the meaning given to it in Condition 4(d)(vii).
<b>Supervisor</b>	has the meaning given to it in Condition 4(b)(ii)(D)(4).
<b>Supervisor Recommended Rate</b>	has the meaning given to it in Condition 4(b)(ii)(D)(4).
<b>Swap Agreement Credit Support Document</b>	means a credit support document entered into between the Covered Bond Guarantor and a Swap Provider in the form of the ISDA 1995 Credit Support Annex (Bilateral Form - Transfer) published by ISDA.
<b>Swap Agreements</b>	means each Interest Rate Swap Agreement and each Covered Bond Swap Agreement and each, a <b>Swap Agreement</b> .
<b>Swap Collateral</b>	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 income or distributions received in respect of such asset and any equivalent of such cash or securities.
<b>Swap Collateral Cash</b>	means the resolutions, instructions and signature authorities relating to the

<b>Account Mandate</b>	Swap Collateral Cash Accounts.
<b>Swap Collateral Cash Account</b>	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 Swap Collateral Cash Account Mandate and the relevant Swap Agreement Credit Support Document 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.
<b>Swap Collateral Excluded Amounts</b>	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 Swap Agreements and ultimately upon termination of the relevant Swap Agreement.
<b>Swap Master Agreement</b>	means an agreement between the Covered Bond Guarantor, the Trust Manager, a Swap Provider and the Security Trustee governing Swaps entered into with such Swap Provider in the form of an ISDA 2002 Master Agreement as published by ISDA including the schedule thereto and any relevant Swap Agreement Credit Support Document.
<b>Swap Provider Default</b>	means, in relation to a Swap Agreement, the occurrence of an Event of Default or Termination Event (each as defined in such Swap Agreement) where the relevant Swap Provider is the Defaulting Party or the sole Affected Party (as defined in such Swap Agreement), as applicable, other than a Swap Provider Downgrade Event.
<b>Swap Provider Downgrade Event</b>	means, in relation to a Swap Agreement, the occurrence of an Additional Termination Event (as defined in such Swap Agreement) following a failure by the relevant Swap Provider to comply with the requirements of the ratings downgrade provisions set out in such Swap Agreement.
<b>Swap Providers</b>	means each Interest Rate Swap Provider and each Covered Bond Swap Provider, and each a <b>Swap Provider</b> .
<b>Swaps</b>	means the Interest Rate Swaps and the Covered Bond Swaps and each, a <b>Swap</b> .
<b>T2</b>	has the meaning given to it in Condition 4(b)(i).
<b>Talons</b>	means, if indicated in the Applicable Final Terms, talons for further Coupons on interest-bearing Bearer Definitive Covered Bonds.
<b>Tax Act</b>	means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as applicable.
<b>Tax Authority</b>	means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world and includes the Australian Taxation Office.
<b>Taxes</b>	mean all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, GST or other tax in respect of added

value, stamp duties, and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon and **Tax** or **Taxation** is to be construed accordingly.

**Tax Consolidated Group** has the meaning given in the section "*Taxation – Australian Taxation – Taxation of interest on Covered Bonds*" of this Prospectus.

**Tax Resident in Australia** means resident in Australia for the purposes of the Tax Act.

**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 of schedule 2 to the Bond Trust Deed together with the copy of the Applicable Final Terms 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 Agency Agreement and the Bond Trust Deed.

**Temporary Disruption Fallback** has the meaning given to it in Condition 4(b)(ii)(D)(4).

**Temporary Disruption Trigger** has the meaning given to it in Condition 4(b)(ii)(D)(4).

**the Group** Means IBAL and its controlled entities.

**Third Party Amounts** means any of the following amounts which are identified by the Seller and notified to the Trust Manager and Covered Bond Guarantor in respect of:

- (a) payments by an Obligor of any fees (including Early Repayment Charges) and other charges which are due to the Seller; and
- (b) any amount received from an Obligor 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 Obligor or the Seller or the Covered Bond Guarantor,

which amounts may be paid daily from moneys on deposit in the GIC Account. It does not, for the avoidance of doubt, include interest payable on the Mortgage Loans.

**Title Penalty Payment** means, in relation to a Mortgage Loan and Collateral Securities means:

- (a) any civil or criminal penalty incurred by the Covered Bond Guarantor in relation to a breach of section 11A or section 11B of the Land Title Act;
- (b) any money ordered by a court or other judicial body to be paid by the Covered Bond Guarantor in relation to any claim against the Covered Bond Guarantor under section 11A or section 11B of the Land Title

Act; or

- (c) a payment by the Covered Bond Guarantor in settlement of a liability or alleged liability relating to a breach of section 11A or section 11B of the Land Title Act,

in each case in respect of a Mortgage Loan and Collateral Securities, and includes any legal costs incurred by the Covered Bond Guarantor or which the Covered Bond Guarantor is ordered by a court or other judicial body to pay in connection with paragraphs (a) through (c) above.

