

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

## Appendix 3B

### New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

NATIONAL AUSTRALIA BANK LIMITED ("NAB")

ABN

ABN 12 004 044 937

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | +Class of +securities issued or to be issued                                                                                                                                                                                                  | Covered Bonds                                                                                                                                                                                                                                                                                                                                                                                                                                |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued                                                                                                                                                 | USD1,000,000,000 2.400% Fixed Rate Covered Bonds due 2021 – Series 28 ( <b>Series 28 Covered Bonds</b> ).                                                                                                                                                                                                                                                                                                                                    |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>The Series 28 Covered Bonds are exchangeable for registered definitive covered bonds in the limited circumstances set out in the Series 28 Covered Bonds.</p> <p>Interests in the Series 28 Covered Bonds are held by accountholders within the Depository Trust Company, New York or its nominee.</p> <p>Payments of principal and interest are made against presentation and at maturity, surrender of the Series 28 Covered Bonds.</p> |

+ See chapter 19 for defined terms.

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                     |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 4  | <p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | Not Applicable – new class of securities                                                            |
| 5  | Issue price or consideration                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 99.771 per cent of the Aggregate Nominal Amount plus accrued interest, if any, from 7 December 2016 |
| 6  | Purpose of the issue<br>(If issued as consideration for the acquisition of assets, clearly identify those assets)                                                                                                                                                                                                                                                                                                                                                                                                                                           | General Corporate Purposes                                                                          |
| 6a | <p>Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>                                                                                                                                                                                                                                                                                                             | No                                                                                                  |
| 6b | The date the security holder resolution under rule 7.1A was passed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Not Applicable                                                                                      |
| 6c | Number of +securities issued without security holder approval under rule 7.1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Not Applicable                                                                                      |

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+ See chapter 19 for defined terms.

|    |                                                                                                                                                                                                                                                                                                 |                |                             |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------|
| 6d | Number of +securities issued with security holder approval under rule 7.1A                                                                                                                                                                                                                      | Not Applicable |                             |
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)                                                                                                                                               | Not Applicable |                             |
| 6f | Number of +securities issued under an exception in rule 7.2                                                                                                                                                                                                                                     | Not Applicable |                             |
| 6g | If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.                                                                                        | Not Applicable |                             |
| 6h | If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements                                                                                                                                  | Not Applicable |                             |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements                                                                                                                                                      | Not Applicable |                             |
| 7  | +Issue dates<br><br>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.<br><br>Cross reference: item 33 of Appendix 3B. | 16 March 2016  |                             |
| 8  | Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)                                                                                                                                                                                       | Number         | +Class                      |
|    |                                                                                                                                                                                                                                                                                                 | 2,670,256,990  | Ordinary shares, fully paid |

+ See chapter 19 for defined terms.

|                  |                                                                        |
|------------------|------------------------------------------------------------------------|
| 20,000,000       | National Income Securities (stapled debt/preference shares)            |
| 15,143,274       | NAB Convertible Preference Shares (NABPA)                              |
| 17,171,930       | NAB Convertible Preference Shares II (NABPB)                           |
| 11,725,140       | NAB Subordinated Notes (NABHB)                                         |
| USD2,500,000,000 | 2.00% Fixed Rate Covered Bonds due June 2017 – Series 5 (NABHE)        |
| USD1,250,000,000 | 2.125% Fixed Rate Covered Bonds due September 2019 – Series 23 (NABHF) |
| USD1,400,000,000 | 2.250% Fixed Rate Covered Bonds due 2021 – Series 26 (NABHG)           |
| USD1,000,000,000 | 2.400% Fixed Rate Covered Bonds due 2021 – Series 28 (NABHH)           |

|    | Number                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | +Class                                      |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| 9  | 46,004                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Ordinary shares, partly paid and not quoted |
|    | 4,714,664                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Un-exercised Performance Rights             |
| 10 | <p>Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p> <p>Distributions are based on a fixed rate of 2.400% per annum, payable semi-annually in arrear commencing on 7 June 2017 and ending on the Final Maturity Date.</p> <p>NAB's dividend policy in respect of its Ordinary Shares is unchanged.</p> <p>For further details, refer to the NAB Covered Bond Programme Base Prospectus dated 17 November 2016.</p> |                                             |

+ See chapter 19 for defined terms.

## Part 2 - Pro rata issue

|    |                                                                                                                                                                                                                                            |                |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 11 | Is security holder approval required?                                                                                                                                                                                                      | Not Applicable |
| 12 | Is the issue renounceable or non-renounceable?                                                                                                                                                                                             | Not Applicable |
| 13 | Ratio in which the <sup>+</sup> securities will be offered                                                                                                                                                                                 | Not Applicable |
| 14 | <sup>+</sup> Class of <sup>+</sup> securities to which the offer relates                                                                                                                                                                   | Not Applicable |
| 15 | <sup>+</sup> Record date to determine entitlements                                                                                                                                                                                         | Not Applicable |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?                                                                                                                                         | Not Applicable |
| 17 | Policy for deciding entitlements in relation to fractions                                                                                                                                                                                  | Not Applicable |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents<br><br><small>Note: Security holders must be told how their entitlements are to be dealt with.<br/>Cross reference: rule 7.7.</small> | Not Applicable |
| 19 | Closing date for receipt of acceptances or renunciations                                                                                                                                                                                   | Not Applicable |
| 20 | Names of any underwriters                                                                                                                                                                                                                  | Not Applicable |
| 21 | Amount of any underwriting fee or commission                                                                                                                                                                                               | Not Applicable |
| 22 | Names of any brokers to the issue                                                                                                                                                                                                          | Not Applicable |

<sup>+</sup> See chapter 19 for defined terms.

|    |                                                                                                                                                             |                |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 23 | Fee or commission payable to the broker to the issue                                                                                                        | Not Applicable |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders                                          | Not Applicable |
| 25 | If the issue is contingent on security holders' approval, the date of the meeting                                                                           | Not Applicable |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled                                                                   | Not Applicable |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | Not Applicable |
| 28 | Date rights trading will begin (if applicable)                                                                                                              | Not Applicable |
| 29 | Date rights trading will end (if applicable)                                                                                                                | Not Applicable |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker?                                                                            | Not Applicable |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?                                                 | Not Applicable |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)?                                                                    | Not Applicable |
| 33 | +Issue date                                                                                                                                                 | Not Applicable |

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+ See chapter 19 for defined terms.

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of <sup>+</sup>securities  
(tick one)

(a) ☒ <sup>+</sup>Securities described in Part 1

(b) ☐ All other <sup>+</sup>securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

#### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, the names of the 20 largest holders of the additional <sup>+</sup>securities, and the number and percentage of additional <sup>+</sup>securities held by those holders

36 ☐ If the <sup>+</sup>securities are <sup>+</sup>equity securities, a distribution schedule of the additional <sup>+</sup>securities setting out the number of holders in the categories

1 - 1,000

1,001 - 5,000

5,001 - 10,000

10,001 - 100,000

100,001 and over

37 ☒ A copy of any trust deed for the additional <sup>+</sup>securities

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<sup>+</sup> See chapter 19 for defined terms.

## Entities that have ticked box 34(b)

| 38             | Number of +securities for which +quotation is sought                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Not Applicable                                                                                                                                        |        |        |                |  |  |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|----------------|--|--|
| 39             | +Class of +securities for which quotation is sought                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Not Applicable                                                                                                                                        |        |        |                |  |  |
| 40             | <p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul> | Not Applicable                                                                                                                                        |        |        |                |  |  |
| 41             | <p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>                                                                                                                                                                                                                                                                                                                                  | Not Applicable                                                                                                                                        |        |        |                |  |  |
| 42             | Number and +class of all +securities quoted on ASX (including the +securities in clause 38)                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>Not Applicable</td> <td></td> </tr> </tbody> </table> | Number | +Class | Not Applicable |  |  |
| Number         | +Class                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                       |        |        |                |  |  |
| Not Applicable |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                       |        |        |                |  |  |

+ See chapter 19 for defined terms.



### Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
  - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
  - There is no reason why those +securities should not be granted +quotation.
  - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.  
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
  - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
  - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..... Date: 24 January 2017  
(Company Secretary)

Print name: Louise R Thomson

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+ See chapter 19 for defined terms.

# Appendix 3B – Annexure 1

## Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

### Part 1

| Rule 7.1 – Issues exceeding 15% of capital                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |  |
| <b>Insert</b> number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |  |
| <b>Add</b> the following: <ul style="list-style-type: none"><li>• Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2</li><li>• Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval</li><li>• Number of partly paid +ordinary securities that became fully paid in that 12 month period</li></ul> <b>Note:</b> <ul style="list-style-type: none"><li>• <i>Include only ordinary securities here – other classes of equity securities cannot be added</i></li><li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li><li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li></ul> |  |
| <b>Subtract</b> the number of fully paid +ordinary securities cancelled during that 12 month period                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |  |
| <b>“A”</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  |

+ See chapter 19 for defined terms.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| <b>Step 2: Calculate 15% of “A”</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                        |
| <b>“B”</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 0.15<br><i>[Note: this value cannot be changed]</i>                    |
| <b>Multiply “A” by 0.15</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                        |
| <b>Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                        |
| <p><b>Insert</b> number of <sup>+</sup>equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> <li>• Under an exception in rule 7.2</li> <li>• Under rule 7.1A</li> <li>• With security holder approval under rule 7.1 or rule 7.4</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i></li> <li>• <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> |                                                                        |
| <b>“C”</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                        |
| <b>Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                        |
| <p><b>“A” x 0.15</b></p> <p><i>Note: number must be same as shown in Step 2</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                        |
| <p><b>Subtract “C”</b></p> <p><i>Note: number must be same as shown in Step 3</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                        |
| <b>Total [“A” x 0.15] – “C”</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <i>[Note: this is the remaining placement capacity under rule 7.1]</i> |

+ See chapter 19 for defined terms.

## Part 2

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| <b>Rule 7.1A – Additional placement capacity for eligible entities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                   |
| <b>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                   |
| <b>“A”</b><br><i>Note: number must be same as shown in Step 1 of Part 1</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                   |
| <b>Step 2: Calculate 10% of “A”</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                   |
| <b>“D”</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 0.10<br><i>Note: this value cannot be changed</i> |
| <b>Multiply “A” by 0.10</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                   |
| <b>Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                   |
| <b>Insert</b> number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A<br><b>Notes:</b> <ul style="list-style-type: none"> <li>• <i>This applies to equity securities – not just ordinary securities</i></li> <li>• <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i></li> <li>• <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i></li> <li>• <i>It may be useful to set out issues of securities on different dates as separate line items</i></li> </ul> |                                                   |
| <b>“E”</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                   |

+ See chapter 19 for defined terms.

|                                                                                                        |                                                                       |
|--------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| <b>Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A</b> |                                                                       |
| “A” x 0.10<br><i>Note: number must be same as shown in Step 2</i>                                      |                                                                       |
| <b>Subtract “E”</b><br><i>Note: number must be same as shown in Step 3</i>                             |                                                                       |
| <b>Total</b> [“A” x 0.10] – “E”                                                                        | <i>Note: this is the remaining placement capacity under rule 7.1A</i> |

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+ See chapter 19 for defined terms.



**National Australia Bank Limited (ABN 12 004 044 937)**

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

**US\$30 billion nab 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 nab Covered Bond Trust and Covered Bond Guarantor**

Under the US\$30 billion nab Covered Bond Programme (the **Programme**) established by National Australia Bank Limited (**nab** and the **Issuer**) on November 15, 2011 (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. This information memorandum (the **Information Memorandum**) relates to offers and sales of such Covered Bonds (i) within the United States to qualified institutional buyers (each, a **QIB**) in reliance on Rule 144A (**Rule 144A**) of the U.S. Securities Act of 1933, as amended (the **Securities Act**), and (ii) outside the United States to non-U.S. persons in reliance on Regulation S (**Regulation S**) under the Securities Act. The attached Prospectus, dated November 17, 2016 (the **Prospectus**), forms an integral part of this Information Memorandum and you are urged to read the entire Information Memorandum, including important information on the cover of the Prospectus, in making your investment decision. Any Covered Bonds issued under the Programme on or after the date of this Information Memorandum are issued subject to the provisions described herein.

Perpetual Corporate Trust Limited in its capacity as trustee of the nab 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 Security (as defined in the attached Prospectus) 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 nab Covered Bond Trust (the **Trust**).

The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed US\$30 billion (or its equivalent in other currencies calculated by reference to the spot rate for the sale of U.S. dollars against the purchase of such currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant date of the agreement (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 nab 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 Information Memorandum 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 (each, a **relevant Dealer**, and together, the **relevant Dealers**).

**See the sections entitled "Risk Factors" beginning on page 10 of this Information Memorandum for a discussion of certain factors to be considered in connection with an investment in the Covered Bonds.**

Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and any other terms and conditions not contained herein which are applicable to each Series (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**) which will be delivered to prospective investors on or before the date of issue of such Series of Covered Bonds. Covered Bonds issued under this Information Memorandum may be admitted to listing or traded on any market of any stock exchange outside of the European Economic Area (**EEA**), as indicated in the Final Terms for such Covered Bonds and provided that all applicable listing requirements are met.

The Covered Bonds and the Covered Bond Guarantee (as defined in the attached Prospectus) 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, pledged or otherwise transferred except (1) in accordance with Rule 144A under the Securities Act to a person that the holder and any person acting on its behalf reasonably believes is a QIB (as defined in Rule 144A) that is acquiring the Covered Bonds for its own account or for the account of one or more QIBs, (2) in an offshore transaction to non-U.S. persons in accordance with Rule 903 or Rule 904 of Regulation S or (3) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder, if available, in each case in accordance with any applicable securities laws of any state of the United States. No representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the Covered Bonds. See "**Form of the Covered Bonds**" beginning on page 83 of this Information Memorandum 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 Transfer and Selling Restrictions**" beginning on page 272 of this Information Memorandum. Prospective purchasers are hereby notified that the sellers of the Covered Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Covered Bonds issued pursuant to this Information Memorandum will be issued in registered book-entry form only and evidenced by a global note deposited with the depository or custodian for Euroclear Bank S.A./N.V., Clearstream Banking, S.A., or The Depository Trust Company. See "**Book-Entry Clearance Systems**" beginning on page 244 of this Information Memorandum.

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 (in the case of Covered Bonds admitted to the Official List only) a supplement to this Information Memorandum, 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" rating by Moody's Investor Services Pty Limited (**Moody's**) and an "AAA" rating by Fitch Australia Pty Ltd (**Fitch**) and, together with Moody's, the **Rating Agencies**. The rating of certain Series or Tranches of Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms. 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 organization.

The Covered Bond Guarantor is not a "covered fund" for purposes of Section 619 of the U.S. Dodd-Frank Act Wall Street Reform and Consumer Protection Act of 2010 (such statutory provision together with such implementing regulations are also referred to collectively as the **Volcker Rule**). The Covered Bond Guarantor will

be relying on an exclusion or exemption from the definition of “investment company” under the Investment Company Act of 1940, as amended (the **Investment Company Act**), contained in Section 3(c)(5)(C) of the Investment Company Act, though there may be additional exclusions or exemptions available to the Covered Bond Guarantor.

**Co-Arrangers for the Programme**

**National Australia Bank Limited**

**Deutsche Bank**

**Dealers for the Programme**

**BOFA Merrill Lynch**

**Citigroup**

**Credit Suisse**

**Deutsche Bank**

**Goldman, Sachs & Co.**

**HSBC**

**J.P. Morgan**

**Morgan Stanley**

**nabSecurities, LLC**

**National Australia Bank Limited**

**RBC Capital Markets**

**UBS Investment Bank**

The date of this Information Memorandum is November 17, 2016.

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In this Information Memorandum, unless the context otherwise requires, references to “nab”, the “Issuer”, “we”, “us” and “our” are to National Australia Bank Limited. A glossary of defined terms appears at the back of the Prospectus, which forms a part of this Information Memorandum.



This Information Memorandum contains important information and must be read in its entirety, including but not limited to certain legends and other important information on pages 1 to 8 of the attached Prospectus. In making an investment decision, you should rely solely on the information contained or incorporated by reference in the applicable Final Terms and the final form of this Information Memorandum. To the extent expressly set forth herein, information in this Information Memorandum will supersede and replace certain information in the attached Prospectus (or any information incorporated therein by reference to a document dated prior to the date of this Information Memorandum). This Information Memorandum amends and restates the Information Memorandum, dated May 12, 2016, in its entirety.

This Information Memorandum 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 Information Memorandum and the offer and sale of Covered Bonds may be restricted by law in certain jurisdictions. See “*Subscription and Sale and Transfer and Selling Restrictions*” beginning on page 272 of this Information Memorandum.

### NOTICE TO U.S. INVESTORS

This Information Memorandum is being provided on a confidential basis in the United States to a limited number of “qualified institutional buyers” within the meaning of Rule 144A under the Securities Act (**QIBs**) in connection with the consideration of the purchase of the Covered Bonds being offered hereby. Its use for any other purpose in the United States is not authorized. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Covered Bonds (as defined in the “*Glossary*” beginning on page 289 of this Information Memorandum) may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Covered Bonds is hereby notified that the offer and sale of any Registered Covered Bonds to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act.

Each purchaser or holder of Covered Bonds represented by a Rule 144A Global Covered Bond (as defined under “*Form of the Covered Bonds*” on page 83 of this Information Memorandum) or any Covered Bonds issued in registered form in exchange or substitution therefor (together, **Legended Covered Bonds**) will be deemed, by its acceptance or purchase of any such Legended Covered Bonds, to have made certain representations and agreements intended to restrict the resale or other transfer of such Covered Bonds as set out in “*Subscription and Sale and Transfer and Selling Restrictions*” beginning on page 272 of this Information Memorandum. Unless otherwise stated, terms used in this paragraph have the meanings given to them in “*Form of the Covered Bonds*” beginning on page 83 of this Information Memorandum.

Offers and sales of the Covered Bonds in the United States will be made by those Dealer(s) or their affiliates that are registered broker-dealers under the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**), or in accordance with Rule 15a-6 thereunder.

### IMPORTANT NOTICE FOR EUROPEAN INVESTORS

THIS INFORMATION MEMORANDUM HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THIS DOCUMENT MAY LAWFULLY BE DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED. BY ACCESSING THE INFORMATION MEMORANDUM, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (I) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A PERSON (A) WHO

HAS PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE **ORDER**), or (B) WHO IS A HIGH NET WORTH ENTITY OR (II) YOU ARE A PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED FALLING WITHIN ARTICLE 49 OF THE ORDER OR (III) YOU ARE A PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED. IN MEMBER STATES OF THE EEA OTHER THAN THE UNITED KINGDOM, THIS INFORMATION MEMORANDUM IS DIRECTED ONLY AT PERSONS WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF DIRECTIVE 2003/71/EC (THE **PROSPECTUS DIRECTIVE**) (**QUALIFIED INVESTORS**) AND BY ACCESSING THIS INFORMATION MEMORANDUM YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT YOU ARE A QUALIFIED INVESTOR.

### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A in connection with any resales or other transfers of Covered Bonds that are “restricted securities” as defined in Rule 144(a)(3) under the Securities Act, each of the Issuer and/or the Covered Bond Guarantor, as applicable, has undertaken in the Bond Trust Deed (as defined under “*Conditions of the Covered Bonds*” on page 100 of this Information Memorandum) to furnish, upon the request of a holder of such Covered Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer and/or the Covered Bond Guarantor, as applicable, is neither subject to reporting under Section 13 or Section 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

By requesting copies of any of the documents referred to herein, each potential purchaser of Covered Bonds agrees to keep confidential the various documents and all written information clearly labelled “Confidential” which from time to time have been or will be disclosed to it concerning the Covered Bond Guarantor or the Issuer or any of their affiliates, and agrees not to disclose any portion of the same to any person except in connection with the proposed resale of the Covered Bonds or as required by law. Notwithstanding anything herein to the contrary, each investor (and each employee, representative or other agent of each investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to the investor relating to such tax treatment and tax structure (as such terms are defined in Treasury Regulation Section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions between the Issuer, the Co-Arrangers (as defined in the Prospectus) and the Dealers and their respective representatives and a prospective investor regarding the transactions contemplated herein.

## FINANCIAL INFORMATION

### Presentation of Financial Information

Our Annual Financial Reports comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**) and do not contain a reconciliation to U.S. GAAP.

Due to rounding, the numbers presented throughout this Information Memorandum may not add up precisely, and percentages may not precisely reflect absolute figures.

### Ratio of Earnings to Fixed Charges

Below are our ratios of earnings to fixed charges for the periods indicated, computed using amounts derived from our financial statements. For purposes of calculating these ratios:

- fixed charges include interest on all indebtedness, including interest on deposits, dividends on preferred securities (non-intragroup) and one-third of rental charges (which is used to be representative of an interest factor); and
- earnings are computed after all operating and income deductions, except fixed charges (other than dividends on preferred securities (non-intragroup)), extraordinary items and tax based on profits, and are stated before minority interests.

|                                    | <b>Year Ended<br/>September 30,</b> |                           |             |             |             |             |
|------------------------------------|-------------------------------------|---------------------------|-------------|-------------|-------------|-------------|
|                                    | <b>2016<sup>(1)</sup></b>           | <b>2015<sup>(1)</sup></b> | <b>2014</b> | <b>2013</b> | <b>2012</b> | <b>2011</b> |
| Ratio of earnings to fixed charges | 1.6                                 | 1.6                       | 1.6         | 1.5         | 1.3         | 1.3         |

<sup>(1)</sup> Information is presented on a continuing operations basis including restatements for the years ended September 30, 2016 and 2015. No further comparison periods have been restated. Ratio of earnings to fixed charges including discontinuing operations for the years ended September 30, 2016 and 2015 amount to 1.2 and 1.6, respectively.

### Capitalization

Details regarding our capitalization as at September 30, 2016, can be found in Section 3, “*Review of Group Operations and Results—Capital Management and Funding*” and Note 4 to Section 6, “*Supplementary Information—Capital Adequacy—Basel III*”, both included in the 2016 U.S. Debt Funding Information (as defined below).

## CURRENCY OF PRESENTATION AND EXCHANGE RATES

We publish our consolidated financial statements in Australian dollars. Our fiscal year ends on September 30 of each year. The following table sets forth, for our fiscal years indicated, the high, low, average and period-end noon buying rates in New York City for cable transfers of Australian dollars as certified for customs purposes for the Federal Reserve Bank of New York, expressed in United States dollars per A\$1.00. We also set forth below the high, low, average and period-end noon buying rates for each of the last full six months and November 1, 2016, through November 10, 2016. On November 10, 2016, the noon buying rate was US\$0.7590 = A\$1.00.

| <b>Fiscal Year ended September 30,</b>            | <b>At Period<br/>End</b> | <b>Average<sup>(1)</sup></b> | <b>High</b> | <b>Low</b> |
|---------------------------------------------------|--------------------------|------------------------------|-------------|------------|
| 2012 .....                                        | US\$1.0388               | US\$1.0297                   | US\$1.0806  | US\$0.9453 |
| 2013 .....                                        | 0.9342                   | 0.9957                       | 1.0579      | 0.8901     |
| 2014 .....                                        | 0.8737                   | 0.9209                       | 0.9705      | 0.8715     |
| 2015 .....                                        | 0.7020                   | 0.7855                       | 0.8904      | 0.6917     |
| 2016 .....                                        | 0.7667                   | 0.7372                       | 0.7817      | 0.6855     |
| <b>Month</b>                                      |                          |                              |             |            |
| May 2016 .....                                    | 0.7242                   | 0.7318                       | 0.7641      | 0.7184     |
| June 2016 .....                                   | 0.7432                   | 0.7401                       | 0.7598      | 0.7225     |
| July 2016 .....                                   | 0.7599                   | 0.7529                       | 0.7632      | 0.7453     |
| August 2016 .....                                 | 0.7519                   | 0.7629                       | 0.7717      | 0.7516     |
| September 2016 .....                              | 0.7667                   | 0.7591                       | 0.7676      | 0.7470     |
| October 2016 .....                                | 0.7611                   | 0.7615                       | 0.7715      | 0.7545     |
| November 1, 2016, through November 10, 2016 ..... | 0.7590                   | 0.7672                       | 0.7733      | 0.7590     |

(1) The average of the daily noon buying rates for each period.

For the convenience of the reader, this Information Memorandum contains translations of certain Australian dollar amounts into United States dollars at the rate or rates indicated. These translations should not be construed as representations that the Australian dollar amounts actually represent such United States dollar amounts or could be converted into United States dollars at the rate indicated.

## WHERE YOU CAN FIND ADDITIONAL INFORMATION

In this Information Memorandum, we “incorporate by reference” all of the information that we have published and will publish in the future on the portion of nab’s website with the URL of [www.nabgroup.com/suppdisc/](http://www.nabgroup.com/suppdisc/). The information incorporated by reference is considered to be a part of this Information Memorandum, and later information published on this website is also incorporated by reference and will update and supersede that information. As of the date hereof, the documents incorporated by reference include:

- our Annual Financial Report for the fiscal year ended September 30, 2016 (the **2016 Annual Financial Report**), which includes our audited consolidated financial statements as at and for the fiscal years ended September 30, 2016, and 2015, and related notes;
- our U.S. Debt Funding Information for the fiscal year ended September 30, 2016 (the **2016 U.S. Debt Funding Information**);
- our Supplemental Information Regarding National Australia Bank Limited, dated November 17, 2016;
- our Pillar 3 Report for the year ended September 30, 2016, which addresses the requirements of APRA’s Pillar 3 disclosure standard APS 330;
- our announcement entitled “Moody’s Credit Rating Outlook”, dated August 19, 2016;
- our announcement entitled “S&P Credit Rating Outlook”, dated July 7, 2016;
- our Annual Financial Report for the fiscal year ended September 30, 2015 (the **2015 Annual Financial Report**), which includes our audited consolidated financial statements as at and for the fiscal years ended September 30, 2015, and 2014, and related notes;
- our U.S. Debt Funding Information for the fiscal year ended September 30, 2015;
- our Supplemental Information Regarding National Australia Bank Limited, dated November 19, 2015;
- our Pillar 3 Report for the fiscal year ended September 30, 2015, which addresses the requirements of APRA’s Pillar 3 disclosure standard APS 330; and
- our announcement entitled “National Australia Bank Board succession”, dated May 7, 2015.

None of the information on any other portion of nab’s website, and none of the information on any website referenced in any document incorporated by reference into this Information Memorandum (to the extent that such information is not otherwise included in, or incorporated by reference into, this Offering Memorandum), is incorporated into this Information Memorandum by reference.

In June 2007, we applied to the Securities and Exchange Commission (the **SEC**) for termination of our ongoing reporting obligations under Section 13(a) and Section 15(d) of the Exchange Act. Our application became effective on September 19, 2007. Accordingly, we no longer file annual or periodic reports, proxy statements or certain other public information with the SEC.

We have agreed that, if and for so long as we are not subject to the informational requirements of Section 13 or Section 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) thereunder, and the Covered Bonds constitute “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, we will furnish to any holder of the Covered

Bonds offered hereby and to prospective purchasers designated by such holders, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to permit compliance with Rule 144A in connection with resales of the Notes.

You may request a copy of any documents referred to above (excluding exhibits), at no cost, by contacting us at the following address: National Australia Bank Limited, Level 1, 800 Bourke Street, Docklands, Victoria 3008, Australia; Attention: Company Secretary. Telephone requests may be directed to (+61-3) 8872-2461.

The documents which are incorporated by reference into this Information Memorandum fully negate and replace the list of documents incorporated by reference in the Prospectus set forth in the section entitled “*Documents Incorporated by Reference*” beginning on page 80 of the Prospectus.

## FORM OF FINAL TERMS IN RESPECT OF COVERED BONDS TO BE ISSUED UNDER THIS INFORMATION MEMORANDUM

Set out below is the form of Final Terms which, subject to any necessary amendment, will be completed for each Tranche of Rule 144A Global Covered Bonds issued under the Programme (and any related Regulation S Global Covered Bond (as defined under “Form of the Covered Bonds” beginning on page 83 of this Information Memorandum) issued under this Information Memorandum). Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

[Date]

**National Australia Bank Limited**

**Issue of [Aggregate Nominal Amount of Tranche]  
under the US\$30 billion nab Covered Bond Programme**

### **PART A—CONTRACTUAL TERMS**

Terms used herein will be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated November 17, 2016[,] [and the supplement to the Information Memorandum dated [insert date]] ([together,] the **Information Memorandum**). This document constitutes the Final Terms of the Covered Bonds described herein (the **Final Terms**) and must be read in conjunction with the Information Memorandum. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Information Memorandum [as so supplemented], including the information incorporated by reference therein. If the information in these Final Terms is inconsistent with any information in the Information Memorandum, these Final Terms will apply and supersede such information.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Information Memorandum with an earlier date.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Information Memorandum dated [original date] [and the supplement to the Information Memorandum dated [insert date]] which are attached to these Final Terms. This document constitutes the Final Terms of the Covered Bonds described herein and must be read in conjunction with the Information Memorandum dated November 17, 2016[,] [and the supplement to the Information Memorandum dated [insert date]]. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Information Memorandum dated November 17, 2016. If the information in these Final Terms is inconsistent with any information in the Information Memorandum, these Final Terms will apply and supersede such information.]

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). The numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Information Memorandum.]*

1. (a) Issuer: National Australia Bank Limited
- (b) Covered Bond Guarantor: Perpetual Corporate Trust Limited in its capacity as trustee of the nab Covered Bond Trust
- (c) A\$ Registrar: [Austraclear Services Limited ABN 28 003 284 419/*specify other*][Not Applicable]
- (d) Calculation Agent: [Not Applicable/The Issuer/*specify other*]
2. (a) Series Number: [●]
- (b) Tranche Number: [●]
- (c) Date on which Covered Bonds will be consolidated and form a single Series: *(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)*  
[The Covered Bonds will be consolidated and form a single Series with [●] on [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]
3. Specified Currency or Currencies: [US\$/*specify other*]
4. Aggregate Nominal Amount of Covered Bonds admitted to trading:
  - (a) Series: [●]
  - (b) Tranche: [●]
5. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
6. (a) Specified Denominations: [US\$250,000  
Minimum denomination and integral multiples of US\$1,000 thereafter/*specify other*]
- (b) Calculation Amount (in relation to calculation of interest for Covered Bonds in global form, see Conditions): [US\$1,000/*specify other*]



*(If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*

7. (a) Issue Date: [●]
- (b) Interest Commencement Date: [●/Issue Date/specify other]
- (c) A\$ Record Date: [Not Applicable]
8. Final Maturity Date: [●/Interest Payment Date falling in or nearest to [●]]
9. 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).]
10. Interest Basis: [[●] per cent. per annum Fixed Rate]  

[[LIBOR/EURIBOR/HIBOR/BA-CDOR/SIBOR/NIBOR] +/- [●] per cent. per annum Floating Rate]

[[BBSW Rate/BKBM Rate] +/- [●] per cent. per annum Floating Rate]

[Zero Coupon]

(see paragraphs 16, 17 and 18)
11. Redemption/Payment Basis: [100] per cent. of the nominal amounts  
 (As referred to under Condition 6)
12. Change of Interest Basis or Redemption/Payment Basis: [●/Not Applicable/From Fixed to Floating/From Floating to Fixed]

13. Put/Call Options: [Investor Put]  
[Issuer Call]  
[Not Applicable] [(see paragraphs 20 and 21 below)]

14. (a) Status of the Covered Bonds: Senior

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 section 13A(3)(a)-(e) of the Australian Banking Act provides that the Issuer's assets in Australia for these purposes does not include the assets in the Cover Pool. Further, under section 86 of the Reserve Bank Act, debts due by the Issuer to the Reserve Bank of Australia shall in a winding-up of the Issuer have priority over all other debts of the Issuer other than debts due to the Commonwealth of Australia.)

(b) Date of Board approval for issuance of Covered Bonds and Covered Bond Guarantee obtained: [Not Applicable/●]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds)*

15. Method of distribution: [Syndicated/Non-syndicated]

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

16. Fixed Rate Covered Bond Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Rate[(s)] of Interest: [●] per cent. per annum payable [annually/semi-annually/quarterly/other (specify) in arrears on each Interest Payment Date] *(If*

*payable other than annually, consider express reference to Condition 4(a))*

- (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]/[specify other]
- (N.B. This will need to be amended in the case of long or short coupons)*
- (c) Fixed Coupon Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form, see Conditions): ☐ per Calculation Amount/Not Applicable]
- (d) Broken Amount(s) (and in relation to Covered Bonds in global form, see Conditions): ☐ per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ] [Not Applicable]
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or RBA Bond Basis/Australian Bond Basis]
- (See Condition 4(a))*
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (i) Adjusted: [Applicable/Not Applicable]
- (ii) Non-Adjusted: [Applicable/Not Applicable]
- (g) Additional Business Centres: [New York/specify other] [If there are Business Centre(s) applicable to the Covered Bonds by operation of the Conditions which are not referenced here, add the following: “For the avoidance of doubt, in accordance with the Conditions these Additional Business Centres are in addition to ☐.”]
- (h) Determination Date(s): ☐ in each year

*(Insert regular interest payment dates, ignoring issue date or final maturity date in the case of a long or short first or last coupon N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA).)*

17. Floating Rate Covered Bond Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (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]/[specify other]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
- (c) Additional Business Centre(s): [New York/specify other] *[If there are Business Centre(s) applicable to the Covered Bonds by operation of the Conditions which are not referenced here, add the following: “For the avoidance of doubt, in accordance with the Conditions these Additional Business Centres are in addition to [●].”]*
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/BBSW Determination/BKBM Determination/specify other]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): [●] *[If there is a calculation agent responsible for calculating the Rate of Interest and Interest Amount, include the name and address of such calculation agent]*
- (f) Screen Rate Determination: [Applicable/Not applicable]
- (i) Reference Rate and Relevant Financial Centre: Reference Rate: [●] month [●] [LIBOR/EURIBOR/HIBOR/BA-CDOR/BBSW/SIBOR/BKBM/NIBOR]
- Relevant Financial Centre: [London/New York/Brussels/Hong Kong/Toronto/Sydney/Singapore/Auckland/Oslo]
- (ii) Interest Determination Date(s): [Second London business day prior to the start of each Interest Period]  
[First day of each Interest Period]  
[Second day on which the TARGET2 System is open prior to the start of each Interest Period]  
[Second Singapore business day prior to the start of each Interest Period]

[[●] Auckland business day prior to the start of each Interest Period]  
 [Second Oslo business day prior to the start of each Interest Period]  
 [[●] days prior to the start of each Interest Period]

*(See Condition 4(b))*

(iii) Relevant Screen Page: [●]

*(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.)*

*(It is anticipated that ISDA determination will be used on an issue by issue basis, unless otherwise agreed between the Relevant Issuer and the relevant dealer or the relevant managers on the launch of a particular issue.)*

(g) ISDA Determination: [Applicable/Not Applicable]

(i) Floating Rate Option: [●]

(ii) Designated Maturity: [●]

(iii) Reset Date: [●]

(h) BBSW Determination: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Relevant Financial Centre: [Sydney]

(ii) Interest Determination Date(s): ●

(i) BKBM Determination: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(i) Relevant Financial Centre: [Auckland and Wellington]

(ii) Interest Determination Date(s): ●

- (j) Margin(s): [+/-] [●] per cent. per annum
- (k) Minimum Rate of Interest: [●] per cent. per annum
- (l) Maximum Rate of Interest: [●] per cent. per annum
- (m) Day Count Fraction: [Actual/Actual  
Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
RBA Bond Basis  
Australian Bond Basis]  
  
(See Condition 4(b))
- (n) Interest Amounts Non-Adjusted: [Applicable/Not Applicable]
- (o) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions: [●]
18. Zero Coupon Covered Bond Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: [●] per cent. per annum
- (b) Reference Price: [●]
- (c) Any other formula/basis of determining amount payable: [●]
- (d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(f) and 6(k) apply] *(Consider applicable day count fraction if not U.S. dollar denominated)*
- (e) Business Day Convention: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)]

RBA Bond Basis

Australian Bond Basis]

(f) Additional Business Centre(s): [●]

## PROVISIONS RELATING TO REDEMPTION

19. 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
20. Issuer Call: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (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]] *[insert Business Centres]* Business Days' notice to the Bond Trustee, 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 DTC 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 DTC and/or Austraclear.]
- [[insert Business Centres] Business Day means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets*

settle payments in [insert Business Centres].]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Bond Trustee.)*

21. Investor Put: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (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
- (N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Bond Trustee.)*
22. Final Redemption Amount: [[●] per Calculation Amount]  
(As referred to under Condition 6(a)): *(N.B. If the Final Redemption Amount is more or less than 100 per cent. of the nominal value, the Covered Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
23. 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 out in Condition 6(f)): [Condition 6(f) is applicable [●] per Calculation Amount/specify other]



## GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

24. 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.]
25. Form of Covered Bonds: Registered Covered Bonds:
- [Rule 144A Global Covered Bond (US\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg] (*specify nominal amounts*)/Regulation S Global Covered Bond (US\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]]
- (Ensure that this is consistent with the wording in the “Form of the Covered Bonds” section in the Prospectus and the Covered Bonds themselves.)*
26. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable/●]
- (Note that this item relates to the place of payment and not Interest Payment Dates)*

27. [Talons for future Coupons to be attached to Definitive Bearer Covered Bonds: [Yes/No. *If yes, give details*]]
28. Additional U.S. Federal Tax Considerations: [Not Applicable/For tap issuances:
- For U.S. federal income tax purposes, a United States Holder (as defined in the Information Memorandum) will be treated as having purchased the Covered Bonds at a premium. See “*Taxation—United States Federal Income Taxation—Covered Bonds Purchased at a Premium*” in the Information Memorandum.
- Under relevant United States Treasury Regulations, if any portion of the purchase price that a United States Holder pays for the Covered Bonds is attributable to accrued but unpaid interest, such accrued interest will not be treated as income when it is paid to such United States Holder. Rather, the payment of such accrued interest will be treated as a return of capital which will reduce the United States Holder’s cost basis in the Covered Bonds.]
29. Additional final terms: [Not applicable/specify]

## DISTRIBUTION

30. (a) If syndicated, names [and addresses] of Managers [and underwriting commitments]: [Not Applicable/give names [and addresses and underwriting commitments]]
- (Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as Managers.)
- (b) Date of Subscription Agreement: [●]
- (c) Stabilising Manager (if any): [Not Applicable/give name]
31. If non-syndicated, name and address of Dealer: Not Applicable
32. U.S. Selling Restrictions: Rule 144A/Regulation S

33. ERISA: [Employee benefit plans subject to ERISA can buy - Yes/No]
34. Additional selling restrictions: [Not Applicable/Regulation S/Rule 144A/give details]
35. Additional U.S. Federal Tax Considerations: [Not Applicable/give details]

## PART B—OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (a) 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 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]
- (b) 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: [●]]

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency and any rating should be evaluated independently of any other information.

### 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: [●]

6. **OPERATIONAL INFORMATION**

(a) ISIN Code: [●]

(b) Common Code: [●]

(c) CUSIP: [●]

(d) Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, S.A., DTC, the Austraclear System and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(e) Delivery: Delivery [against/free of] payment

(f) Name(s) and address(es) of initial Paying Agent(s) in relation to the Covered Bonds (other than the A\$ Registered Covered Bonds): [●]

(g) 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): [●]

(h) Name(s) and address(es) of A\$ Registrar in relation to the A\$ Registered Covered Bonds: [●]

7. **SELECTED STATISTICAL INFORMATION**

The statistical and other information contained in these Final Terms has been compiled by reference to the Mortgage Loans in the Mortgage Loan Portfolio on [●] (the **Cut Off Date**). Columns stating percentage amounts may not add up to 100 per cent. due to rounding. The Seller has not revalued any of the mortgaged properties since the date of origination of the related Mortgage Loans for the purposes of the issue of the Covered Bonds, other than in respect of a Borrower that has remortgaged his Property or in relation to any Property in relation to which the Seller has made a Further Advance.

**Pool Summary**

|                                                                 |       |
|-----------------------------------------------------------------|-------|
| Current Principal Balance (AUD)                                 | AS[●] |
| Number of Loans                                                 | [●]   |
| Number of Loan Groups                                           | [●]   |
| Average Loan Size                                               | [●]   |
| Maximum Housing Loan Balance                                    | [●]   |
| Weighted Average Loan Interest Rate                             | [●]   |
| Weighted Average Current Loan to Value Ratio (LVR)              | [●]   |
| Weighted Average Consolidated Indexed Loan to Value Ratio (LVR) | [●]   |
| Weighted Average Seasoning (WAS)                                | [●]   |
| Weighted Average Remaining Term (Months)                        | [●]   |

The following tables show the distribution of Mortgaged Properties securing the Mortgage Loans throughout each State and Territory of Australia as of the Cut Off Date, as well as the distribution between metropolitan and non-metropolitan locations. No Property is situated outside of Australia.

**Mortgage Pool by Geographic Distribution**

|                              | Number of<br>Loans | (%) Number<br>of Loans | Balance<br>Outstanding | (%) Balance<br>Outstanding |
|------------------------------|--------------------|------------------------|------------------------|----------------------------|
| Australian Capital Territory | [●]                | [●]%                   | [●]                    | [●]%                       |
| New South Wales              | [●]                | [●]%                   | [●]                    | [●]%                       |
| Northern Territory           | [●]                | [●]%                   | [●]                    | [●]%                       |
| Queensland                   | [●]                | [●]%                   | [●]                    | [●]%                       |
| South Australia              | [●]                | [●]%                   | [●]                    | [●]%                       |
| Tasmania                     | [●]                | [●]%                   | [●]                    | [●]%                       |
| Victoria                     | [●]                | [●]%                   | [●]                    | [●]%                       |
| Western Australia            | [●]                | [●]%                   | [●]                    | [●]%                       |
| <b>Total</b>                 | [●]                | [●]%                   | [●]                    | [●]%                       |

**Geographic Distribution (Region)**

|                  | Number of<br>Loans | (%) Number of<br>Loans | Balance<br>Outstanding | (%) Balance<br>Outstanding |
|------------------|--------------------|------------------------|------------------------|----------------------------|
| Inner city       | [●]                | [●]%                   | [●]                    | [●]%                       |
| Metropolitan     | [●]                | [●]%                   | [●]                    | [●]%                       |
| Non-metropolitan | [●]                | [●]%                   | [●]                    | [●]%                       |
| <b>Total</b>     | [●]                | [●]%                   | [●]                    | [●]%                       |

The following tables show the range of current loan to value ratios, or LVR, which express the Current Principal Balance of a Mortgage Loan as at the Cut Off Date divided by the value of the Property securing that Mortgage Loan at the same date. The Seller has not revalued any of the Properties since the date of the origination of the related Mortgage Loan[, other than in respect of a Property of a related Borrower that has remortgaged its property or to which the Seller has made a Further Advance].