<b>Total Demand Note Commitment</b>	means such amount agreed between the Demand Note Subscriber, the Trust Manager and the Issuer (and notified to the Covered Bond Guarantor and the Security Trustee), as amended from time to time in accordance with the Demand Note Subscription Agreement.
<b>Total Intercompany Note Commitment</b>	means such amount agreed between the Intercompany Note Subscriber, the Trust Manager and the Issuer (and notified to the Covered Bond Guarantor and the Security Trustee), as amended from time to time in accordance with the Intercompany Note Subscription Agreement.
<b>Tranche</b>	means Covered Bonds which are identical in all respects (including as to listing if any).
<b>Transaction Party</b>	means any person who is a party to a Programme Document, and <b>Transaction Parties</b> means some or all of them.
<b>Transfer Agent</b>	means Deutsche Bank AG, Hong Kong Branch, or any other person from time to time appointed to perform the role of transfer agent under the Principal Agency Agreement.
<b>Treaty</b>	has the meaning given to it in Condition 5(j).
<b>Trust</b>	means the trust known as the "IBAL Covered Bond Trust" formed under the Establishment Deed.
<b>Trust Accounts</b>	means each of the GIC Account and the Swap Collateral Cash Account or any other applicable currency transaction account held by the Covered Bond Guarantor with the Account Bank.
<b>Trust Corporation</b>	means a corporation (as defined in the Law of Property Act 1925 (UK)) or a corporation entitled to act as trustee pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction.
<b>Trust Management Services</b>	means the trust management services set out in the Programme Documents which are expressed to be performed by the Trust Manager (including the services set out in schedules 1, 2 and 3 of the Management Agreement).
<b>Trust Manager</b>	means IBAL or any other person from time to time appointed to perform the role of trust manager under the Management Agreement.
<b>Trust Manager Default</b>	has the meaning given to it in the Section " <i>Overview of Principal Documents – Management Agreement</i> " of this Prospectus.



<b>Trust Payment Date</b>	means the 15th day of each calendar month or, if such day is not a Business Day, the next Business Day.
<b>Trust Payment Period</b>	means the period from (and including) a Trust Payment Date (or the first Closing Date in the case of the first Trust Payment Period) to (but excluding) the next Trust Payment Date.
<b>UK Benchmarks Regulation</b>	means the Regulation (EU) No 2016/1011 as it forms part of domestic law by virtue of the EUWA.
<b>UK Prospectus Regulation</b>	means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.
<b>Unit</b>	means, in respect of the Trust, the Residential Income Unit and the Residential Capital Unit in the Trust.
<b>Unitholder</b>	means each person registered as the holder of a Unit in the Trust in the Instrument Register.
<b>US\$ or U.S. dollars</b>	means the lawful currency for the time being of the United States of America.
<b>Vesting Date</b>	means, in relation to the Trust, the earliest of: <ul style="list-style-type: none"> <li>(a) the day preceding the eightieth anniversary of the date upon which the Trust was established;</li> <li>(b) the date upon which the Trust terminates by operation of law or in accordance with the Establishment Deed; and</li> <li>(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.</li> </ul>
<b>Written Resolution</b>	means a written resolution of Covered Bondholders passed as such under the terms of the Bond Trust Deed.
<b>Yield Shortfall</b>	has the meaning given to it the section " <i>Overview of the Principal Documents – Servicing Agreement – Yield Shortfall Test</i> " of this Prospectus.
<b>Yield Shortfall Test</b>	has the meaning given to it in the section " <i>Overview of the Principal Documents – Servicing Agreement – Yield Shortfall Test</i> " of this Prospectus.

**ISSUER**

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Sydney NSW 2000  
Australia

**COVERED BOND GUARANTOR**

**Perpetual Corporate Trust Limited**

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Sydney NSW 2000  
Australia

**TRUST MANAGER**

**ING Bank (Australia) Limited**

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Sydney NSW 2000  
Australia

**ARRANGER AND DEALER**

**ING Bank N.V**

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1102 BD Amsterdam  
The Netherlands

**SECURITY TRUSTEE**

**P.T. Limited**

Level 14  
123 Pitt Street  
Sydney NSW 2000  
Australia

**BOND TRUSTEE**

**DB Trustees (Hong Kong) Limited**

Level 60  
International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

**PRINCIPAL PAYING AGENT, REGISTRAR AND  
TRANSFER AGENT**

**Deutsche Bank AG, Hong Kong Branch**

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International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

**A\$ REGISTRAR**

**Austraclear Services Limited**

20 Bridge Street  
Sydney NSW 2000  
Australia

**ACCOUNT BANK**

**ING Bank N.V. (Sydney Branch)**

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Australia

**COVER POOL MONITOR**

**KPMG**

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