### Mortgage Pool by Loan Size (Consolidated)

|                             | Number of<br>Loans | (%) Number of<br>Loans | Balance<br>Outstanding | (%) Balance<br>Outstanding |
|-----------------------------|--------------------|------------------------|------------------------|----------------------------|
| ≤\$30,000                   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$30,000 and ≤\$50,000     | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$50,000 and ≤\$100,000    | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$100,000 and ≤\$150,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$150,000 and ≤\$200,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$200,000 and ≤\$250,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$250,000 and ≤\$300,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$300,000 and ≤\$350,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$350,000 and ≤\$400,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$400,000 and ≤\$450,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$450,000 and ≤\$500,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$500,000 and ≤\$550,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$550,000 and ≤\$600,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$600,000 and ≤\$700,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$700,000 and ≤\$800,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$800,000 and ≤\$900,000   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$900,000 and ≤\$1,000,000 | [●]                | [●]%                   | [●]                    | [●]%                       |
| >\$1,000,000                | [●]                | [●]%                   | [●]                    | [●]%                       |
| <b>Total</b>                | [●]                | [●]%                   | [●]                    | [●]%                       |

### Mortgage Pool by Loan Seasoning

|              | Number of<br>Loans | (%) Number of<br>Loans | Balance<br>Outstanding | (%) Balance<br>Outstanding |
|--------------|--------------------|------------------------|------------------------|----------------------------|
| ≤0           | [●]                | [●]%                   | [●]                    | [●]%                       |
| >0 and ≤3    | [●]                | [●]%                   | [●]                    | [●]%                       |
| >3 and ≤6    | [●]                | [●]%                   | [●]                    | [●]%                       |
| >6 and ≤12   | [●]                | [●]%                   | [●]                    | [●]%                       |
| >12 and ≤18  | [●]                | [●]%                   | [●]                    | [●]%                       |
| >18 and ≤24  | [●]                | [●]%                   | [●]                    | [●]%                       |
| >24 and ≤36  | [●]                | [●]%                   | [●]                    | [●]%                       |
| >36 and ≤48  | [●]                | [●]%                   | [●]                    | [●]%                       |
| >48 and ≤60  | [●]                | [●]%                   | [●]                    | [●]%                       |
| >60 and ≤360 | [●]                | [●]%                   | [●]                    | [●]%                       |
| >360         | [●]                | [●]%                   | [●]                    | [●]%                       |
| <b>Total</b> | [●]                | [●]%                   | [●]                    | [●]%                       |

**Mortgage Pool by Current Loan to Value Ratio (LVR)**

|                     | <b>Number of<br/>Loans</b> | <b>(%) Number<br/>of Loans</b> | <b>Balance<br/>Outstanding</b> | <b>(%) Balance<br/>Outstanding</b> |
|---------------------|----------------------------|--------------------------------|--------------------------------|------------------------------------|
| ≤ 0.00              | [●]                        | [●]%                           | [●]                            | [●]%                               |
| >0.00 and ≤ 50.00   | [●]                        | [●]%                           | [●]                            | [●]%                               |
| >50.00 and ≤ 55.00  | [●]                        | [●]%                           | [●]                            | [●]%                               |
| >55.00 and ≤ 60.00  | [●]                        | [●]%                           | [●]                            | [●]%                               |
| >60.00 and ≤ 65.00  | [●]                        | [●]%                           | [●]                            | [●]%                               |
| >65.00 and ≤ 70.00  | [●]                        | [●]%                           | [●]                            | [●]%                               |
| >70.00 and ≤ 75.00  | [●]                        | [●]%                           | [●]                            | [●]%                               |
| >75.00 and ≤ 80.00  | [●]                        | [●]%                           | [●]                            | [●]%                               |
| >80.00 and ≤ 85.00  | [●]                        | [●]%                           | [●]                            | [●]%                               |
| >85.00 and ≤ 90.00  | [●]                        | [●]%                           | [●]                            | [●]%                               |
| >90.00 and ≤ 95.00  | [●]                        | [●]%                           | [●]                            | [●]%                               |
| >95.00 and ≤ 100.00 | [●]                        | [●]%                           | [●]                            | [●]%                               |
| >100.00             | [●]                        | [●]%                           | [●]                            | [●]%                               |
| <b>Total</b>        | <u>[●]</u>                 | <u>[●]%</u>                    | <u>[●]</u>                     | <u>[●]%</u>                        |

**Mortgage Pool by Mortgage Insurer (LVR Specific)**

|                        | <b>Number of<br/>Loans</b> | <b>(%) Number<br/>of Loans</b> | <b>Balance<br/>Outstanding</b> | <b>(%) Balance<br/>Outstanding</b> |
|------------------------|----------------------------|--------------------------------|--------------------------------|------------------------------------|
| Genworth Financial     | [●]                        | [●]%                           | [●]                            | [●]%                               |
| PMI Mortgage Insurance | [●]                        | [●]%                           | [●]                            | [●]%                               |
| Pool Insurance         | [●]                        | [●]%                           | [●]                            | [●]%                               |
| Uninsured              | [●]                        | [●]%                           | [●]                            | [●]%                               |
| <b>Total</b>           | <u>[●]</u>                 | <u>[●]%</u>                    | <u>[●]</u>                     | <u>[●]%</u>                        |

Signed on behalf of **National Australia Bank Limited (ABN 12 004 044 937)**:

By:.....

*Duly authorised*

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

By:  
.....

*Duly authorised*

By:  
.....

*Duly authorised*





**National Australia Bank Limited (ABN 12 004 044 937)**

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

**U.S.\$30 billion nab 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 nab Covered Bond Trust and Covered Bond Guarantor**

Under the U.S.\$30 billion nab Covered Bond Programme (the **Programme**) established by National Australia Bank Limited (**nab** 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 nab 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 Security (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 nab 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 U.S.\$30 billion (or its equivalent in other currencies calculated by reference to the spot rate for the sale of U.S. dollars against the purchase of such currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant date of the agreement (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 nab 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.**

This Prospectus constitutes a base prospectus for the purposes of the Prospectus Directive – Directive 2003/71/EC (the **Prospectus Directive**) (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State of the European Economic Area. Application has been made by the Issuer to the *Commission de surveillance du secteur financier* (the **CSSF**) in its capacity as competent authority under the Luxembourg act dated 10 July 2005 relating to prospectuses for securities, as amended (the **Prospectus Act 2005**) (the **Competent Authority**) to approve this Prospectus. By approving the Prospectus, the CSSF assumes no responsibility as to the economic and financial soundness of the transactions contemplated by this Prospectus or the quality or solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has also been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme to be admitted to the official list (the **Official List**) and traded on the Regulated Market of the Luxembourg Stock Exchange in accordance with the Prospectus Directive. Admission to the Official List together with admission to the Regulated Market of the Luxembourg Stock Exchange constitutes official listing on the Luxembourg Stock Exchange. References in this Prospectus to Covered Bonds being "listed" (and all related references) will mean that such Covered Bonds have been admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and have been admitted to the Official List. Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and certain other information which is applicable to each Tranche (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**) which, with respect to Covered Bonds to be admitted to the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, will be delivered to the Competent Authority and the Luxembourg Stock Exchange on or before the date of issue of such Series of Covered Bonds.

The Programme provides that Covered Bonds may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or regulated or unregulated markets as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee (as defined below) and the relevant Dealer(s). The Issuer may also issue unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any regulated or unregulated market. Perpetual Corporate Trust Limited and P.T. Limited (in its capacity as trustee of the Security Trust, the **Security Trustee**) have not made or authorised the application to admit Covered Bonds issued under the Programme to the official list of the Luxembourg Stock Exchange or to admit the Covered Bonds to trading on the Regulated Market of the Luxembourg Stock Exchange.

The Covered Bonds and the Covered Bond Guarantee (as defined below) have not been and will not be registered under the U.S. Securities Act of 1933, 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 (1) in accordance with Rule 144A under the Securities Act (**Rule 144A**) to a person that the holder and any person acting on its behalf reasonably believes is a "qualified institutional buyer" (as defined in Rule 144A) (each, a **QIB**) that is acquiring the Covered Bonds for its own account or for the account of one or more QIBs, (2) 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**) or (3) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder, if available, in each case in accordance with any applicable securities laws of any state of the United States. No representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for resales of the Covered Bonds. 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 Transfer and Selling Restrictions*". Prospective purchasers are hereby notified that the sellers of the Covered Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

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 (in the case of Covered Bonds admitted to the Official List only) 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 Investor Services 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 and neither of the Rating Agencies has applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). However, Commission Implementing Decision 2012/627/EU provides that the Australian legal and supervisory framework for credit rating agencies shall be considered as equivalent to the requirements of the CRA Regulation and each of Moody's Investors Service Limited, and Fitch Ratings Limited, which are established in the European Union and registered under the CRA Regulation (and, as such are included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with such CRA Regulation) currently endorse the credit ratings of Moody's and Fitch, respectively, for regulatory purposes in the European Union. There can be no assurance that such endorsement of the credit ratings of Moody's and Fitch will continue. The credit ratings of certain Series or Tranches of Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms. 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.

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

#### Co-Arrangers for the Programme

**National Australia Bank Limited**

**Deutsche Bank**

#### Dealers for the Programme

**National Australia Bank Limited**  
**BofA Merrill Lynch**  
**Goldman Sachs International**  
**J.P. Morgan**

**nabSecurities, LLC**  
**Citigroup**  
**Goldman, Sachs & Co.**  
**Morgan Stanley**  
**UBS Investment Bank**

**Deutsche Bank**  
**Credit Suisse**  
**HSBC**  
**RBC Capital Markets**

The date of this Prospectus is 17 November 2016

**This Prospectus has been approved by the Competent Authority as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU). This Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision or order under the Securities Act.**

**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 nab. The Covered Bond Guarantor only accepts responsibility for the information contained in the section entitled "*The nab 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 (in the case of Covered Bonds to be admitted to the Official List) will be available from the registered office of the Issuer and (in the case of Covered Bonds to be admitted to the Official List, to listing on any other regulated or unregulated market or stock exchange and also all unlisted Covered Bonds) 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 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 any 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. None of the 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 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 any party to the Programme Documents to any person to subscribe for or to purchase any Covered Bonds.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Covered Bonds will in any circumstances imply that the information contained in it concerning the Issuer and/or the Covered Bond Guarantor is correct at any time subsequent to its date or 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. All parties to the Programme Documents (other than the Issuer and the Covered Bond Guarantor) expressly do not undertake to review the financial condition or affairs of the Issuer or the Covered Bond Guarantor during the life of the Programme or to advise any investor in Covered Bonds issued under the Programme of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Covered Bonds.

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 Transfer 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 (i) in reliance on Rule 144A under the Securities Act (Rule 144A), in each case to "qualified institutional buyers" (as defined in Rule 144A) (QIBs) and/or (ii) 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. Prospective purchasers are hereby notified that the sellers of the Covered Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

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. No 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 any 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 the United Kingdom, Norway, Sweden and Denmark), Japan, Singapore, and Hong Kong, see "*Subscription and Sale and Transfer 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" and "A\$" refer to the lawful currency for the time being of Australia, references to "U.S.\$", "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.

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. The Covered Bonds have not been approved or disapproved by the SEC or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

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.

## NOTICE TO U.S. INVESTORS

This Prospectus is being provided on a confidential basis in the United States to a limited number of "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act (**QIBs**) in connection with the consideration of the purchase of the Covered Bonds being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Covered Bonds may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Covered Bonds is hereby notified that the offer and sale of any Registered Covered Bonds to it may be being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act.

Each purchaser or holder of Covered Bonds represented by a Rule 144A Global Covered Bond (as defined under "*Form of the Covered Bonds*") or any Covered Bonds issued in registered form in exchange or substitution therefore (together **Legended Covered Bonds**) will be deemed, by its acceptance or purchase of any such Legended Covered Bonds, to have made certain representations and agreements intended to restrict the resale or other transfer of such Covered Bonds as set out in "*Subscription and Sale and Transfer and Selling Restrictions*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "*Form of the Covered Bonds*".

Offers and sales of the Covered Bonds in the United States will be made by those Dealer(s) or their affiliates that are registered broker-dealers under the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**), or in accordance with Rule 15a-6 thereunder.

## AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Covered Bonds that are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, each of the Issuer and/or the Covered Bond Guarantor, as applicable, has undertaken in the Bond Trust Deed to furnish, upon the request of a holder of such Covered Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer and/or the Covered Bond Guarantor, as applicable, is neither subject to reporting under Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

By requesting copies of any of the documents referred to herein, each potential purchaser of Covered Bonds agrees to keep confidential the various documents and all written information clearly labelled "Confidential" which from time to time have been or will be disclosed to it concerning the Covered Bond Guarantor or the Issuer or any of their affiliates, and agrees not to disclose any portion of the same to any person except in connection with the proposed resale of the Covered Bonds or as required by law.

## 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 nab and its consolidated subsidiary undertakings (collectively, the **nab Group**) 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 nab Group 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 Co-Arrangers 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 Co-Arrangers, 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.

### **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

The Issuer is a public limited company incorporated in Australia and the Covered Bond Guarantor is a trustee of a trust established in New South Wales. All of the officers and directors named herein reside outside the United States and a substantial portion of the assets of the Issuer, the Covered Bond Guarantor and of such officers and directors are located outside the United States. As a result, it may not be possible for investors to effect service of process outside Australia upon the Issuer, the Covered Bond Guarantor or any such persons, or to enforce judgments against them obtained in courts outside Australia predicated upon civil liabilities of the Issuer, the Covered Bond Guarantor or such directors and officers, including any judgment predicated upon United States federal securities laws. There is a doubt as to the enforceability in Australia in original actions or in actions for the enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

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

Unless otherwise indicated, the financial information incorporated by reference into this Prospectus has been prepared in accordance with International Financial Reporting Standards (**IFRS**). The Issuer maintains its financial books and records and prepares its financial statements in Australian Dollars in accordance with the requirements of the Corporations Act 2001 of Australia, accounting standards and interpretations issued by the Australian Accounting Standards Board which differ in certain respects from generally accepted accounting principles in the United States (**U.S. GAAP**).

### **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*").

### **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.



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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. Any of the risks described below, or additional risks not currently known to the Issuer or that the Issuer currently deems immaterial, could have a significant or material adverse effect on the business, financial condition, operations or prospects of the Issuer and could result in a corresponding decline in the value of the Covered Bonds. As a result, investors could lose all or a substantial part of their investment. This section of this Prospectus is divided into four main sections – Risk Factors Related to the Issuer, Risk Factors Related to the Covered Bond Guarantor, Risk Factors Related to the Covered Bonds and General Risk Factors.*

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.*

### **RISK FACTORS RELATED TO THE ISSUER AND THE NAB GROUP**

The Covered Bonds will constitute direct, unsecured and unconditional obligations of the Issuer. A 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). 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.

Set out below are the principal risks and uncertainties associated with the nab Group. These risks and uncertainties are not listed in order of significance and it is not possible to determine the likelihood of any such risks occurring. In the event that one or more of these risks occur, the nab Group's business, operations, financial condition and future performance may be adversely impacted.

There may be other risks faced by the nab Group that are currently unknown or are deemed immaterial, but which may subsequently become known or become material. These may individually or in aggregate adversely impact the nab Group. Accordingly, no assurances or guarantees of future performance, profitability, distributions or returns of capital are given by the nab Group.

#### ***Risks related to the business of the nab Group***

There are a number of risks which arise directly from the operations of the nab Group as a major participant in the banking and financial services industry and from the specific structure of the nab Group. The nab Group's financial performance and position have been, and in the future may continue to be, impacted by these risks as set out below.

*The nab Group is exposed to credit risk, which may adversely impact its financial performance and position.*

Credit risk is the potential that a counterparty or customer will fail to meet its obligations to the nab Group in accordance with agreed terms. Lending activities account for most of the nab Group's credit risk, however other sources of credit risk also exist including the banking book, the trading book, and other financial instruments and loans, as well as the extension of commitments and guarantees and the settlement of transactions.

Major sub-segments within the nab Group's lending portfolio include residential housing loans, a material component of total gross loans and acceptances, and commercial real estate loans, the majority of these domiciled across Australia and New Zealand.

Adverse business or economic conditions, including deterioration in property valuations or prices of both residential and commercial property, employment markets, the political environment or high levels of household debt in Australia and New Zealand may result in failure by counterparties and customers to meet their obligations in accordance with agreed terms. The nab Group may be exposed to the increased risk of counterparty or customer default should interest rates rise above the record or near record lows of recent years. In particular, the nab Group's portfolio of interest-only loans across retail and non-retail segments, in addition to the residential investor mortgage portfolio, may be susceptible to losses in the event of a rise in interest rates or a decline in property prices. The nab Group may also be exposed to counterparty default in the event of a deterioration in apartment markets, through both retail lending and non-retail lending to property developers.

The nab Group's large business lending market share in Australia and New Zealand exposes it to potential losses should adverse conditions be experienced across this sector. Similarly, the nab Group has a large market share in the Australian and New Zealand agricultural sectors, particularly the dairy sector in New Zealand. As a consequence, volatility in commodity prices, foreign exchange rate movements, climatic events (including drought), disease, export restrictions, quarantine restrictions, introduction of pathogens and pests, and other risks that may impact this sector, may have an adverse impact on the nab Group's financial performance and position. More specifically, the New Zealand dairy market has come under pressure due to a lower milk solid payout rate. The prevailing low payout environment has the potential to drive an increase in bad and doubtful debts. The Australian dairy industry is also facing lower milk prices and reduced payments to producers. The mining and oil and gas industries in Australia, as well as a number of sectors that service them, have been impacted by a slowdown in investment and a fall in commodity prices. Ongoing pressure in these sectors may also result in an increase in bad and doubtful debts.

The nab Group provides for losses in relation to loans, advances and other assets. Estimating losses in the loan portfolio is, by its very nature, uncertain. The accuracy of these estimates depends on many factors, including general economic conditions, forecasts and assumptions, and involves complex modelling and judgements. If the information or the assumptions upon which assessments are made prove to be inaccurate, the provisions for credit impairment may need to be revised. This may adversely impact the nab Group's financial performance and position.

*The nab Group may suffer losses due to its exposure to operational risks.*

Operational risk is the risk of loss resulting from inadequate internal processes and controls, people and systems or from external events. Operational risk includes legal risk but excludes strategic or reputational risk.

Operational risks are a core component of doing business arising from the day-to-day operational activities of the nab Group as well as strategic projects and business change initiatives. Given that operational risks cannot be fully mitigated, the nab Group determines an appropriate balance between accepting potential losses and incurring costs of mitigation.

An operational risk event may give rise to substantial losses, including financial loss, fines, penalties, personal injuries, reputational damage, loss of market share, theft of property, customer redress and litigation. Losses from operational risk events may adversely impact the nab Group's reputation and financial performance and position.

Examples of operational risk events include:

- Fraudulent or unauthorised acts by employees, contractors and external parties;
- Systems, technology and infrastructure failures, cyber incidents, including denial of service and malicious software attacks or unauthorised access to customer or sensitive data;

- Process errors or failures arising from human error or inadequate design of processes or controls;
- Operational failures by third parties (including off-shored and outsourced service providers);
- Weaknesses in employment practices, including those with respect to diversity, discrimination and workplace health and safety;
- Deficiencies in product design or maintenance; and
- Business disruption and property damage arising from events such as natural disasters, biological hazards or acts of terrorism.

In addition, the nab Group is dependent on its ability to retain and attract key management and operating personnel. The unexpected loss of any key resources, or the inability to attract personnel with suitable experience, may adversely impact the nab Group's ability to operate effectively and efficiently, or to meet strategic objectives.

Models are used extensively in the conduct of the nab Group's business, for example, in calculating capital requirements and measuring and stressing exposures. If the models used prove to be inadequate or are based on incorrect or invalid assumptions, judgements or inputs, this may adversely affect the nab Group's financial performance and position.

*The nab Group may be exposed to risk from non-compliance with laws or standards and other forms of misconduct, which may adversely impact its reputation and financial performance and position.*

The nab Group is exposed to risk arising from failure or inability to comply with applicable laws, regulations, licence conditions, regulatory standards, industry codes of conduct and nab Group policies and procedures. This may include detrimental practices, such as selling or unduly influencing customers to purchase inappropriate products and services, conducting inappropriate market practices or being a party to fraudulent transactions, non-adherence to fiduciary requirements or provision of financial advice which is inappropriate or not in the best interests of customers. If the nab Group's compliance controls were to fail significantly, be set inappropriately, or not meet legal or regulatory expectations, thereby allowing such risks to eventuate, then the nab Group may be exposed to fines, public censure, litigation, settlements, restitution to customers, regulators or other stakeholders, unenforceability of contracts such as loans, guarantees and other security documents, or enforced suspension of operations or loss of licence to operate all or part of the nab Group's businesses. This may adversely impact the nab Group's reputation and financial performance and position.

The nab Group has ongoing discussions with key regulators on industry-wide issues and matters specific to the nab Group. The global banking and financial services industry is increasingly subject to information requests, scrutiny and investigations by its conduct based regulators, and at times government, which have led to a number of international firms facing high profile enforcement actions, including substantial fines, for breaches of laws or regulations. Regulators globally are continuing their investigation into manipulation of financial benchmarks and markets. In Australia, such investigations include an industry-wide review by the Australian Securities Investments Commission (**ASIC**) into participants in the bank bill swap reference rate (**BBSW**) market. Following this review, ASIC commenced Federal Court proceedings against the Issuer and two other market participants. The Issuer fully co-operated with ASIC's review which preceded the commencement of proceedings. The Issuer, together with its New Zealand based subsidiary (Bank of New Zealand) (**BNZ**), and 16 other banks, has been named as a defendant in a class action complaint filed in the United States District Court for the Southern District of New York regarding alleged conduct concerning BBSW. The action references the proceedings brought by ASIC. Industry-wide investigations by ASIC and the Australian Competition and Consumer Commission (**ACCC**) into potential wrongdoing in relation to Spot FX trading are continuing. The Issuer is co-operating with ASIC and the ACCC and is responding to

their inquiries. The potential outcomes of these court actions and investigations are uncertain at this time. It is possible that other class actions could arise in connection with the BBSW and FX industry-wide issues.

Since September 2014, the Australian Senate Economics References Committee (the **Committee**) has been conducting an inquiry into aspects of the financial advice industry, including potential unethical or misleading financial advice and compensation processes for consumers impacted by that advice. This inquiry has now lapsed with the dissolution of the Australian Parliament prior to the general election in July 2016.

In October 2015, the nab Group began contacting certain groups of customers where there was a concern that they may have received non-compliant advice since 2009. The outcomes and total costs associated with this work are uncertain. The nab Group is aware that two plaintiff law firms have advertised that they are investigating claims on behalf of the nab Group's customers who have suffered losses as a result of financial advice received from the nab Group's advisers. No formal action has yet been taken against the nab Group in this regard.

Provisions held in respect of conduct and litigation matters are based on a number of assumptions derived from a combination of past experience, estimated future experience, industry comparison and the exercise of subjective judgement based on, where appropriate, external professional advice. Risks and uncertainties remain in relation to these assumptions and the ultimate costs of redress to the nab Group. These factors mean that the eventual costs of conduct and compliance related matters may differ materially from those estimated and further provisions may be required, adversely impacting the nab Group's reputation and financial performance and position.

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

Most of the day-to-day operations of the nab Group are computer-based, and therefore the reliability and security of the nab Group's information technology systems and infrastructure are 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 the nab Group. 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 the nab Group'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 the nab Group to new challenges in these areas.

The nab Group processes, stores and transmits large amounts of personal and confidential information through its computer systems and networks. The nab Group 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. The nab Group 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 the nab Group's reputation and financial performance and position.

As with other business activities, the nab Group 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 the nab Group or the failure of the Issuer to appropriately manage those providers, may adversely impact the nab Group's reputation and financial performance and position.

*Transformation and change programmes across the nab Group may not deliver some or all of their anticipated benefits.*

The nab Group has invested significantly in change across the organisation, including technology and infrastructure transformation. There is a risk that these programmes may not realise some or all of the anticipated benefits. The nab Group also continues to pursue business process improvement initiatives and invest in technology to achieve its strategic objectives, meet changing customer expectations and respond to competitive pressures. These process changes may increase operational and compliance risks, which may adversely impact the nab Group's reputation and financial performance and position.

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

The preparation of the nab Group'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 (including those pertaining to conduct related matters), the valuation of goodwill and intangible assets, and the fair value of financial instruments.

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

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

Entities within the nab Group 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 the nab Group's reputation and financial performance and position.

Refer to "Notes to the Consolidated Financial Statements - Note 31 – Contingent Liabilities and Credit Commitments" on page 107 in the 2016 nab Annual Financial Report for details in relation to the nab Group's material legal proceedings and contingent liabilities.

*Insufficient capital may adversely impact the nab Group's operations and financial performance and position.*

Capital risk is the risk that the nab Group 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. The nab Group is required in all jurisdictions in which it undertakes regulated activities to maintain minimum levels of capital and reserves relative to the balance sheet size and risk profile of its operations.

Prudential capital requirements (and proposed changes to these requirements), including regulatory changes arising from the Basel Committee on Banking Supervision (BCBS) capital adequacy reforms or in response to the recommendations of the Australian Financial System Inquiry (FSI), may limit the nab Group's ability to manage capital across the entities within the nab Group, pay dividends or distributions on shares and hybrid instruments, or may require the nab Group 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 the nab Group's operations and financial performance and position.

*The nab Group's funding and liquidity position may be adversely impacted by dislocation in global capital markets.*

Funding risk is the risk that the nab Group is unable to raise short and long-term funding to support its ongoing operations, strategic plans and objectives. The nab Group accesses domestic and global capital markets to help fund its businesses. Any dislocation in these funding markets or a reduction in investor appetite for holding the nab Group's securities may adversely affect the nab Group's ability to access funds or require the nab Group to access funds at a higher cost or on unfavourable terms.

Liquidity risk is the risk that the nab Group 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 borrowings and loan capital as they mature, the payment of interest on borrowings and the payment of operating expenses and taxes. Any significant deterioration in the nab Group's liquidity position may lead to an increase in the nab Group's funding costs, constrain the volume of new lending or result in the nab Group drawing upon its committed liquidity facility with the Reserve Bank of Australia. This may adversely impact the nab Group's profitability and financial performance and position.

*A significant downgrade in the nab Group's credit ratings may adversely impact its cost of funds, market access and competitive position.*

Credit ratings are an opinion on the general creditworthiness of a borrower and may be an important reference for market participants in evaluating the nab Group and its products, services and securities.

Credit rating agencies conduct ongoing review activities which can result in changes to credit rating settings and outlooks for the nab Group, or for sovereign governments in countries in which the nab Group conducts business. Review activity is based on a number of factors, including the nab Group's financial strength and outlook, the strength of the nab Group's operations and processes, the assumed level of government support for the nab Group in a crisis and the strength of that government, and the condition of the financial services industry and of the markets generally. Credit ratings may also be affected by changes in the rating methodologies used by the agencies.

On 7 July 2016, S&P Global Ratings (**S&P**) revised the outlook for the Commonwealth of Australia to "negative" from "stable". On 18 August 2016, Moody's revised its Australian macro profile to "very strong negative" from "very strong". As a result of these changes, both S&P and Moody's have revised the outlook for a number of Australian banks and their New Zealand subsidiaries, including the Issuer and BNZ, to "negative" from "stable".

A downgrade in the credit ratings within the nab Group or of the nab Group's securities, or a downgrade in the sovereign rating of one or more of the countries in which the nab Group operates, may increase the nab Group's cost of funds or limit its access to the capital markets. This may also cause a deterioration of the liquidity position and trigger additional collateral requirements in derivative contracts and other secured funding arrangements. A downgrade to the nab Group's credit ratings relative to peers could also adversely impact the nab Group's competitive position.

*Changes in interest rates may adversely impact the nab Group's financial performance and position.*

Interest rate risk is the risk to the nab Group's financial performance and position caused by changes in interest rates. As interest rates and yield curves change over time, including negative interest rates in countries in which the nab Group operates, the nab Group 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 the nab Group has not correctly anticipated, and this may have an adverse impact on the nab Group's financial performance and position.

*The nab Group is exposed to foreign exchange and translation risk, which may adversely impact its financial performance and position.*

Foreign exchange and translation risk arises from the impact of currency movements on the value of the nab Group's cash flows, profits and losses, and assets and liabilities as a result of participation in global financial markets and international operations.

The nab Group's ownership structure includes investment in overseas subsidiaries and associates and exposures from known foreign currency transactions (such as repatriation of capital and dividends from off-shore subsidiaries). The nab Group also conducts business outside of Australia and transacts with customers, banks and other counterparties in different currencies, most frequently Australian, New Zealand and U.S. Dollars, Sterling and Euros. The nab Group's businesses may therefore be affected by a change in currency exchange rates, a full or partial break-up of the Eurozone, or a change in the reserve status of any of these currencies. Any unfavourable movement in foreign exchange rates may adversely impact the nab Group's financial performance and position.

The nab Group's financial statements are prepared and presented in Australian Dollars, and any fluctuations in the Australian Dollar against other currencies in which the nab Group invests or transacts and generates profits (or incurs losses) may adversely impact its financial performance and position.

*The nab Group may suffer significant losses from its trading activities.*

Traded market risk is the risk of losses arising from trading activities, including proprietary trading, undertaken by the nab Group. Losses can arise from a change in the value of positions in financial instruments or their hedges due to adverse movements in market prices. Any significant losses from such trading activities may adversely impact the nab Group's financial performance and position.

*Damage to the nab Group's reputation may adversely impact its financial performance and position.*

The nab Group's reputation may be damaged by the actions, behaviour or performance of the nab Group, its employees, affiliates, suppliers, intermediaries, counterparties or customers, or the financial services industry generally. Heightened media and political scrutiny of the Australian banking industry have the potential to damage the long term reputation of the banking industry, or lead to further government intervention or inquiries into the sector.

A risk event, such as a compliance breach, fraud or an operational or technology failure may expose the nab Group to direct losses as a result of litigation, fines and penalties, remediation costs or loss of key personnel as well as potential impacts to the Issuer's share price. In addition, the event may adversely affect the perceptions of the nab Group held by the public, shareholders, investors, customers, regulators or ratings agencies. The risk of reputational damage may be heightened by the continuing growth and use of social media.

Reputational damage may adversely impact the nab Group's ability to attract and retain customers or employees in the short and long-term and the ability to pursue new business opportunities. It may result in a higher risk premium being applied to the nab Group, and impact the cost of funding, its operations, or its financial condition. It may also result in regulators requiring the nab Group to hold additional capital, pay fines or incur additional costs, including costs to undertake remedial action. Damage to the nab Group's reputation may also adversely impact the nab Group's financial performance and position.



*Failure to sell down underwriting risk may result in losses to the nab Group.*

As financial intermediaries, members of the nab Group underwrite or guarantee many different types of transactions, risks and outcomes, including the placement of listed and unlisted debt, equity-linked and equity securities. The underwriting obligation or guarantee may be over the pricing and placement of these securities, and the nab Group may therefore suffer losses if it fails to sell down some or all of this risk to other market participants.

*A failure of the nab Group's risk management framework may adversely impact its reputation and financial performance and position.*

The nab Group 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.

As with any risk management strategy, there is no guarantee that this framework is sufficient to mitigate known risks or to identify or address changing or new and emerging risks. As such, any ineffectiveness or inadequacy in the risk management framework and its implementation may adversely impact the nab Group's reputation and financial performance and position.

*Certain strategic decisions, including acquisitions or divestments, may adversely impact the nab Group's reputation and financial performance and position.*

There is a risk that the assumptions underlying the nab Group's strategic decisions are (or prove to be) incorrect or that the conditions underpinning those strategic decisions may change. The nab Group may not have the resources or flexibility to adapt quickly to such change. In addition, any one or more of the nab Group's strategic initiatives may prove to be too difficult or costly to execute effectively.

The nab Group regularly considers a range of corporate opportunities including acquisitions, divestments and joint ventures.

Opportunities that are pursued may change the nab Group's risk profile and capital structure.

Such opportunities that are pursued inherently come with transaction risks, including over-valuation of an acquisition (or under-valuation of a divestment), and exposure to reputational and financial risks. Other risks may arise through the integration or separation of a business, including failure to realise expected synergies, disruption to operations, diversion of management resources or higher than expected costs. In addition, the nab Group may have ongoing exposures to divested businesses, including through the provision of continued services and infrastructure (such as the transitional services being provided to CYBG PLC (**CYBG**) and its controlled entities (the **CYBG Group**) or the retention of liabilities, including through warranties and indemnities in sale agreements such as the Conduct Indemnity Deed with CYBG. Refer to "Notes to the Consolidated Financial Statements - Note 31 – Contingent Liabilities and Credit Commitments – (v) UK conduct issues and the Conduct Indemnity Deed" on page 108 in the 2016 nab Annual Financial Report.

These factors may adversely impact the nab Group's reputation and financial performance and position.

*Risks specific to the nab Wealth (MLC Limited) life insurance transaction.*

In addition to the risks described above, the following are specific risks associated with the MLC life insurance transaction.

On 3 October 2016, the Issuer completed the sale of 80 per cent. of MLC Limited (the entity which carries on the life insurance business) to Nippon Life.

The Issuer has agreed to take certain actions to establish MLC Limited as a standalone entity. The implementation programme forms part of the recognised A\$1.3 billion loss on sale. As the work has yet to be completed, there is a risk that implementation costs ultimately prove higher than anticipated. In addition, the Issuer has given certain covenants, warranties and indemnities in favour of Nippon Life in connection with the transaction. A breach of these covenants or warranties, or the triggering of an indemnity, may result in the Issuer being liable to Nippon Life.

As part of the transaction, the Issuer has entered into certain long term arrangements. These include: (1) a 20-year distribution agreement under which the Issuer will distribute MLC life insurance products through its various channels, (2) a shareholders deed with respect to the Issuer's retained 20 per cent. share in MLC Limited (with that shareholders deed continuing while the Issuer holds shares in MLC Limited), and (3) a 10-year brand licence agreement for MLC Limited to continue to have use of the MLC brand. The duration and nature of these arrangements give rise to certain risks. For example, changes in regulation or the commercial environment in the future may impact the attractiveness or commercial viability of these long-term arrangements, and exclusivity and non-compete arrangements may limit future opportunities for the Issuer.

In addition, Nippon Life owns the majority of the shares in MLC Limited and is entitled to appoint a majority of its directors. The Issuer has retained 20 per cent. ownership of MLC Limited but is not in a position to direct the strategy or operations of MLC Limited, or manage the costs and risks involved.

### ***Risks specific to the banking and financial services industry***

The nature and impact of these external risks are generally not predictable and are often beyond the nab Group's direct control.

*The nab Group may be adversely impacted by macro-economic and geopolitical risks and financial market conditions.*

The nab Group conducts business across a range of jurisdictions including Australia, New Zealand, the United Kingdom, the United States and Asia. The business activities of the nab Group are dependent on the nature and extent of banking and financial services and products required by its customers globally. In particular, levels of borrowing are heavily dependent on customer confidence, employment trends, market interest rates and macro-economic and financial market conditions and forecasts.

Domestic and international economic conditions and forecasts are influenced by a number of factors such as economic growth rates, cost and availability of capital, central bank intervention, inflation and deflation rates and market volatility and uncertainty. Economic conditions may also be impacted by major shock events such as natural disasters, war and terrorism, political and social unrest, and sovereign debt restructuring and defaults.

Volatility or uncertainty in credit, currency, commodity and equity markets and adverse economic conditions have led to, and in the future may lead to:

- increased cost of funding or lack of available funding;
- deterioration in the value and liquidity of assets (including collateral);
- inability to price certain assets;
- increased likelihood of counterparty default and credit losses (including the purchase and sale of protection as part of hedging strategies);
- higher provisions for bad and doubtful debts;

- mark-to-market losses in equity and trading positions;
- lack of available or suitable derivative instruments for hedging purposes;
- lower growth, business revenues and earnings. In particular, the nab Group's wealth business earnings are highly dependent on asset values, particularly the value of listed equities, and therefore a fall in the value of its assets under management may reduce its earnings contribution to the nab Group; and
- increased cost of insurance, lack of available or suitable insurance, or failure of the insurance underwriter.

The following are examples of certain macro-economic and financial market conditions that are currently relevant to the nab Group and may adversely impact its financial performance and position.

- Below trend increases in real gross domestic product (**GDP**) and sub-target inflation have resulted in lower income growth globally. In advanced economies, this reflects slower productivity growth, the long-lasting impact of the global financial crisis and a lack of demand growth in key economies such as Japan and the Eurozone. In Australia and New Zealand income generation has been impacted by falling commodity prices, curbing the rate of growth in nominal GDP.
- Without sustained economic growth, high debt-to-income ratios present ongoing risks in the event of cyclical economic downturns. Particularly high debt burdens exist for government debt in advanced economies, non-financial institution corporate debt in emerging market economies (especially China and Brazil) and household sectors in Australia, New Zealand, Canada and parts of Western Europe. Higher government debt ratios in many advanced economies may also impact sovereign credit ratings. Ratings agency S&P revised the outlook of Australia's sovereign rating to "negative" from "stable" and reaffirmed its AAA rating. As a result, S&P also revised the outlook for Australian major banks and their New Zealand subsidiaries to "negative" from "stable". Moody's maintained the Australian sovereign outlook as "stable", but changed its Australian macro profile to "very strong negative" from "very strong" and as a result, revised the rating outlooks for a number of Australian banks and their New Zealand subsidiaries to "negative" from "stable". The outlook for New Zealand's sovereign credit rating remains stable.
- Weaknesses continue to exist in a number of European banks, and non-performing loans as a percentage of total assets remain high. The inter-connectedness of the global banking system means problems in the European banking system have the potential to create disruptions in global financial markets and to raise questions over the stability of particular banks around the world. In the past this has reduced market liquidity, which may negatively impact the nab Group's access to wholesale funding.
- Should interest rates in developed economies rise from historical lows, there is a risk that the valuation of a wide range of assets, from housing to government bonds, could fall sharply. Liquidity in those markets may also reduce unexpectedly and market volatility may increase. Previous periods of tightening monetary policy in the United States have been associated with greater volatility in the volume and pricing of capital flows in emerging market economies. Several capital importing economies, including Australia and New Zealand, remain vulnerable to a sudden or marked change in United States interest rates and expectations on the interest rate outlook.
- Continued economic growth in China is of particular importance to both Australia and New Zealand, with ongoing concerns that its rapid pace of growth could slow sharply. Chinese policy-makers have continued their reliance on an economic model based on high levels of investment and fast credit growth. Due to its export mix, Australia's economy is particularly exposed to a sudden downturn in Chinese investment or a substantial or sustained decline in the Chinese economy. In addition, the

increasing level of bad debts in China poses a major risk to its banking system with potential flow-on impacts to the availability of credit and liquidity and to the broader Chinese economy.

- Sharp declines in commodity prices in both Australia and New Zealand have been driven by sub-trend global growth constraining demand, combined with increases in commodity supply. Certain regional areas have been adversely affected by declines in dairy prices in both countries, as well as by the decline in prices for minerals such as coal and iron ore, and oil and gas in Australia. Commodity price volatility remains substantial and the nab Group has sizeable exposures to commodity producing and trading businesses.
- Changes in the political environment raise the risk that growth promoting reforms with upfront costs, but medium-term payoffs, may become more difficult to implement. Sudden changes in long-established economic policies can occur in less stable and more unpredictable geopolitical environments, potentially winding back the globalisation and market liberalisation trends that have underpinned global growth in recent decades. The UK vote to leave the European Union (EU) has created significant political, social and macro-economic uncertainty. Post-exit arrangements between the UK and the EU on issues such as the UK's access to European markets, its regulatory environment and the free movement of capital and labour are still unknown. Further potential changes arising from various political events, including the U.S. federal elections in November 2016 and elections in key Eurozone countries in 2017, could represent an added risk to the global business environment and increase market volatility.

*The nab Group is subject to extensive regulation. Regulatory changes may adversely impact the nab Group's operations and financial performance and position.*

The nab Group is highly regulated in Australia and in the other jurisdictions in which it operates, trades or raises funds, and is subject to supervision by a number of regulatory authorities and industry codes of practice.

Regulations vary across jurisdictions, and are designed to protect the interests of depositors, policy holders, security holders, and the banking and financial services system as a whole. Changes to laws and regulations or changes to regulatory policy or interpretation can be unpredictable, are beyond the nab Group's control and may not be harmonised across the jurisdictions in which the nab Group operates. Regulatory change may result in significant capital and compliance costs, changes to corporate structure and increasing demands on management, employees and information technology systems.

Examples of current and potential regulatory changes impacting the nab Group are set out below.

Implementation of the BCBS's reforms will continue over the coming years. The Australian Prudential Regulation Authority (APRA) has introduced prudential standards for BCBS Basel III requirements in Australia. These reforms have increased the quality and ratio of capital to risk-weighted assets that the nab Group is required to maintain and the quality and proportion of assets that the nab Group is required to hold as high-quality liquid assets (HQLA). Other BCBS key changes impacting the nab Group include:

- The final APRA standard on the net stable funding ratio (NSFR) is proposed to be implemented by January 2018. Depending on APRA's interpretation, compliance with NSFR may impact the funding profiles and associated costs of participants in the Australian banking industry and New Zealand banks owned by Australian parent banks.
- Revisions to the securitisation framework are expected to be implemented in January 2018. This may impact the amount of regulatory capital held industry-wide for securitisation exposures.
- In January 2016, the BCBS announced its revised market risk framework, which is due to come into effect from 2019 globally. This may impact trading book capital requirements.

- APRA has also signalled its intention to implement a minimum leverage ratio requirement for Authorised Deposit-taking Institutions (**ADIs**); this is not expected prior to 1 January 2018.

In New Zealand, the Reserve Bank of New Zealand has implemented the Basel III Capital Adequacy Framework, as modified to reflect New Zealand conditions.

Other regulators have also implemented or are in the process of implementing Basel III and equivalent reforms.

Regulatory changes continue to be made by the BCBS as it focuses on improved consistency and comparability in banks' regulatory capital ratios. Themes driving the revision of standards include transparency, consistency and credibility. Draft proposals include revisions to the internal ratings based and standardised approaches for calculating regulatory capital and the introduction of a capital floor framework, with consultation on sovereign risk expected. In April 2016, the BCBS released the revised interest rate risk in the banking book framework. The BCBS is also expected to implement revisions to the operational risk capital framework. The full impact of the changes will not be known until the BCBS requirements are finalised and implemented by APRA or by other regulators. This may intersect with measures adopted as a result of the FSI.

The FSI was charged with examining how Australia's financial system could be positioned to best meet the country's evolving needs and support its economic growth. The FSI proposed measures to improve the resilience, efficiency and fairness of the banking system, with respect to matters including superannuation and retirement, regulatory processes, innovation, payments and data, and measures to improve outcomes for consumers. In 2015, the Australian government confirmed its support for 43 of the 44 recommendations for the Australian financial system and gave APRA responsibility for implementing recommendations impacting the financial sector regulatory framework. From July 2016, APRA raised the risk weight for Australian residential mortgages from approximately 16 per cent. to an average of 25 per cent. for ADIs accredited to use internal models. Implementation of further recommendations may result in impacts to regulation and legislation, risk-weighted assets or capital ratios.

The Financial Stability Board issued the total loss-absorbing capacity standard in November 2015 for global systemically important banks (**G-SIBs**). While not a G-SIB, the Issuer could be required to meet higher capital levels as a domestic systemically important bank. This is in line with the FSI recommendation to implement a loss absorbing capacity framework, and also in accordance with emerging international practice. This may have implications for the nature and cost of the nab Group's capital.

The Group is progressing with a transition to a revised Level 2 Group structure following clarification of the ADI Level 2 Group definition by APRA. In the interim period, CET1 capital reflects the transitional arrangements granted by APRA on the removal of capital benefits arising from debt issued directly by National Wealth Management Holdings Limited.

APRA has released final prudential standards associated with the governance and risk management components of the framework for the supervision of conglomerate groups, including the nab Group. These non-capital components become effective on 1 July 2017. APRA has deferred finalising the capital components of the framework, with implementation of any new requirements not expected prior to 2019.

The U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the **Dodd-Frank Act**) instituted major changes to U.S. banking and financial institution regulatory regimes. These changes include additional supervisory requirements and prudential standards for certain foreign banking organisations, such as the Issuer and its affiliates. The Dodd-Frank Act also contains the Volcker Rule, which prohibits certain proprietary trading and the sponsorship of, and investment in, hedge, private equity or other similar funds by certain foreign banking organisations, including the Issuer.

Over The Counter (**OTC**) derivative market reforms are being implemented globally. In Australia, the ASIC now mandates central clearing of certain interest rate derivatives entered into by Australian ADIs. In broad alignment with international standards, APRA has proposed margining and risk mitigation standards for non-centrally cleared derivatives. OTC reforms are being implemented by regulators including the Financial Conduct Authority in the UK, the European Securities and Markets Authority in Europe and the Securities Exchange Commission through the Dodd-Frank Act and related regulations in the U.S. Where there is variation in the scope and implementation timeframes for OTC reforms across jurisdictions, there may be added costs and complexity in achieving regulatory compliance for the nab Group.

In addition to the aforementioned changes, other areas of ongoing regulatory change and review include additional prudential and conduct reforms, supervisory actions to reinforce sound residential mortgage lending practices including restrictions on the growth in investor lending, changes to accounting and reporting requirements, tax legislation, bank specific tax levies, payments and privacy laws. There is increasing supervision and regulation with respect to anti-bribery and corruption, anti-money laundering, counter-terrorism financing and trade sanctions. There has also been increased regulator expectation and focus in relation to a number of other areas including financial advice, data quality and controls, governance and culture, conduct, conflicts of interest and management of life insurance claims. In addition, there have been proposals within the Australian Parliament for a Royal Commission to investigate Australian banks.

The full scope, timeline and impact of these current and potential inquiries and regulatory reforms or how they will be implemented (if at all in some cases) is not known. Depending on the specific nature of any requirements and how they are enforced, they may have an adverse impact on the nab Group's business, operations, structure, compliance costs or capital requirements, and ultimately, its financial performance and prospects.

*The nab Group faces intense competition, which may adversely impact its financial performance and position.*

There is substantial competition across the markets in which the nab Group operates. Increasing competition for customers can lead to compression in profit margins or loss of market share. The nab Group faces competition from established financial services providers as well as new market entrants, including foreign banks and non-bank competitors with lower costs and new operating models. Evolving industry trends and anticipated rapid changes in technology are likely to impact on customer needs and preferences. The nab Group may not predict these changes accurately or quickly enough, or have the resources and flexibility to adapt in sufficient time to keep pace with industry developments and to meet customer expectations. As a result, the nab Group's financial performance and competitive position may be adversely affected.

## **RISK FACTORS RELATED TO THE COVERED BOND GUARANTOR**

***There are circumstances when the Covered Bond Guarantor is liable to make payments due on the Covered Bonds.***

The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will be secured by the Security created under the Security Deed. However, the Covered Bond Guarantor will have no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until the occurrence of an Issuer Event of Default, service by the Bond Trustee on the Issuer (copied to the Covered Bond Guarantor) of an Issuer Acceleration Notice and service by the Bond Trustee on the Covered Bond Guarantor of a Notice to Pay or, if earlier, following the occurrence of a Covered Bond Guarantor Event of Default, and service by the Bond Trustee on the Covered Bond Guarantor and the Issuer of a Covered Bond Guarantee Acceleration Notice. The occurrence of an Issuer Event of Default does not constitute a Covered Bond Guarantor Event of Default. However, failure by the Covered Bond Guarantor to pay amounts when Due for Payment under the Covered Bond Guarantee would constitute a Covered Bond Guarantor Event of Default which, while continuing, will entitle the Bond Trustee to accelerate the obligations of the Issuer under the Covered Bonds

(if they have not already become due and payable) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee, and will entitle the Security Trustee to enforce the Security.

***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.

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 the Covered Bond Guarantor will be made subject to 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. 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 Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable). 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 Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable)), 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.

***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 Programme Conditions and/or Condition 13 of the N Covered Bond Conditions (if applicable) 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 Programme Conditions and/or the relevant Condition of the N Covered Bond Conditions (if applicable) 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 relevant Final Terms. Interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 4 of the Programme Conditions and/or Condition 4 of the N Covered Bond Conditions (if applicable) 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 Revenue Receipts and Available Principal Receipts 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 Receipts 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 Loans and the Related Security in the Mortgage Loan Portfolio; (ii) the amount of Mortgage Loan Revenue Receipts and Mortgage Loan Principal Receipts generated by the Mortgage Loan Portfolio 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 Related Security 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 Asset Pool is 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 Asset Pool whilst the Covered Bonds are outstanding).

However no assurance can be given that the Asset Pool 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 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 in the Mortgage Loan Portfolio 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 Loan Portfolio is 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 Asset Pool 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 Loan Portfolio and other assets in the Asset Pool or any part thereof or pending such realisation (if the Mortgage Loan Portfolio and other assets in the Asset Pool 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 in the Mortgage Loan Portfolio, this may lead to higher incidences of non-payment or default by Borrowers.

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

If a Servicer Termination Event occurs and is continuing, then the Covered Bond Guarantor (acting on the direction of the Trust Manager) or the Security Trustee acting on the directions of the Bond Trustee (while Covered Bonds are outstanding) or the Majority Secured Creditors (if there are no Covered Bonds outstanding) may terminate the appointment of the Servicer. Further, the Servicer may resign, following the expiry of not less than 12 months' notice (or 3 months' notice where the Substitute Servicer to be appointed is a Related Entity of nab). Following delivery of notice of termination of the appointment of the Servicer or

notice of resignation of the Servicer, the Servicer (with the prior consent of the Covered Bond Guarantor and the Security Trustee) agrees to use its best endeavours to appoint a substitute servicer as soon as possible. Any termination of the appointment of the Servicer and the appointment of a substitute servicer is conditional upon the Issuer having delivered a Rating Affirmation Notice to the Covered Bond Guarantor, the Trust Manager, the Servicer, the substitute servicer and the Rating Agencies in respect of such termination and 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 in the Mortgage Loan Portfolio 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 in the Mortgage Loan Portfolio, 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 Borrowers fail to make in a timely fashion. Covered Bondholders will have no right to consent to or approve of any actions taken by the Servicer under the Servicing Agreement.

The Servicer is required to collect all payments (including Mortgage Loan Scheduled Payments) made by a Borrower. If the Servicer receives, during a Calculation Period, any money whatsoever arising from the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security 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 (or, if Fitch has placed the Servicer on ratings watch negative at the relevant time, F1+ and A+ from 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 Termination Event occurs and is continuing, then the Covered Bond Guarantor may remove the Trust Manager from office by giving the Trust Manager ninety AU Business Days' notice provided each Rating Agency has been notified of the proposed removal. The Trust Manager may retire on ninety AU Business Days' notice to the Covered Bond Guarantor and the Rating Agencies. The Trust Manager must retire if an Insolvency Event has occurred in relation to it or if required by law. The retiring Trust Manager will be required to use its reasonable endeavours to appoint a substitute trust manager as soon as possible and if a replacement is not appointed within ninety AU Business Days after notice of the Trust Manager's resignation or removal is given, the Covered Bond Guarantor may appoint a substitute 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 Covered Bond Guarantor, 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 Borrowers fail to make in a timely fashion. Covered Bondholders will have no right to consent to or approve of any actions taken by the Trust Manager under the 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 in the Asset Pool, 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 – Enforceability of Priority of Excluded Swap Termination Proceeds*").

***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 Loan Portfolio.***

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

- the Seller selling additional Mortgage Loans and the Related Security to the Covered Bond Guarantor;
- payments by the Borrowers on those Mortgage Loans; and
- the Covered Bond Guarantor's interest in the Mortgage Loans and the Related Security 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, a Further Advance, a Cash Redraw, a Product Switch or exercise of the Seller's right to extinguish the Covered Bond Guarantor's interest in any Mortgage Loan and Related Security (see "Overview of the Principal Documents - The Mortgage Sale Agreement - Extinguishment and transfer").

There is no assurance that the characteristics of the New Mortgage Loans sold to the Covered Bond Guarantor on any Transfer Date will be the same as those of the other Mortgage Loans in the Mortgage Loan Portfolio as at the relevant Transfer Date. However, each Mortgage Loan sold to the Covered Bond Guarantor will be required to be a Qualifying 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 Qualifying 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 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 Loan Portfolio could change. This could adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

### ***Maintenance of Portfolio***

*The Asset Coverage Test may not be satisfied.*

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 Security 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 Related Security to the Covered Bond Guarantor may be funded by (i) cash available to the Covered Bond Guarantor to pay for such Mortgage Loans and Related Security in accordance with the Pre-Acceleration Principal Priority of Payments; and/or (ii) a subscription for an increase in the principal amount of the Demand Note.

Alternatively, the Covered Bond Guarantor may purchase Substitution Assets or request a subscription for an increase in the principal amount of 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 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 Priority of Payments. In the Pre-Acceleration Principal Priority of Payments, the Guarantee Priority of

Payments and the Post-Enforcement Priority of Payments repayment of the Demand 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 Related Security 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.

*The Amortisation Test may not be satisfied.*

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 under the Covered Bonds.

*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.*

If the aggregate collateral value of the Mortgage Loan Portfolio 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 the Mortgage Loan Portfolio 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.

*The Cover Pool Monitor tests calculations and examines compliance of the Asset Pool with certain requirements.*

Prior to the occurrence of an Issuer Event of Default, the Cover Pool Monitor will, subject to receipt of the relevant information from the Trust Manager, test the arithmetic accuracy of the calculations performed by the Trust Manager in relation to the Asset Coverage Test as soon as reasonably practicable following each Calculation Date immediately preceding each half-yearly and yearly anniversary of the Programme Date. If and for so long as the long-term unsecured, unguaranteed and unsubordinated debt obligation credit ratings of the Trust Manager (or if the Trust Manager is not so rated, if the long-term unsecured, unguaranteed and unsubordinated debt obligation credit ratings of the Trust Manager's holding company) fall below Baa2 by Moody's or BBB- by Fitch (or, if Fitch has placed the Trust Manager on credit ratings watch negative at the relevant time, BBB by Fitch) (and for as long as they remain below such ratings), the Cover Pool Monitor will conduct the tests of the Trust Manager's calculations, in respect of the Programme Date and every



Calculation Date thereafter. Following the occurrence of an Issuer Event of Default, the Cover Pool Monitor will be required to test the calculations performed by the Trust Manager in respect of the Amortisation Test, as appropriate. See further "*Overview of the Principal Documents – Cover Pool Monitor Agreement*".

The Cover Pool Monitor will also be required to perform certain procedures and report on a six-monthly basis on the compliance of the Asset Pool with the requirements of the Australian Banking Act, compliance with the limits on investment in Substitution Assets provided in the Establishment Deed and assess whether the Trust Manager is keeping an accurate register of the assets of the Trust.

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, compliance of the Asset Pool with the requirements noted in the preceding paragraph or supervising the performance by any other party of its obligations under any Programme Document.

*Selected Mortgage Loans and the Related Security will be sold following service of an Asset Coverage Test Breach Notice or a Notice to Pay.*

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 Loans (selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole) and the Related Security, unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio. The proceeds from any such sale must be deposited into the GIC Account and applied in accordance with the applicable Priority of Payments (see "*Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loans and Related Security if the Pre-Maturity Test is breached*", "*Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loans and Related Security following service of an Asset Coverage Test Breach Notice*" and "*Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loans and Related Security 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 Loans, find a buyer to buy Selected Mortgage Loans and the Related Security 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 Loans 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 Loans may not be sold by the Covered Bond Guarantor for an amount less than the Current Principal Balance of the Selected Mortgage Loans 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 Loans 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 Loans 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 Loans for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

If Selected Mortgage Loans 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 Revenue Receipts and Available Principal Receipts 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 Receipts will include the sale proceeds of Selected Mortgage Loans (including any excess sale proceeds resulting from the sale of Selected Mortgage Loans sold in respect of another Series of Covered Bonds) and all principal repayments received on the Mortgage Loans in the Mortgage Loan Portfolio generally. This may adversely affect later maturing Series of Covered Bonds if the Selected Mortgage Loans 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 Mortgage Loan Portfolio (such as Mortgage Loan Principal Receipts) 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 Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); plus or minus
- (c) the Australian Dollar Equivalent of any swap termination amounts payable to or by the Covered Bond Guarantor under any Interest Rate Swap.

*Selected Mortgage Loans and the Related Security will be sold if the Pre-Maturity Test is breached.*

The Establishment Deed will provide for the sale of Selected Mortgage Loans and the Related Security 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 principal amount of 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 Loans and the Related Security 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 Loans and the Related Security 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 Loans and the Related Security 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.

*Charged Property will be realised 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 Loan Portfolio 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 Loans and the Related Security comprised in the Mortgage Loan Portfolio 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 Borrowers 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 in the Mortgage Loan Portfolio;
- risks in relation to some types of Mortgage Loans which may adversely affect the value of Mortgage Loan Portfolio 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 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 Qualifying Mortgage Loans are intended to ensure that there will be an adequate amount of Mortgage Loans in the Mortgage Loan Portfolio 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 Loans and the Related Security 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 Loans and the Related Security 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 Loans and the Related Security 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 Loans*"). In respect of any sale of Selected Mortgage Loans and the Related Security to third parties, however, the Covered Bond Guarantor will not be permitted to give representations, warranties or indemnities in respect of those Selected Mortgage Loans and the Related Security (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 Loans and the Related Security 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 in the Mortgage Loan Portfolio 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 Loans and the Related Security 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.

*A 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 Loan Portfolio 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. Some commentators have taken the view that strong growth in investor demand in the Australian housing market has led to unsustainable price growth. According to CoreLogic, Australian capital city house prices rose 7.3 per cent. over the year to September 2016, after rising by 7.8 per cent. over 2015. Low interest rates and solid foreign demand appear to be driving this trend and the investor share of mortgage credit has remained elevated. A number of metrics suggest a growing affordability problem and that the risk of a market bubble may have risen. The potential for an unexpected increase in the already elevated unemployment rate also presents a significant risk to the Australian housing market. In addition, the market would be negatively impacted by an unexpected and aggressive tightening in credit conditions including by the implementation of further macro-prudential measures.

*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 in the Mortgage Loan Portfolio 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 Borrowers 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.*

Borrowers may default on their obligations due under the Mortgage Loans. Defaults may occur for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal on the Mortgage Loans. These factors include changes in the national, regional or international economic climate such as: volatility in interest rates; lack of liquidity in wholesale funding markets in periods of stressed economic conditions, economic or political crisis; 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 Borrowers' individual, personal or financial circumstances may also affect the ability of Borrowers to repay the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans.

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

In addition, the ability of a Borrower to sell a property charged by a Mortgage which secures a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values and the property market in general at the time of such proposed sale. 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 in the Mortgage Loan Portfolio will be given no value for the purposes of any calculation of the Asset Coverage Test and the Amortisation Test.

*The value of the Mortgage Loan Portfolio 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 Loan Portfolio (through its right of indemnity from the assets of the Trust). Since the economic value of the Mortgage Loan Portfolio 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 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 Loan Portfolio 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 in the Mortgage Portfolio 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 Borrower's credit history, employment history and status and repayment ability, as well as the value of the Property to be mortgaged. 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 Qualifying Mortgage Loans and the subject of Representations and Warranties given in the Mortgage Sale Agreement by the Seller, the characteristics of the Mortgage Loan Portfolio 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 Mortgage Conditions, 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. 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 Securities, 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 Security and custody to the mortgage title documents. The Covered Bond Guarantor will initially hold only equitable title to the Mortgage Loans and Related Security comprised in the Asset Pool as the Borrower in respect of the relevant Mortgage Loan will not be notified of the assignment of that Mortgage Loan and Related Security to the Covered Bond Guarantor. This is different to holding legal title which would require that the Covered Bond Guarantor not only has possession of the mortgage title documents, but also that transfers of Mortgages to the Covered Bond Guarantor be filed with the land title offices in the appropriate Australian jurisdictions and that notice of such assignment be given to the Borrower. The Covered Bond Guarantor will take certain steps to protect its interest in, and title to, the Mortgage Loans and Related Security comprised in the Asset Pool 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 Security to any Borrower or register or record its interest in the Mortgages at any land title offices or take any other steps to perfect its title to the Mortgages.

At any time during which the Covered Bond Guarantor does not hold legal title to the Mortgage Loans and Related Security comprised in the Asset Pool, the following risks exist:

- (a) first, if the Seller wrongly sells a Mortgage Loan and the Related Security to another person when that Mortgage Loan and the Related Security have already been sold to the Covered Bond Guarantor that other person would acquire an interest in such Mortgage Loans and Related Security 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 Security was not perfected for the purposes of the PPSA at the time of acquisition; or
  - (ii) ranking in priority to the Covered Bond Guarantor's interest if that person acquires a perfected security interest in the Mortgage Loan Rights where the Covered Bond Guarantor's interest was not perfected for the purposes of 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 Security, 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 Security 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 Security may not be perfected and a third party may be able to take an interest in that Mortgage Loan and Related Security 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 Borrowers, the rights of the Covered Bond Guarantor may be subject to the rights of the Borrowers against the Seller, as applicable, such as rights of set-off, which occur in relation to transactions made between Borrowers and the Seller, and the rights of Borrowers to redeem their Mortgages by repaying the Mortgage Loans directly to the Seller. In addition, section 80(7) of the PPSA provides that an obligor in relation to a receivable will be entitled to make payments to, and obtain a good discharge from, the seller of a receivable rather than directly to, and from, the purchaser of the receivable until such time as the obligor receives a notice of the assignment of the relevant receivable that complies with the requirements of section 80(7)(a) of the PPSA (including a statement that payment is to be made to the purchaser of the receivable). If, however, an obligor receives a notice that complies with the requirements of section 80(7)(a) of the PPSA from any person other than the seller of the receivable, the obligor requests the purchaser of the receivable to provide proof of the assignment and the purchaser of the receivable fails to provide that proof within 5 business days of the request, the obligor may continue to make payments to the seller. Accordingly, after a Title Perfection Event has occurred and legal title to the Mortgage Loans and Related Security has been transferred to the Covered Bond Guarantor, a Borrower in relation to any Mortgage Loan may in certain circumstances nevertheless make payments to the Seller and obtain a good discharge from the Seller notwithstanding the legal assignment of the relevant Mortgage Loans and Related Security 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 Security to the relevant Borrower 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 Security (which it is only entitled to do in

certain limited circumstances), the Covered Bond Guarantor would not be able to enforce any Borrower's obligations under a Mortgage Loan and the Related Security 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 Loan Portfolio 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 Security 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 in the Mortgage Loan Portfolio and/or the Related Security as at the Transfer 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) above the Covered Bond Guarantor (at the direction of the Trust Manager and with the consent of the Security Trustee) or the Security Trustee has given the Seller notice in writing, and (b) such breach or untruth, where capable of remedy, is not remedied to the satisfaction of, or waived by, the Covered Bond Guarantor (acting at the direction of the Trust Manager and with the consent of the Security Trustee) or the Security Trustee within 30 AU Business Days from the date the notice referred to in (a) is served on the Seller or such longer period as may be agreed), then the Seller must serve on the Covered Bond Guarantor (copied to the Trust Manager), a Mortgage Loan Extinguishment Notice and pay an amount equal to the Current Principal Balance of the Mortgage Loan plus all Accrued Interest and Arrears of Interest within 30 AU Business Days from the date of the notice referred to in (a) above, thereby extinguishing the Covered Bond Guarantor's interest in the relevant Mortgage Loan and Related Security unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio.

There can be no assurance that the Seller, in the future, will have the financial resources to extinguish the Covered Bond Guarantor's interest in a Mortgage Loan or Mortgage Loans and the Related Security. However, if the Seller does not extinguish the Covered Bond Guarantor's interest in those Mortgage Loans and the Related Security which are in material breach of the Representations and Warranties 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.

***In the event the Covered Bond Guarantor is no longer able to rely upon certain exclusions or exemptions under the Volcker Rule, the activities of the Covered Bond Guarantor may need to be modified.***

Under the Volcker Rule, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" other than the exclusions or exemptions contained in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act. The Covered Bond Guarantor is not relying on Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act for an exclusion or exemption from the definition of "investment company" and accordingly is structured so as not to constitute a "covered fund" for purposes of the Volcker Rule.

It is possible, however, that U.S. regulators could determine that vehicles such as the Covered Bond Guarantor should not be excluded from the definition of "covered fund" under the Volcker Rule. Any prospective investor in the Covered Bonds, including a U.S. or foreign bank or a subsidiary or other affiliate



thereof, should consult its own legal advisors regarding the impact of such a determination and other potential effects of the Volcker Rule.

## **RISK FACTORS RELATED TO THE 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.

### ***Obligations under the Covered Bonds will be solely those of the Issuer and obligations under the Covered Bond Guarantee will be solely those of the Covered Bond Guarantor.***

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

### ***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 Purchase Price of a New Mortgage Loan Portfolio (consisting of Mortgage Loans and the Related Security) 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 in respect of the Senior Demand Note Component 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); and
- the Asset Coverage Test will be required to be met both before and immediately after any further issue of Covered Bonds.

The Seller will, subject to the satisfaction of certain conditions (including the criteria for Qualifying 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 Issuer may issue Fixed Rate Covered Bonds.***

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

***The Issuer may issue Fixed/Floating Rate Covered Bonds.***

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 relevant 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 Services 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 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.***

Except in respect of N Covered Bonds or 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, DTC 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, DTC 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 depositary for Euroclear and Clearstream, Luxembourg or with a nominee of DTC 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 and N 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 depositary for Euroclear and Clearstream, Luxembourg or with a nominee of DTC (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 DTC, 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, and may not be offered or sold in the United States or to or for the benefit of U.S. persons unless such securities are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

**GENERAL RISK FACTORS**

***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. However, neither the Issuer nor the Covered Bond Guarantor have expressly agreed to submit to the jurisdiction of New York federal or state courts or appointed an agent for service of process with respect thereto. 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, which may adversely impact their liquidity.***

There is not, at present, an active and liquid secondary market for the Covered Bonds, and there can be no assurance that a secondary market for 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 Transfer and Selling Restrictions*". If a 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 with the result that a Covered Bondholder may not be 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 Senior 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 Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable).

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Security Trustee is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series could or would be materially prejudiced 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 reasonably 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 if certain conditions are met; (b) take into account any changes in the credit ratings criteria of the Rating Agencies in relation to covered bonds where, absent such modifications, the credit ratings assigned to any Covered Bonds may be subject to downgrade, withdrawal or qualification; (c) 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; or (d) in relation to the Security Trustee only, enable the issuance of Zero Coupon Covered Bonds and any required amendments to the Asset Coverage Test and the Amortisation Test; or (e) ensure compliance of the Programme or the Issuer (as applicable) with, or ensure that the Issuer may benefit from, any existing, new or amended legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including, without limitation, APRA) in relation to covered bonds 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.

***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 Australian Covered Bonds. This may affect dealings by the Bond Trustee in respect of the Australian Covered Bonds or under the Covered Bond Guarantee in relation to the Australian 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 (in particular the Establishment Deed and the Security Deed relating to the Covered Bond Trust) relating to the subordination of Excluded Swap Termination Amounts.

The English Supreme Court has held that such a subordination provision as described above is valid under English law. It is likely (but not certain) an Australian court would consider Australian law to have the same effect. Contrary to the determination of the English 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 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 outcome of these decisions is that U.S. law is unsettled.

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 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 Australia and any relevant foreign judgment or order was recognised by the 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 Issuer to satisfy its obligations under the Covered Bonds.

Lastly, given the general relevance of the issues under discussion in the judgments referred to above and that the Programme Documents will include terms providing for the subordination of Excluded Swap Termination Amounts, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the 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 Priority 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 Asset Pool). 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 Asset Pool 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 bonds provisions of the Australian Banking Act, the Australian Banking Act or any other prudential requirement regulation or a prudential standard relating to covered bonds.

***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 a new 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.

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 Asset Pool. 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, a Borrower in relation to a regulated Mortgage Loan may have the right to apply to a court to:

- (a) vary the Mortgage Conditions 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 Related Security 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 Australian Taxation Office 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 Australian Taxation Office 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 Loan Portfolio or any part thereof in a timely manner and/or the realisable value of the Portfolio 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 Covered Bond Trust may become subject to registration requirements under the U.S. Commodity Exchange Act and required to comply with certain commodity reporting requirements.***

The Dodd-Frank Act expanded the definition of a “commodity pool” to include any form of enterprise operated for the purpose of trading in commodity interests, including swaps. The definition of “swaps” under the Dodd-Frank Act is broad, and expressly includes interest rate swaps, cross-currency swaps and total return swaps. The U.S. Commodity Futures Trading Commission (the **CFTC**) has taken an expansive interpretation of these definitions and has expressed the view that entering into a single swap (even if the swap is used solely for hedging purposes) could make an entity a “commodity pool” subject to regulation under the U.S. Commodity Exchange Act, as amended (the **CEA**). Under the new definitions and interpretations, the Trust could potentially be considered a “commodity pool” and consequently, the person or entity responsible for operation and management of the Trust could be required to register, respectively, as a “Commodity Pool Operator” (a **CPO**) and “commodity trading advisor” (**CTA**) with the CFTC and the National Futures Association unless an exemption applies.

In December 2012, the CFTC issued a no-action letter giving relief to certain securitization vehicles from the requirements applicable to CPOs. Among the structures granted relief were certain covered bonds structures. In order for the person or entity responsible for the operation and management of the Trust to ensure that it is not required to register as a CPO in connection with the operation of the Trust, the Trust must contain no commodity interests other than swaps which are used only for purposes permitted by Regulation AB under the Securities Act and Covered Bondholders must only be entitled to receive payment of accrued interest and principal on the Covered Bonds without such payments being conditioned on swap exposure. The limits imposed by operating under the relief described above may prevent the Trust from entering into hedging transactions which the Issuer believes would be advisable, or result in the Trust incurring financial risks that would have been hedged absent such limits.

While there are also certain limited exemptions from registration, because the wording of these regulations applies to traditional commodity pools and was not drafted with entities and transactions such as the Trust and its activities in mind, it is unclear whether and to what extent any of these exemptions would be available to avoid registration with respect to the Trust.

If the Trust were deemed to be a “commodity pool”, the CPO and CTA might, absent an exemption or relief, have to comply with a number of disclosure and reporting requirements that are geared to traded commodity pools. It is presently unclear how a vehicle such as the Trust could comply with certain of these requirements on an ongoing basis. Such registration and other requirements would involve material ongoing costs to the Trust. The scope of such requirements and related compliance costs could adversely affect the amount of funds available to make payments on the Covered Bonds.

If no exemption or relief is available, or the Trust does not meet the requirements of any applicable exemption or relief, the Trust may be subject to enforcement actions or restrictions on its activities for non-compliance with applicable registration requirements.

Further, even if regulatory relief is granted by the CFTC, no assurance can be made that the United States federal government or any U.S. regulatory body (or other authority or regulatory body) will not take further legislative or regulatory action in connection with covered bonds structures and the effect of such actions, if any, cannot be known or predicted.

***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.***

On 12 December 2006, the Australian Government enacted the Anti-Money Laundering and Counter-Terrorism Financing Act (**AML/CTF Act**), which replaced the Australian Financial Transactions Reports Act 1988. The AML/CTF Act made a number of significant changes to Australia's anti-money laundering and counter-terrorism financing regulation.

Under the AML/CTF Act, if an entity has not met its obligations under the AML/CTF Act, that entity will be prohibited from providing a designated service which includes:

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

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

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

The Personal Property Securities Act 2009 (**PPSA**) established a national system for the registration of security interests in personal property, together with new rules for the creation, priority and enforcement of security interests in personal property. The PPSA commenced on 15 December 2009 and took effect on 30 January 2012 (**PPSA Start Date**) and is subject to further extension under the relevant legislation. A two year transitional period will apply from the PPSA Start Date. The PPSA has retrospective effect on security interests and security agreements arising before that time by operation of the transitional provisions. The issue is relevant to this transaction because it has transitioned though the PPSA Start Date. A person who holds a security interest under the PPSA may need to take additional steps under the PPSA to maintain the effectiveness or priority of its security interest.

Security interests for the purposes of the PPSA include traditional securities such as charges and mortgages. However, they also include transactions that in substance, secure payment or performance of an obligation but may not currently be legally classified as securities. Further, certain other interests are deemed to be security interests whether or not they secure payment or performance of an obligation - these deemed security interests include assignments of certain property.

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

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

The transitional provisions provided that security interests registered on certain existing registers be migrated to the PPSR (for example, charges registered on the ASIC Register of Company Charges). These types of security interests are referred to as "transitional security interests". If the details held by the relevant existing public register in relation to a transitional security interest are incorrect or insufficient or if, as a result of human or systemic error those details were not properly migrated to the PPSR, or there is not a separate

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

The transitional provisions are intended to ensure that transitional security interests which will be migrated from existing registers retain the priority they had prior to migration. They are also designed to give holders of existing security interests which are not currently registered on any existing registers two years to perfect them by registration by deeming them to be perfected for that period. However, there are various other rules in the PPSA which apply from the PPSA Start Date and which mean that despite the purported protection of the transitional provisions, the PPSA may result in different priority outcomes in certain circumstances unless the holders of these security interests take additional steps to protect their security interests including registering pre-commencement security interests as soon as possible after the PPSA Start Date and not waiting until later in the transitional period. 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 because:

- (a) while the PPSA Start Date has occurred, it is possible that further amendments could be made to the PPSA and other legislation. In addition, amendments may be made to regulations which deal with important aspects of the PPSA's operation; and
- (b) the PPSA significantly altered the law relating to secured transactions. There are issues and ambiguities in respect of which a market view or practice will evolve over time.

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

### ***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 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 June 2010 only) and would cause detriment to the consumer if it were relied on. Therefore the effect of this provision will depend on the actual term of the agreement or contract that was declared unfair.

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

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

***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, unless such credit ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended) subject to transitional provisions that apply in certain circumstances whilst the registration has not been withdrawn or suspended. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU 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). 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.

***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 BCBS 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 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 required implementation from 1 January 2015, with full implementation by January 2019 and the NSFR requirements refer to implementation from January 2018). As Basel III requires national level implementation, 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. It should also be noted that changes to regulatory capital requirements are coming for insurance and reinsurance undertakings through national initiatives, such as the Solvency II framework in Europe.

On 1 January 2013, new capital requirements of APRA's Basel III Prudential Standards came into effect. These require ADIs to maintain a CET1 ratio, which is a capital requirement relative to risk weighted assets, of at least 4.5 per cent. From 1 January 2016, the following capital buffer requirements apply:

- (a) a new capital conservation buffer of 2.5 per cent. of risk-weighted assets applies, required to be made up of CET1 capital that places restrictions on capital distributions if an ADI's capital level falls within the buffer range; and
- (b) APRA may determine that a countercyclical buffer of between zero and 2.5 per cent. of risk-weighted assets is to be applied where excessive credit growth and other factors indicate system-wide build-up of risk.

In December 2013, APRA released its framework in relation to D-SIBs in Australia. The Issuer has been identified as a D-SIB and as a result is subject to a 1 per cent. higher loss absorbency requirement, which must be met by CET1 capital and was implemented through an extension of the capital conservation buffer, effective 1 January 2016. The total capital conservation buffer will therefore be 3.5 per cent. of CET1 capital and the total CET1 capital requirement will be 8 per cent. for the Issuer.

In November 2014, APRA released an updated APS210 liquidity standard. Accordingly, the LCR requirement became effective in Australia from 1 January 2015 and APRA's interpretation of the NSFR requirement is expected to be released in late 2016, with such requirement due to become effective in Australia from 1 January 2018. The changes approved by the Basel Committee and their expected 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.

None of the Issuer, the Covered Bond Guarantor, the Lead Manager (if applicable), the Arrangers 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>                                                            | National Australia Bank Limited (ABN 12 004 044 937), is a public limited company incorporated in the Commonwealth of Australia and its registered office is Level 1, 800 Bourke Street, Docklands, Victoria 3008, Australia ( <b>nab</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 18, 123 Pitt Street, Sydney, NSW 2000, as trustee of the nab Covered Bond Trust (the <b>Trustee</b> ).                         |
| <b>Nature of eligible property:</b>                                       | Residential Mortgage Loans and the Related Security, Substitution Assets and Authorised Investments.                                                                                                                                                                                                  |
| <b>Location of eligible residential property securing Mortgage Loans:</b> | Australia.                                                                                                                                                                                                                                                                                            |
| <b>Maximum Asset Percentage:</b>                                          | 95 per cent.                                                                                                                                                                                                                                                                                          |
| <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 Revenue Receipts or the proceeds of the issue of Intercompany Notes if nab'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>                                                | Ernst & Young, having an office at 8 Exhibition Street, Melbourne VIC 3000, 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.

**Clearing Systems:**

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, DTC and/or any other clearing system outside Australia specified in the Applicable Final Terms.

The Issuer may apply to Austraclear Limited (ABN 94 002 060 773) (**Austraclear**) for approval for the A\$ Registered Covered Bonds to be traded on the settlement system operated by Austraclear (**Austraclear System**). Such approval of the A\$ Registered Covered Bonds by Austraclear is not a recommendation or endorsement by Austraclear of the A\$ Registered Covered Bonds.

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

**Listing and admission to trading:**

Application has been made by the Issuer to admit Covered Bonds issued under the Programme to the Official List and to admit Covered Bonds to trading on the Regulated Market of the Luxembourg Stock Exchange. Covered Bonds issued under the Programme may be unlisted or may be listed on such other or further stock exchanges or regulated or unregulated markets, as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee and the relevant Dealer(s). Any A\$ Registered Covered Bonds issued under the Programme may be unlisted.

Perpetual Corporate Trust Limited and P.T. Limited have not made or authorised the application to admit Covered Bonds issued under the Programme to the official list of the Luxembourg Stock Exchange or to admit the Covered Bonds to trading on the Regulated Market of the Luxembourg Stock Exchange.

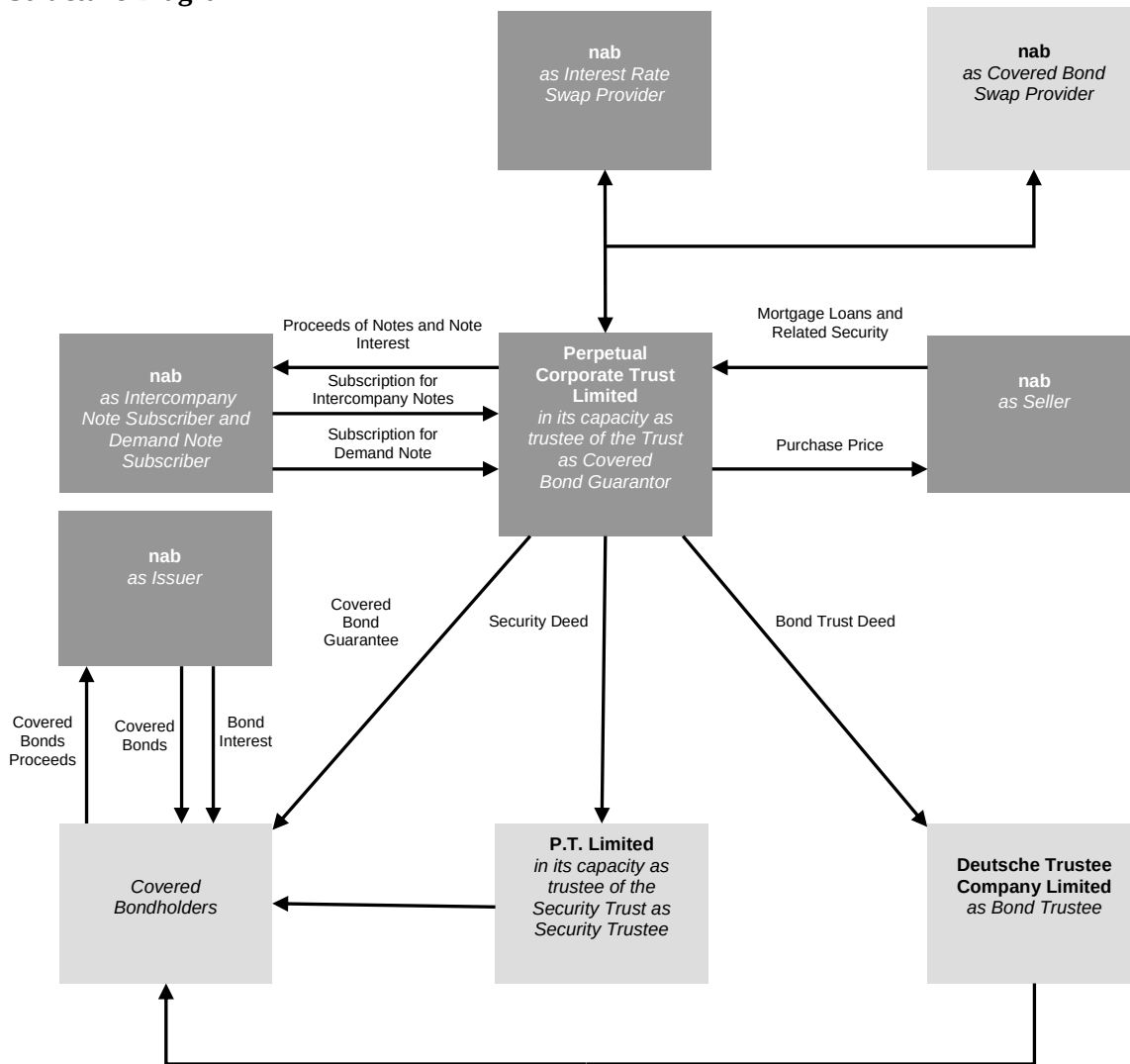
N Covered Bonds will not be listed and/or admitted to trading.

## 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, nab 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 nab 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 nab 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 Purchase Price of a New Mortgage Loan Portfolio (consisting of Mortgage Loans and the Related

Security originated by the Seller) from the Seller in accordance with the terms of the Mortgage Sale Agreement; (ii) if a New Mortgage Loan Portfolio is purchased from the Seller in advance of a Series or Tranche of Covered Bonds using the proceeds from the issue or an Increase of 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); and/or (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, nab as Demand Note Subscriber will subscribe for a Demand Note to be issued by the Covered Bond Guarantor and will subscribe for further increases in the principal amount of the Demand Note, 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 principal amount of, the Demand Note may only be used by, or on behalf of, the Covered Bond Guarantor: (i) as consideration (in whole or in part) for the acquisition of Mortgage Loans and the Related Security from the Seller on a Transfer 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 repayment by the Covered Bond Guarantor of any outstanding Intercompany Note; or (vi) for any purpose whatsoever (other than any purpose contemplated by any of the preceding paragraphs (i) to (v)) 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 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 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 Loans and the Related Security (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;
- in respect of the Junior Demand Note Component, be 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 Portfolio, 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-Acceleration Revenue Priority of Payments and Pre-Acceleration 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 Revenue Receipts (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-Acceleration Revenue Priority of Payments; and
- (b) apply Available Principal Receipts towards repayment of the Demand Note and the Intercompany Notes but only after payment of certain items ranking higher in the Pre-Acceleration 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 Revenue Receipts and all Available Principal Receipts will continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments or Pre-Acceleration Principal Priority of Payments, as applicable, save that, whilst any Covered Bonds remain outstanding, no moneys will be applied to (i) acquire New Mortgage Loans and the Related Security 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 New Mortgage Loans and the Related Security 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 Loans and Related Security*"), (iv) reimburse the Seller for funding Further Advances and/or Cash Redraws, or (v) pay distributions to the Residual Income Unitholder or the Residual Capital Unitholders, and the remainder (if any) will be deposited into the GIC Account and applied as Available Revenue Receipts or Available Principal Receipts, 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 certain amounts due to third parties and Swap Collateral Excluded Amounts) to pay Guaranteed Amounts in respect of the Covered Bonds when the same become Due for Payment, subject to paying certain higher ranking obligations of the Covered Bond Guarantor in the Guarantee Priority of Payments (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 nab 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 Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable)) 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 Portfolio, 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 will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant 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 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 Legislative 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 the proceeds of Available Revenue Receipts or the remaining proceeds of the issue of an Intercompany 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 Mortgage Loans and the Related Security originated by the Seller to the Covered Bond Guarantor on any Transfer Date will be a cash payment paid by the Covered Bond Guarantor to the Seller on the applicable Transfer Date. The Seller will, subject to the satisfaction of certain conditions, be permitted to sell Qualifying Mortgage Loans and the Related Security to the Covered Bond Guarantor from time to time.

### ***Servicing Agreement***

In its capacity as Servicer, nab 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 Security sold by nab (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 Loan Portfolio*" and "*Conditions of the Covered Bonds*", below.

## 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:** National Australia Bank Limited (ABN 12 004 044 937), is a public limited company incorporated in the Commonwealth of Australia and its registered office is Level 1, 800 Bourke Street, Docklands, Victoria 3008, Australia (**nab**).

For further information about the Issuer, please see the section of this Prospectus entitled "*National Australia Bank 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 18, 123 Pitt Street, Sydney, NSW 2000 Australia, as trustee of the nab 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 the Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement and to guarantee certain payments in respect of the Covered Bonds. The Covered Bond Guarantor will hold the Mortgage Loan Portfolio 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 the Related Security, 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>                  | nab.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Initial Residual Income Unitholder:</b>                   | nab.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Trust Manager:</b>                                        | nab.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Seller:</b>                                               | The Seller under the Programme is nab, 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, nab has been appointed to service the Mortgage Loans and Related Security sold to the Covered Bond Guarantor by the Seller.                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Principal Paying Agent and Exchange Agent:</b>            | Deutsche Bank A.G., London Branch whose registered office is at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, has been appointed pursuant to the Principal Agency Agreement as Principal Paying Agent and Exchange Agent respectively.                                                                                                                                                                                                                                                                                                   |
| <b>Transfer Agent and Registrar:</b>                         | Deutsche Bank Trust Company Americas, who has an office at 60 Wall Street, 16 <sup>th</sup> Floor, New York, NY 10005, United States has been appointed pursuant to the Principal Agency Agreement as Transfer Agent and Registrar respectively.                                                                                                                                                                                                                                                                                                                         |
| <b>N Covered Bond Paying Agent/N Covered Bond Registrar:</b> | Deutsche Bank AG, Frankfurt, whose registered office is at Taunusanlage 12, 60325, Frankfurt am Main, Germany, has been appointed pursuant to the Principal Agency Agreement as N Covered Bond Paying Agent and N Covered Bond Registrar, respectively.                                                                                                                                                                                                                                                                                                                  |
| <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>                                         | Deutsche Trustee Company Limited, who has an office at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom 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), whose registered office is at Level 18, 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>          | Ernst & Young, having its registered office at 8 Exhibition Street, Melbourne VIC 3000, 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 Asset Pool with the requirements of the Australian Banking Act (including the Legislated Collateralisation Test) and assess whether the Trust Manager is keeping an accurate register of assets in the Asset Pool.                                                                                                                                                                                                                                                                                                                                               |
| <b>Covered Bond Swap Providers:</b> | 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). |
| <b>Interest Rate Swap Provider:</b> | nab (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 in the Mortgage Loan Portfolio, and on certain other assets in the Asset Pool 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 Agreement.                                                                                                                                                                                                                                                             |
| <b>Account Bank:</b>                | nab has been appointed the initial Account Bank to the Covered Bond Guarantor pursuant to the terms of the Account Bank Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Programme Description:</b>       | Global Covered Bond Programme.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Co-Arrangers:</b>                | nab and Deutsche Bank Aktiengesellschaft in respect of any issuance of Covered Bonds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Dealers:</b>                     | In respect of any issuance of Covered Bonds (other than Rule 144A Covered Bonds), nab, Deutsche Bank Aktiengesellschaft, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Goldman Sachs International, HSBC France, J.P. Morgan Securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

plc, Merrill Lynch International, Morgan Stanley & Co. International plc, RBC Europe Limited and UBS Limited 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.

In respect of any issuance of Rule 144A Covered Bonds, nabSecurities, LLC, Deutsche Bank Aktiengesellschaft, Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., HSBC Securities (USA) Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and UBS Securities LLC 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 Transfer and Selling Restrictions*" below).

**Programme Size:**

Up to U.S.\$30 billion (or its equivalent in other currencies determined by reference to the spot rate for the sale of U.S. dollars against the purchase of such currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant date of 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 Transfer 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 relevant 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, Floating Rate Covered Bonds or Zero Coupon Covered Bonds, depending on the Applicable Final Terms, and subject, in each case, to issuance of a Rating Affirmation Notice by the Issuer.

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

**Fixed Rate Covered Bonds:**

Fixed Rate Covered Bonds will bear interest at a fixed rate which will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (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

relevant Final Terms.

**Zero Coupon Covered Bonds:**

Zero Coupon Covered Bonds may be offered and sold at a discount to their nominal amount and will not bear interest except in the case of late payment unless otherwise specified 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 Programme Conditions and/or, in the case of an N Covered Bond, the relevant Condition of the relevant N Covered Bond Conditions (if applicable).

**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).

Minimum denomination of each Definitive Rule 144A Covered Bond will be U.S.\$250,000 or its approximate equivalent amount in other Specified Currencies.

**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 Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable). If any such deduction or withholding is made by the Issuer, the Issuer will, only in the limited circumstances provided in Condition 7 of the Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable), pay additional amounts in respect of the amounts so deducted or withheld. If any payments made by the Covered Bond Guarantor under the Covered Bond Guarantee are or become subject to any such withholding or deduction, the Covered Bond Guarantor will not be obliged to pay any additional amount as a consequence under Condition 7 of the Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable). 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 Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable). 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 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. 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 nab, 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 Security 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 from using a credit rating for regulatory purposes if such credit rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation or issued by a credit rating agency established in a third country but whose credit ratings are endorsed by the credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended) application for registration in accordance with the CRA Regulation and such registration is not refused, or is provided by a third party country credit rating entity whose credit ratings are disclosed in that registration application as being credit ratings that will be endorsed by the European Entity.

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:**

Application has been made by the Issuer to admit Covered Bonds issued under the Programme to the official list of the Luxembourg Stock Exchange and to admit Covered Bonds to trading on the Regulated Market of the Luxembourg Stock Exchange. Covered Bonds issued under the Programme may be unlisted or, in the event that the Issuer is unable to maintain listing and/or trading having used all reasonable endeavours or if the maintenance of such listing and/or trading becomes in the opinion of the Issuer unduly onerous on the Issuer, the Issuer may procure the listing, trading and/or quotation of the Covered Bonds on some listing authority, stock exchange and/or quotation system acceptable to the Bond Trustee. 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. No Covered Bonds will not be listed and/or admitted to trading.

**Governing Law:**

The Programme Agreement and any non-contractual obligations

arising out of or in connection with it 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, the 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 any N Covered Bonds), and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law 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.

Other than Conditions 3.2, 4.5, 6.2, 7.2, 9 and 14 of the N Covered Bond Conditions, clause 4 of the N Covered Bond Assignment Agreement and the N Covered Bond Agreement (which are governed by, and will be construed in accordance with, English law), the N Covered Bonds are governed by, and will be construed in accordance with, German law.

**Selling Restrictions:**

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

Pursuant to Article 11 of the Prospectus Directive, the following documents, which have previously been published or are published simultaneously with this Prospectus and have been filed with the Competent Authority, will be incorporated by reference, and form part of, this Prospectus:

- (a) nab's Annual Financial Reports for the financial years ended 30 September 2015 (**2015 nab Annual Financial Report**) and 30 September 2016 (**2016 nab Annual Financial Report**), and together with the 2015 nab Annual Report, the **nab Annual Financial Reports**) (including the audit report and the consolidated audited financial statements of the nab Group and the non-consolidated audited financial statements of nab for the financial years ended 30 September 2015 and 30 September 2016);
- (b) the audited financial statements of the Trust (including the auditor's report and notes thereto) for the financial year ended 30 September 2014 (**2014 Trust Financial Statements**) and for the financial year ended 30 September 2015 (**2015 Trust Financial Statements**);
- (c) the Terms and Conditions of the Covered Bonds contained in the previous prospectuses dated 15 November 2011 on pages 100 to 149 (inclusive), dated 23 November 2012 on pages 96 to 147 (inclusive), dated 20 November 2013 on pages 99 to 150 (inclusive), dated 19 November 2014 on pages 97 to 148 (inclusive) and dated 19 November 2015 on pages 102 to 153 (inclusive); and
- (d) the cover pool information as set out on pages 1 to 2 of nab's October 2016 interim 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 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 publication of this Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer. Requests for such documents should be directed to the Issuer at its office set out at the end of this Prospectus.

The documents listed in (a) above contain financial information on the Issuer, as described in the tables below.

### Cross Reference Table

|               |                                             |
|---------------|---------------------------------------------|
| Balance Sheet | 2015 nab Annual Financial Report<br>Page 71 |
|               | 2016 nab Annual Financial Report<br>Page 64 |



|                                                                                                                       |                                                   |
|-----------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| Income Statement                                                                                                      | 2015 nab Annual Financial Report<br>Page 69       |
|                                                                                                                       | 2016 nab Annual Financial Report<br>Page 62       |
| Statement of comprehensive income                                                                                     | 2015 nab Annual Financial Report<br>Page 70       |
|                                                                                                                       | 2016 nab Annual Financial Report<br>Page 63       |
| Cash Flow Statement                                                                                                   | 2015 nab Annual Financial Report<br>Pages 72-73   |
|                                                                                                                       | 2016 nab Annual Financial Report<br>Page 65-66    |
| Statement of changes in equity                                                                                        | 2015 nab Annual Financial Report<br>Pages 74-75   |
|                                                                                                                       | 2016 nab Annual Financial Report<br>Pages 67-68   |
| Accounting Policies and Explanatory<br>Notes (in each case referred to as the<br>"Notes to the Financial Statements") | 2015 nab Annual Financial Report<br>Pages 76-182  |
|                                                                                                                       | 2016 nab Annual Financial Report<br>Pages 69-145  |
| Auditor's Report                                                                                                      | 2015 nab Annual Financial Report<br>Pages 184-185 |
|                                                                                                                       | 2016 nab Annual Financial Report<br>Pages 147-152 |
| Legal and Arbitration Proceedings                                                                                     | 2015 nab Annual Financial Report<br>Pages 139-140 |
|                                                                                                                       | 2016 nab Annual Financial Report<br>Pages 108-109 |

The document listed in (b) above contains financial information on the Trust, as described in the tables below.

#### **Cross Reference Table**

|                                 |                                           |
|---------------------------------|-------------------------------------------|
| Statement of Financial Position | 2014 Trust Financial Statements<br>Page 8 |
|                                 | 2015 Trust Financial Statements<br>Page 7 |

|                                                                   |                                                |
|-------------------------------------------------------------------|------------------------------------------------|
| Statement of Comprehensive Income                                 | 2014 Trust Financial Statements<br>Page 7      |
|                                                                   | 2015 Trust Financial Statements<br>Page 6      |
| Statement of Changes in Net Assets<br>Attributable to Unitholders | 2014 Trust Financial Statements<br>Page 9      |
|                                                                   | 2015 Trust Financial Statements<br>Page 8      |
| Statement of Cash Flows                                           | 2014 Trust Financial Statements<br>Page 10     |
|                                                                   | 2015 Trust Financial Statements<br>Page 9      |
| Notes to the financial statements                                 | 2014 Trust Financial Statements<br>Pages 11-21 |
|                                                                   | 2015 Trust Financial Statements<br>Pages 10-20 |
| Independent Audit Report                                          | 2014 Trust Financial Statements<br>Page 23     |
|                                                                   | 2015 Trust Financial Statements<br>Pages 22-23 |

The information incorporated by reference that is not included in the cross-reference lists above, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No 809/2004.

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 and within the United States in reliance on Rule 144A or Regulation D under the Securities Act.

### **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 S.A./N.V. (**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: (a) upon not less than 60 days' written notice being given to the Principal Paying Agent by Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in this Permanent Bearer Global Covered Bond); or (b) 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 Programme 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 (other than N 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 1 of the Programme Conditions and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Covered Bond will bear a legend regarding such restrictions on transfer (see "*Subscription and Sale and Transfer and Selling Restrictions*").

The Registered Covered Bonds of each Tranche may only be offered and sold in the United States or to U.S. persons in private transactions exempt from registration under the Securities Act to qualified institutional buyers within the meaning of Rule 144A under the Securities Act.

The Registered Covered Bonds of each Tranche sold to QIBs will be represented by a global covered bond in registered form (a **Rule 144A Global Covered Bond** and, together with a Regulation S Global Covered Bond, the **Registered Global Covered Bonds**).

Registered Global Covered Bonds will either: (i) 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; or (ii) be deposited with a custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream, Luxembourg. In the case of a Regulation S Global Covered Bond registered in the name of a nominee of DTC, prior to the end of the distribution compliance period (as defined in Regulation S) applicable to the Covered Bonds represented by such Regulation S Global Covered Bond, interests in such Regulation S Global Covered Bond may only be held through the accounts of Euroclear and Clearstream, Luxembourg.

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.

The Rule 144A Global Covered Bonds will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

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 Programme Conditions and/or Condition 5.1 of the N Covered Bond Conditions (if applicable)) 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: (i) in the case of Covered Bonds registered in the name of DTC or a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act; or (ii) in the case of Covered Bonds registered in the name a common depositary 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 Programme Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg and/or DTC (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 in (ii) 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.

Definitive Rule 144A Covered Bonds will be issued only in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency).

### **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.

### **Registered Covered Bonds - N Covered Bonds**

The Issuer may issue registered definitive bonds in the form of N Covered Bonds (*Namenschuldverschreibungen*) (as scheduled to the Bond Trust Deed) governed by German law and evidenced by a certificate made out in the name of the holder of the N Covered Bond.

### **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 DTC, Euroclear, Clearstream and 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 and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS 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 DTC, 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.

## 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).*

[Date]

**National Australia Bank Limited**

**Issue of [Aggregate Nominal Amount of Tranche]  
under the U.S.\$30 billion nab Covered Bond Programme  
unconditionally and irrevocably guaranteed as to payments of interest and principal by  
Perpetual Corporate Trust Limited  
as trustee of the nab Covered Bond Trust and Covered Bond Guarantor**

### PART A—CONTRACTUAL TERMS

Terms used herein will be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 17 November 2016 [and the supplement to the Prospectus dated *[insert date]*] ([together,] the **Prospectus**), which constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (as amended) (the **Prospectus Directive**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. Pursuant to Article 14(2) of the Prospectus Directive, copies of the Prospectus [and supplement to the Prospectus[s]] and Final Terms are available for viewing, free of charge, at the registered office of the Issuer and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and copies may be obtained, free of charge, from the registered office of the Principal Paying Agent at [●], the Registrar at [●] and the Transfer Agent at [●].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [15 November 2011/23 November 2012/20 November 2013/19 November 2014/19 November 2015] which are incorporated by reference in the Base Prospectus dated [●] November 2016 [and the supplement to the Prospectus dated *[insert date]*] ([together,] the **Prospectus**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (as amended) (the **Prospectus Directive**) and must be read in conjunction with the Prospectus dated [●] [and the supplements to the Prospectus dated [●]] which together constitute a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Prospectus dated [●]. Pursuant to Article 14(2) of the Prospectus Directive, copies of such Prospectus [and supplement to the Prospectus[s]] and Final Terms are available for viewing, free of charge, at the registered office of the Issuer and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and copies may be obtained, free of charge, from the registered office of the Principal Paying Agent at [●], the Registrar at [●] and the Transfer Agent at [●].

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 [insert date]]
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]  
(As referred to under Condition 4) [[LIBOR/EURIBOR/HIBOR/BA-

- CDOR/SIBOR/NIBOR] +/- [●] per cent. per annum Floating Rate]  
 [[BBSW Rate/BKBM Rate] +/- [●] per cent. per annum Floating Rate]  
 [Zero Coupon]  
 (see paragraphs 15, 16 and 17)
10. Redemption/Payment Basis:  
 (As referred to under Condition 6) 100 per cent. of the nominal amounts
11. Change of Interest Basis or Redemption/Payment Basis:  
 (As referred to under Conditions 4 and 6) [Not applicable][from Fixed to Floating][from Floating to Fixed]
12. Put/Call Options:  
 (As referred to under Conditions 6(c) and 6(d)) [Investor Put]  
 [Issuer Call]  
 [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:  
 (As referred to under Condition 4(a)) [Applicable/Not Applicable]
- (a) Rate[(s)] of Interest:  
 (As referred to under Condition 4(a)) [●] per cent. per annum payable  
 [annually/semi-annually/quarterly/[●] in arrear] on 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]/[●]
- (c) Fixed Coupon Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form, see Conditions):  
 (As referred to under Condition 4(a)) [[●] per Calculation Amount/Not Applicable]
- (d) Broken Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form, see Conditions):  
 (As referred to under Condition 4(a)) [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●] [Not Applicable]
- (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA) or RBA Bond]

|     |                                                                                                                                                          |                                                                                                                                                                                                    |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|     | (As referred to under Condition 4(a))                                                                                                                    | Basis/Australian Bond Basis]                                                                                                                                                                       |
| (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):<br>(As referred to under Condition 4(a))                                                                                          | [●] in each year                                                                                                                                                                                   |
| 16. | Floating Rate Covered Bond Provisions:<br>(As referred to under Condition 4(b))                                                                          | [Applicable/Not Applicable]                                                                                                                                                                        |
| (a) | Specified Period(s)/Specified Interest Payment Dates:<br>(As referred to under Condition 4(b))                                                           | [[●] 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]                       |
| (b) | Business Day Convention:<br>(As referred to under Condition 4(b))                                                                                        | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]                                                         |
| (c) | Additional Business Centre(s):<br>(As referred to under Condition 4(b))                                                                                  | [●]                                                                                                                                                                                                |
| (d) | Manner in which the Rate of Interest and Interest Amount is to be determined:<br>(As referred to under Condition 4(b))                                   | [Screen Rate Determination/ISDA Determination/BBSW Determination/BKBM Determination]                                                                                                               |
| (e) | Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):<br>(As referred to under Condition 4(b)) | [●]                                                                                                                                                                                                |
| (f) | Screen Rate Determination:                                                                                                                               | [Applicable/Not Applicable]                                                                                                                                                                        |
|     | (i) Reference Rate and Relevant Financial Centre:                                                                                                        | Reference Rate: [●] month [●]<br>[LIBOR/EURIBOR/HIBOR/BA-CDOR/BBSW/SIBOR/BKBM/NIBOR]<br><br>Relevant Financial Centre: [London/New York/Brussels/Hong Kong/Toronto/Sydney/Singapore/Auckland/Oslo] |

- (ii) Interest Determination Date(s): (As referred to under Condition 4(b)) [Second London business day prior to the start of each Interest Period]  
[First day of each Interest Period]  
[Second day on which the TARGET2 System is open prior to the start of each Interest Period]  
[Second Singapore business day prior to the start of each Interest Period]  
[[●] Auckland business day prior to the start of each Interest Period]  
[Second Oslo business day prior to the start of each Interest Period]  
[[●] days prior to the start of each Interest Period]
- (iii) Relevant Screen Page: [●]
- (g) ISDA Determination: (As referred to under Condition 4(b)) [Applicable/Not Applicable]
- (i) Floating Rate Option: [●]
- (ii) Designated Maturity: [●]
- (iii) Reset Date: [●]
- (h) BBSW Determination: [Applicable/Not Applicable]
- (i) Relevant Financial Centre: [Sydney]
- (ii) Interest Determination Date(s): [●]
- (i) BKBM Determination: [Applicable/Not Applicable]
- (i) Relevant Financial Centre: [Auckland and Wellington]
- (ii) Interest Determination Date(s): [●]
- (j) Linear Interpolation: [Not Applicable][Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (k) Margin(s): (As referred to under Condition 4(b)) [+/-] [●] per cent. per annum
- (l) Minimum Rate of Interest: (As referred to under Condition 4(b)) [●] per cent. per annum
- (m) Maximum Rate of Interest: (As referred to under Condition 4(b)) [●] per cent. per annum

Condition 4(b))

- |     |                                                                                    |                                                                                                                                                                                           |
|-----|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (n) | Day Count Fraction:<br>(As referred to under<br>Condition 4(b))                    | [[Actual/Actual] [Actual/Actual (ISDA)]<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>[30/360] [360/360] [Bond Basis]<br>[30E/360] [Eurobond Basis]<br>30E/360 (ISDA) ] |
| (o) | Interest Amounts Non-Adjusted:                                                     | [Applicable/Not Applicable]                                                                                                                                                               |
| 17. | Zero Coupon Covered Bond Provisions:<br>(As referred to under Condition 6(f)(iii)) | [Applicable/Not Applicable]                                                                                                                                                               |
| (a) | Accrual Yield:                                                                     | [●] per cent. per annum                                                                                                                                                                   |
| (b) | Reference Price:                                                                   | [●]                                                                                                                                                                                       |
| (c) | Day Count Fraction in relation to<br>Early Redemption Amounts and late<br>payment: | [30/360][Actual/365]                                                                                                                                                                      |

**PROVISIONS RELATING TO REDEMPTION**

- |      |                                                                                                                           |                                                        |
|------|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| 18.  | Notice periods for Condition 6(b)<br>(Redemption for tax reasons) or<br>Condition 6(e) (Redemption due to<br>illegality): | Minimum Period: [30] days<br>Maximum Period: [60] days |
| 19.  | 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<br>Amount:                                                                                             | [●]                                                    |
| (ii) | Maximum Redemption<br>Amount:                                                                                             | [●]                                                    |
| (d)  | Notice period (if other than as set<br>out in the Conditions):                                                            | [Not Applicable]                                       |
- [Not less than [[5] and not more than [30]] *[insert Business Centres]* Business Days' notice to the Bond Trustee, 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 DTC 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 DTC and/or Austraclear.]

[[●] **Business Day** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [●]]

- |     |                                                                                                                                                                                                                                                                                                                                                         |                                                                              |
|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 20. | Investor Put:<br>(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<br><br>Maximum Period: [60] Business Days |
| 21. | Final Redemption Amount:<br>(As referred to under Condition 6(a))                                                                                                                                                                                                                                                                                       | [[●] per Calculation Amount]                                                 |
| 22. | 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 out in Condition 6(f)):<br>(As referred to under Condition 6(f)) | [Condition 6(f) is applicable [●] per Calculation Amount]                    |

## GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

- |     |                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 23. | Tax gross-up by Issuer in accordance with Condition 7: | [Applicable/Not applicable]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|     |                                                        | <p>[If not applicable:</p> <p>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</p> |

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.]

24. Form of Covered Bonds:

Bearer Covered Bonds:

[Temporary Bearer Global Covered Bond exchangeable for a Permanent Bearer Global Covered Bond which is exchangeable for Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event]. The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]

[Temporary Bearer Global Covered Bond exchangeable for Definitive Covered Bonds on and after the Exchange Date. The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]

[Permanent Bearer Global Covered Bond exchangeable for Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event]. The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]

Registered Covered Bonds:

[Regulation S Global Covered Bond (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Covered Bond (U.S.\$[ ] nominal amount) registered in the name of a nominee for [DTC/ 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.]

25. Additional Financial Centre(s) or other special provisions relating to Payment Days:  
(As referred to under Condition 5(g)) [Not Applicable/●]
26. [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]
27. U.S. Selling Restrictions: [Reg S Compliance Category [1][2][3]; TEFRA C/TEFRA D/TEFRA not applicable]

### **THIRD PARTY INFORMATION**

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



## **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 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 Investors Services Limited and Fitch Ratings Limited.]

### **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: [●/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) [Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, S.A. and the relevant identification number(s):] [Not Applicable/Austraclear Services Limited, Level 4, 20 Bridge St, Sydney NSW 2000/ The Depository Trust Company, 55 Water Street, New York, NY 10041-0099, U.S.A./ [●][*insert address*]]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Name(s) and address(es) of initial Paying Agent(s) in relation to the Covered Bonds (other than the A\$ Registered Covered Bonds): [●]
- (vi) 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): [●]
- (vii) Name(s) and address(es) of A\$ Registrar in relation the A\$ Registered Covered Bonds: [●]

Signed on behalf of **National Australia Bank Limited (ABN 12 004 044 937):**

By: .....

*Duly authorised*

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

By: .....

*Duly authorised*

By: .....

*Duly authorised*

## 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 each Definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Conditions. The 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 National Australia Bank Limited (**nab** 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 15 November 2011 (the **Programme Date**) made between, amongst others, the Issuer, Perpetual Corporate Trust Limited ABN 99 000 341 533 as covered bond guarantor (the **Covered Bond Guarantor**), nab as trust manager (the **Trust Manager**) and Deutsche Trustee Company Limited as bond trustee (in such capacity, the **Bond Trustee**, which expression will include any successor 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 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 A.G., London 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), Deutsche Bank A.G., London Branch as exchange agent (in such capacity, the **Exchange Agent**, which expression will include any additional or successor exchange agent), Deutsche Bank Trust Company Americas as registrar (in such capacity, the **Registrar**, which expression will include any successor registrar), Deutsche Bank Trust Company Americas 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), Deutsche Bank Trust Company Americas as U.S. paying agent (in such capacity, the **U.S. Paying Agent**, which expression will include any additional or successor U.S. Paying Agents).

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 nab 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 Exchange 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, **Exchange Agent** will mean, in relation to a Tranche or Series of Covered Bonds, the Exchange Agent or such other exchange 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 10 November 2011 and made between the Covered Bond Guarantor, the Issuer, 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 nab Covered Bond Trust Definitions Schedule made between the parties to the Programme Documents on 10 November 2011 (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, a Floating Rate Covered Bond or a Zero Coupon 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 ratings of any outstanding Series of Covered Bonds will not be adversely affected by the issuance of this Covered Bond.

Bearer Definitive Covered Bonds are issued with Coupons attached, unless they are Zero Coupon Covered Bonds in which case references to Coupons and Couponholders in these Conditions are not applicable.

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 depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**) or The Depository Trust Company (**DTC**) each person (other than Euroclear, Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or DTC 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 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 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, and, in the case of DTC or its nominee, voting, giving consents and making requests, for which purpose the bearer of the relevant Global Covered Bond or the registered holder of the relevant Registered Global Covered Bond will be treated by the Issuer, the Covered Bond Guarantor, any Paying Agent and the Bond Trustee as the holder of 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 DTC or 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:

- (i) 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
- (ii) the holder of the A\$ Registered Covered Bond does not rely on any fact, matter or circumstance contrary to paragraph (i).

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 DTC, 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 Rule 144A Global Covered Bonds (as defined below) and Regulation S Global Covered Bonds (as defined below) (together, the **Registered Global Covered Bonds**) will be effected by DTC, 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 DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Principal Agency Agreement. Transfers of a Registered Global Covered Bond registered in the name of a nominee for DTC will be limited to transfers of such Registered Global Covered Bond, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

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



Subject as provided in Conditions 2(f), 2(g) and 2(h) below, 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 5 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 pm 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 Covered Bonds it holds and the transfer form does not identify the specific Covered Bonds transferred, the A\$ Registrar may choose which Covered Bonds registered in the name of the Covered Bondholder have been transferred. However, the Principal Amount Outstanding of the Covered Bonds registered as transferred must equal the Principal Amount Outstanding of the 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) *Transfers of interests in Regulation S Global Covered Bonds***

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Covered Bond to a transferee in the United States or who is a U.S. person will only be made (i) upon receipt by the Registrar or the Transfer Agent of a written certification substantially in the form set out in the Principal Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Covered Bond or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any State of the United States or any other jurisdiction; or (ii) otherwise 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.

In the circumstances set out in this Condition 2(f), such transferee may take delivery through a Legended Covered Bond in global or definitive form. Prior to the end of the applicable Distribution Compliance Period beneficial interests in Regulation S Global Covered Bonds registered in the name of a nominee for DTC may only be held through the accounts of Euroclear and Clearstream, Luxembourg. After expiry of the applicable Distribution Compliance Period: (i) beneficial interests in Regulation S Global Covered Bonds registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC or indirectly through a participant in DTC; and (ii) such certification requirements will no longer apply to such transfers.

**(g) *Transfers of interests in Legended Covered Bonds***

Transfers of Legended Covered Bonds or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Covered Bond, upon receipt by the Registrar or the Transfer Agent of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Covered Bond registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Covered Bonds being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Legended Covered Bond where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

- (iii) otherwise 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.

Upon the transfer, exchange or replacement of Legended Covered Bonds, or upon specific request for removal of the Legend therein, the Registrar or the Transfer Agent will deliver only Legended Covered Bonds or refuse to remove the Legend therein, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

**(h) *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.

**(i) *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);

**Legended Covered Bonds** means Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bond) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

**QIB** means a "qualified institutional buyer" within the meaning of Rule 144A;

**Regulation S** means Regulation S under the Securities Act;

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

**Rule 144A** means Rule 144A under the Securities Act;

**Rule 144A Global Covered Bond** means a Registered Global Covered Bond representing Covered Bonds sold in the United States to QIBs in reliance on Rule 144A; 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 Australian 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:

- (a) 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**);
- (b) 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;
- (c) third, the ADI's liabilities (if any) in Australia in relation to protected accounts that accountholders keep with the ADI;
- (d) fourth, the ADI's debts (if any) to the Reserve Bank of Australia (the **RBA**);
- (e) fifth, the ADI's liabilities (if any) under an industry support contract that is certified under section 11CB of the Australian Banking Act; and
- (f) 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 (f) 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 section 13A(3)(a) - (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 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:
  - (A) for amounts paid and/or calculated in respect of Interest Payment Dates, one divided by the number of Interest Payment Dates in a year; and
  - (B) for amounts paid and/or calculated in respect of dates other than Interest Payment Dates, Actual/Actual (ICMA).

In these Conditions:

**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, 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) above, 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 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 (TARGET2) System or any successor thereto (the **TARGET2 System**) 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) *ISDA Determination for Floating Rate Covered Bonds*

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



- (1) the Floating Rate Option is as specified in the Applicable Final Terms;
- (2) the Designated Maturity is the period specified in the Applicable Final Terms; and
- (3) the relevant Reset Date is either: (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**), the Euro-zone inter-bank offered rate (**EURIBOR**), the Hong Kong inter-bank offered rate (**HIBOR**), the Toronto inter-bank offered rate (**BA-CDOR**) or the Australian Bank Bill Swap Rate (**BBSW**) for a currency, the first day of that Interest Period or (ii) if the applicable Floating Rate Option is based on the Singapore inter-bank offered rate (**SIBOR**) the second Singapore business day prior to the start of each Interest Period or (iii) if the applicable Floating Rate Option is based on the New Zealand inter-bank offered rate (**BKBM**), the first day of that Interest Period or (iv) if the applicable Floating Rate Option is based on the Oslo inter-bank offered rate (**NIBOR**) the second Oslo business day prior to the start of each Interest Period; or (v) in any other case, as specified in the Applicable Final Terms.

Unless otherwise stated in the Applicable Final Terms the Minimum Rate of Interest will be deemed to be zero.

For the purposes of this sub-Paragraph (b) Floating Rate, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions.

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

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

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards or, in the case of A\$ Registered Covered Bonds only, rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which either (i) in the case of A\$ Registered Covered Bonds, appears or appear, as the case may be, on the Relevant Screen Page as at 10.15 a.m. (Sydney time) in the case of BBSW on the Interest Determination Date in question plus or minus the Margin (if any), all as determined by the Calculation Agent, or (ii) otherwise, appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or 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 10.00 a.m. Toronto time in the case of BA-CDOR or as at 10.45 a.m. Auckland 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. 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 Calculation Agent or the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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 LIBOR (other than Sterling or Euro LIBOR), the second London business day prior to the start of each Interest Period;
- (ii) if the Reference Rate is Sterling LIBOR, HIBOR, BA-CDOR or BBSW, the first day of each Interest Period;
- (iii) if the Reference Rate is EURIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period;
- (iv) if the Reference Rate is SIBOR, the second Singapore business day prior to the start of each Interest Period;
- (v) if the Reference Rate is BKBM, the first day of each Interest Period; or
- (vi) if the Reference Rate is NIBOR, the second Oslo business day prior to the start of each Interest Period.

**Reference Rate** shall mean (i) LIBOR, (ii) EURIBOR, (iii) HIBOR, (iv) BA-CDOR, (v) BBSW, (vi) SIBOR, (vii) BKBM or (viii) NIBOR, in each case for the relevant period, as specified in the applicable Final Terms.

**Relevant Financial Centre** shall mean London, in the case of a determination of LIBOR, 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 BA-CDOR, Sydney, in the case of a determination of BBSW, 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.

The Principal Agency Agreement contains provisions for determining the Rate of Interest pursuant to this subparagraph in the event that 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.

In the case of A\$ Registered Covered Bonds, in the event that 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 calculated by the Calculation Agent as the average of the Reference Rates quoted by four leading banks in Sydney to leading banks in Sydney at or about 10.15 a.m. (Sydney time) on the Interest Determination Date for a period equivalent to the Interest Period or, if the Calculation Agent is unable to obtain at least two quotes in accordance with the foregoing, the rate the Calculation Agent calculates as the average of the rates per annum (being the nearest equivalent to the Reference Rate)

quoted by two or more leading banks in Sydney selected by the Calculation Agent to leading banks in the Sydney at or about 10.30 a.m. (Sydney time) on the Interest Determination Date for a period equivalent to the 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 BBSW, LIBOR, EURIBOR, HIBOR, BA-CDOR, SIBOR, BKBM or NIBOR, the Rate of Interest in respect of such Covered Bonds will be determined as provided in the Applicable Final Terms.

*(C) BBSW Determination for Floating Rate Covered Bonds*

Where "BBSW 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 rate for prime bank eligible securities (expressed as a percentage rate per annum), having a tenor closest to the relevant Interest Period, which is designated as the "AVG MID" (the **BBSW Rate**) on the BBSW Page (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) at or about the BBSW 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.

If the BBSW Page is not available, or if the BBSW Rate does not appear on the BBSW Page by 10.30 a.m. in the Relevant Financial Centre (or such other time that is 15 minutes after the then prevailing BBSW Publication Time in the Relevant Financial Centre), the Rate of Interest shall be determined in good faith by the Principal Paying Agent on the Interest Determination Date, after consultation with the Issuer, having regard to comparable indices then available.

If the Principal Paying Agent is unable to determine the Rate of Interest in accordance with the preceding paragraph, the Rate of Interest shall be that 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)(C):

**BBSW Page** means the Reuters Screen "BBSW" Page, or such other page on the Reuters Monitor Money Rates Service (or a successor service) as may replace such page for the purpose of displaying the Australian Bank Bill Swap Rate;

**BBSW Publication Time** means 10.15 a.m. (or such other time at which the BBSW Rate customarily appears on the BBSW Page);

**Interest Determination Date** shall mean the date specified as such in the Final Terms or if none is so specified, the first day of each Interest Period; and

**Relevant Financial Centre** shall mean Sydney, as specified in the applicable Final Terms.

*(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 Reference Rate (FRA)" (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) administered by the New Zealand Financial Markets Association (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.

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), the Rate of Interest shall be determined in good faith by the Principal Paying Agent on the Interest Determination Date after consultation with the Issuer, 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.

If the Principal Paying Agent is unable to determine the Rate of Interest in accordance with the preceding paragraph, the Rate of Interest shall be that 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 the Reuters Screen "BKBM" Page, or such other page on the Reuters Monitor Money Rates Service (or a successor service) as may replace such page for the purpose of displaying the New Zealand Bank Bill reference 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 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 paragraph (ii) above 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 paragraph (ii) above 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 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 the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

- (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 by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where "Screen Rate Determination" is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where "ISDA Determination" is specified as applicable in the applicable Final Terms) or the relevant BBSW Rate (where "BBSW Determination" is specified as applicable in the applicable Final Terms) or the relevant BKBM Rate (where "BKBM Determination" is specified as applicable in the applicable Final Terms), one of which shall be determined as if the

Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(vi) *Notification of Rate of Interest and Interest Amounts*

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 or other relevant competent authority or quotation system 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 published 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 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 or other relevant authority 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.

(vii) *Determination or Calculation by Bond Trustee*

If for any reason at any relevant time after the Issue Date, the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent or the Calculation Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (ii) above or as otherwise specified in the Applicable Final Terms, as the case may be, and in each case in accordance with paragraph (iv) above, the Bond Trustee may determine (or appoint an agent to determine) the Rate of Interest at such rate as, in its absolute discretion (having such regard as it thinks fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the Applicable Final Terms), it deems fair and reasonable in all the circumstances or, as the case may be, the Bond Trustee may calculate (or appoint an agent to calculate) the Interest Amount(s) in such manner as it deems fair and reasonable. In making any such determination or calculation, the Bond Trustee may appoint and rely on a determination or calculation by a calculation agent (which must be an investment bank or other suitable entity of international repute). Each such determination or calculation will be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as the case may be.

(viii) *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 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 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.

**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 through 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) above 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 U.S.\$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.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. dollars will be paid by electronic transfer by the Paying Agent to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Principal Agency Agreement.

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 am 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 pm 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 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 DTC, 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 DTC, 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, 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;

- (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 (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) and which, if the Specified Currency is Australian Dollars, will be Sydney) or (2) in relation to any sum payable in Euro, a day on which the TARGET 2 System is open; and
- (iii) in the case of any payment in respect of a Registered Global Covered Bond denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Covered Bond) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

**(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) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 6(f));
- (vi) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and
- (vii) 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 Euro 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 and/or DTC must have credited to its securities account with the relevant clearing system a minimum balance of Covered Bonds of at least Euro 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 Euro 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 paragraph (iv) below, 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 Euro 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 Euro 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 Euro 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 (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 (in the case of interest bearing Covered Bonds) any date for payment of interest under the Covered Bonds or (in the case of Zero Coupon Covered Bonds) any date, in each case 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 nor 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 Condition 6(a) above.

**Extension Determination Date** means, in respect of a Series of Covered Bonds, the date falling two Business Days after the expiry of seven days starting on (and including) the Final Maturity Date of such Series of Covered Bonds.

**Guarantee Priority of Payments** means the guarantee priority of payments relating to the allocation and distribution of all Available Revenue Receipts and Available Principal Receipts 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 17.5 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) below 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 DTC, Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of DTC, 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 or DTC, 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 or DTC 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 or DTC, (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or DTC, or any common depository, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg or DTC 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, the Austraclear System or DTC, 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) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**(f) *Early Redemption Amounts***

For the purpose of Conditions 6(b) and 6(e) above and 6(j) below and Condition 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;
- (ii) in the case of a Covered Bond (other than a Zero Coupon 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; or
- (iii) in the case of a Zero Coupon Covered Bond, at an amount (the **Amortised Face Amount**) equal to the sum of:
  - (A) the Reference Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable

. Where such calculation is to be made for a period which is not a whole number of years, it will be made (i) in the case of a Zero Coupon Covered Bond payable in a Specified Currency other than Euro, on the basis of a 360-day year consisting of 12 months of 30 days each or (ii) in the case of a Zero Coupon Covered Bond payable in Euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non leap year divided by 365) or (iii) on such other calculation basis as may be specified in the Applicable Final Terms.

**(g) [Reserved]**

**(h) 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).

**(i) 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(h) above 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.

**(j) Late payment on Zero Coupon Covered Bonds**

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to Condition 6(a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused or default is otherwise made in the payment thereof, the amount due and repayable in respect of such Zero Coupon Covered Bond will be the amount calculated as provided in Condition 6(f)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Principal Paying Agent (other than in the case of A\$ Registered Covered Bonds), the Bond Trustee, the relevant Registrar or, in the case of A\$ Registered Covered Bonds, the A\$ Registrar or the relevant Covered Bondholder and notice to that effect has been given to the Covered Bondholders either in accordance with Condition 13 or individually.

**(k) Certification on redemption under Condition 6(b) and 6(e)**

Prior to the publication of any notice of redemption pursuant to Condition 6(b) or (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 thirty 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 thirtieth 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 (a) through (h) above.

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 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.

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 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 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. For purposes of the preceding sentence and the next paragraph, any withholding imposed pursuant to Sections 1471 through 1474 of the Code, and any regulations thereunder, agreements entered into pursuant thereto, or official interpretations thereof, shall be deemed a tax imposed by the United States.

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 Noteholders 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 unless presented for payment within ten years (in the case of principal) and five years (in the case of interest) in each case 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 subparagraph (iii), (iv) (v), (vi), (viii) or (ix) inclusive below, 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 seven 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 30 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 30 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, (A) 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 (B) 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:
  - (A) ten AU Business Days from the date that the Seller is notified of that breach; and
  - (B) 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).

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 paragraph (ii) below, 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 30 days (or such longer period as the Bond Trustee may permit) after written notice thereof has been given by the Bond Trustee to the Covered Bond Guarantor requiring the same to be remedied; or
- (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) 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:

- (a) requested by the Security Trustee; or
- (b) 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):

- (i) in the case of paragraph (a) above only, in its absolute discretion subject to and in accordance with the Bond Trust Deed; or
- (ii) in the case of both paragraph (a) or (b) above, 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 paragraph 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, Transfer Agent and Exchange Agent**

The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar, the A\$ Registrar, the initial Transfer Agent, the initial Exchange 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;
- (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;
- (c) so long as any of the Registered Global Covered Bonds payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent; and
- (d) the Issuer will ensure that it appoints a Paying Agent in a Member State of the European Union (other than the United Kingdom) in the event that it is required to withhold or deduct tax on payments made in the United Kingdom.

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.bourse.lu](http://www.bourse.lu). 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 DTC and/or Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to DTC and/or 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 DTC and/or 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 and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, 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 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 (and in the case of any modification contemplated by clause 21.1(c) of the Bond Trust Deed, the Bond Trustee must), 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) take into account any changes in the covered bonds ratings criteria of the Rating Agencies where, absent such modifications, the rating assigned by the relevant Rating Agency to one or more Series of Covered Bonds may be subject to a downgrade, qualification or withdrawal, subject to receipt by the Bond Trustee and the Security Trustee of a certificate signed by two Authorised Signatories of the Issuer each certifying to the Bond Trustee and the Security Trustee that such modifications are required for this purposes of preventing the relevant downgrade, qualification or withdrawal; (c) 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; or (d) ensure compliance of the Programme or the Issuer (as applicable) with, or ensure that the Issuer 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 the Australian Prudential Regulation Authority) 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.

### **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) 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*:

- (i) the Substituted Debtor entering into a supplemental trust deed or some other form of undertaking in form and manner satisfactory to the Bond Trustee agreeing to be bound by the Bond Trust Deed with any consequential amendments which the Bond Trustee may deem appropriate as fully as if the Substituted Debtor had been named in the Bond Trust Deed as principal debtor or guarantor in place of the Issuer;
- (ii) the Substituted Debtor acquiring or succeeding to pursuant to such scheme of amalgamation or reconstruction all or substantially all of the assets and business of the Issuer; and
- (iii) 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(i) 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 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 Related Security, 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 Portfolio, including whether the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test, the

Pre-Maturity Test or the Amortisation Test; or (iv) monitoring whether Mortgage Loans and Related Security satisfy the Eligibility Criteria. 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: (i) take any steps for the purpose of 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, including 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 incur 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 gross proceeds from each issue of Covered Bonds will be used for the general purposes of nab (which include making a profit) and its subsidiaries.

## NATIONAL AUSTRALIA BANK LIMITED

### INFORMATION ABOUT NAB

#### History and development of nab

The legal name of nab is National Australia Bank Limited and it trades commercially as **National Australia Bank** and, particularly within Australia, as **nab**.

nab is registered in the State of Victoria with Australian Business Number (ABN) 12 004 044 937.

nab was incorporated on 23 June 1893.

nab is a public limited company incorporated in the Commonwealth of Australia and it operates under Australian legislation including the Corporations Act 2001 of Australia (the **Corporations Act**). Its registered office is Level 1, 800 Bourke Street, Docklands, Victoria 3008, Australia (telephone number +61 3 8872 2461).

### BUSINESS OVERVIEW

#### Principal activities

The nab Group is an international financial services group, that provides a comprehensive and integrated range of financial products and services, with over 10 million customers and approximately 35,000 employees, operating approximately 1,000 branches and banking centres<sup>1</sup> globally. nab is the holding company and main operating company of the nab Group.

The majority of the nab Group's financial services businesses operate in Australia and New Zealand, with branches located in Asia, the United Kingdom and the United States.

nab is executing a refreshed strategy in pursuit of its vision of being Australia and New Zealand's most respected bank. To deliver its objective, the nab Group has outlined three goals:

- turning our customers into advocates;
- engaging our people; and
- generating an attractive return on equity.

In pursuing these goals, nab will focus on delivering initiatives aligned to the strategic themes outlined below:

- focusing on core Australia and New Zealand customers;
- delivering a great customer experience;
- engaging its people;
- delivering improved returns; and
- maintaining and strengthening its foundations.

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<sup>1</sup> Includes retail agencies, agribusiness branches and private banking suites.

The strategy is supported by nab's foundations of maintaining a strong balance sheet, managing risk and investing in technology.

nab operates the following divisions:

- Australian Banking, which offers a range of banking products and services to retail and business customers, ranging from small and medium enterprises through to some of Australia's largest institutions. Australian Banking comprises the Personal Banking and Business Banking franchises, Fixed Income, Currencies and Commodities, Capital Financing, Asset Servicing and Treasury.
- nab Wealth, which provides superannuation, investment and insurance solutions to retail, corporate and institutional clients. nab Wealth operates one of the largest networks of financial advisors in Australia.
- NZ Banking, which comprises the retail, business, agribusiness, corporate and insurance franchises in New Zealand, operating under the BNZ brand. It excludes BNZ's markets operations, which form part of Australian Banking.

### ***Recent Developments***

#### ***Demerger and IPO of CYBG Group***

nab has exited its investment in the CYBG Group by demerging 75 per cent. of the CYBG shares to nab shareholders (the **Demerger**) and selling the remaining 25 per cent. of the CYBG shares to institutional investors through an initial public offer (the **IPO**).

The Demerger and IPO resulted in a statutory post-tax loss on sale for nab of A\$4.218 billion. The result of the Demerger and the IPO is that CYBG is operating its business separately from nab. CYBG, which is the holding company of the CYBG Group, is a publicly listed company with its head office in Glasgow and listings in the United Kingdom and Australia.

#### ***Sale of 80 per cent. of nab Wealth's life insurance business***

On 3 October 2016, nab successfully sold 80 per cent. of nab Wealth's life insurance business to Nippon Life Insurance Company (**Nippon Life**).

As part of the agreement, nab entered into a 20 year distribution agreement to provide life insurance products through its owned and aligned distribution networks. nab retained ownership of its investments business which includes superannuation, platforms, advice and asset management. nab has agreed to take certain actions to establish MLC Limited as a standalone entity. The implementation programme forms part of the recognised A\$1.3 billion loss on sale.

### **Principal markets**

The principal markets in which the nab Group operates are banking services, credit and access card facilities, leasing, housing and general finance, international banking, investment banking, wealth management, funds management and custodian, trustee and nominee services.

### **ORGANISATIONAL STRUCTURE**

nab is the holding company for the nab Group, as well as being the main operating company. As at the date of this Prospectus, nab wholly owns BNZ, which is its main operating subsidiary.

The nab Group has examined the possibility of adopting a non-operating holding company structure to support its operations in the longer term. The process is complex, with many regulatory, tax, legal, accounting and other issues to address. While a number of issues have now been resolved, no decision on whether to proceed has yet been taken.

## **TREND INFORMATION**

Other than as set out in Note 42 (Events Subsequent to Reporting Date) under “Notes to the Consolidated Financial Statements” in the 2016 nab Annual Financial Report, there are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on nab’s prospects for at least the current financial year, other than as disclosed in nab’s Annual Financial Reports (as incorporated by reference in this Prospectus) and the contingent liabilities described under “*Legal and arbitration proceedings*” below.

## **PROFIT FORECASTS OR ESTIMATES**

nab 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 nab as at the date of this Prospectus are listed below. Unless otherwise stated, the business address of each Director is Level 1, 800 Bourke Street, Docklands, Victoria 3008, Australia.

- **Kenneth R Henry**

Non-Executive Director, Chairman and Chairman of the Nomination Committee. Other appointments: Chairman, Sir Roland Wilson Foundation, ANU. Director, ASX Limited and some of its subsidiaries and Cape York Partnership. Member, Australia – China Senior Business Leaders Forum and John Grill Centre for Project Leadership’s advisory board, University of Sydney. Governor, Committee of Economic Development of Australia.

- **Andrew G Thorburn**

Managing Director and Group Chief Executive Officer. Other appointments: Chairman, Australian Bankers’ Association Inc., Director, The Financial Markets Foundation for Children.

- **David H Armstrong**

Non-Executive Director, Chairman of the Risk Committee and member of the Audit Committee and the Nomination Committee. Other appointments: Director, Opera Australia Capital Fund Limited and The George Institute for Global Health. Trustee, the Australian Museum and the Lizard Island Reef Research Foundation.

- **Philip W Chronican**

Non-Executive Director, Member of the Risk Committee, the Remuneration Committee and the Nomination Committee. Other appointments: Chairman, NSW Treasury Corporation. Director, Bank of New Zealand, Banking + Finance Oath and Juvenile Diabetes Research Foundation.

- **Daniel T Gilbert, AM**

Non-Executive Director, Chairman of the Remuneration Committee and a member of the Nomination Committee. Other appointments: Managing Partner, Gilbert + Tobin, Chairman, Western Sydney University Foundation and Eucharistic Community Limited, Chairman, Cape York Partnership.

- **Peeyush K Gupta**

Non-Executive Director and a member of the Remuneration Committee, the Risk Committee and the Nomination Committee. Director of certain Wealth and BNZ subsidiaries (all subsidiaries of NAB). Other appointments: Chairman, Charter Hall Direct Property Management Limited. Director, Charter Hall Wale Ltd, Quintessence Labs Pty Ltd, Insurance and Care NSW (icare) and SBS Special Broadcasting Service Board. Trustee, Western Sydney University Foundation.

- **Anne J Loveridge**

Non-Executive Director, Chair of the Audit Committee and a member of the Nomination Committee. Other appointments: Director, The Bell Shakespeare Company Limited and Platinum Asset Management Limited and Member, International Federation of Accountants Nomination Committee.

- **Geraldine C McBride**

Non-Executive Director and a member of the Nomination Committee. Other appointments: Director, Sky Network Television Limited and Fisher and Paykel Healthcare. Founder and Chief Executive Officer, MyWave.

- **Douglas A McKay**

Non-Executive Director and a member of the Audit Committee and the Nomination Committee. Other appointments: Chairman, Bank of New Zealand and Eden Park Trust Board. Director, Genesis Energy Limited, IAG New Zealand Limited, IAG (NZ) Holdings Limited and Ryman Healthcare Limited.

- **Jillian S Segal, AM**

Non-Executive Director and a member of the Risk Committee, the Remuneration Committee and the Nomination Committee. Other appointments: Chairman, General Sir John Monash Foundation and Australia-Israel Chamber of Commerce (NSW). Director, The Garvan Institute of Medical Research. Member, Australian War Memorial Council and Sydney Opera House Trust. Deputy Chancellor, University of New South Wales Council.

- **Anthony KT Yuen**

Non-Executive Director, a member of the Risk Committee, the Audit Committee and the Nomination Committee. Other appointments: Member, Supervisory Committee, ABF Hong Kong Bond Index Fund and Hong Kong Red Cross International and Relief Service Management Committee.

As at the date of this Prospectus, there are no potential conflicts or conflicts of interest between the duties of these members of nab's Board of Directors to nab and their private interests or their other duties.

## MAJOR SHAREHOLDERS

nab is a public limited company. As at 4 November 2016, the following shareholders each held more than 1 per cent. of the issued share capital of nab:

- HSBC Custody Nominees (Australia) Limited (21.75 per cent.)
- JP Morgan Nominees Australia Limited (11.94 per cent.)
- Citicorp Nominees Pty Limited (4.84 per cent.)
- National Nominees Ltd (4.59 per cent.)
- BNP Paribas Nominees Pty Ltd DRP (2.37 per cent.)
- BNP Paribas Nominees Pty Ltd Agency Lending DRP A/C (1.20 per cent.)
- Citicorp Nominees Pty Limited Colonial First State Inv A/C (1.02 per cent.).

There are several provisions of Australian law that are relevant to the ability of any person to gain control of nab.

Mergers, acquisitions and divestments of Australian public companies listed on the Australian Securities Exchange (such as nab) are regulated by detailed and comprehensive legislation and the rules and regulations of the Australian Securities Exchange.

In summary, under the Corporations Act, a person must not acquire a relevant interest in issued voting shares in an Australian listed company if, broadly, because of the transaction, that person's or someone else's voting power in the company increases from 20 per cent. or below to more than 20 per cent., or from a starting point that is above 20 per cent. and below 90 per cent., unless those shares are acquired in a manner specifically permitted by law. This restriction also limits the options available to a shareholder wanting to sell a shareholding of more than 20 per cent. in an Australian listed company.

Australian law also regulates acquisitions which would have the effect, or be likely to have the effect, of substantially lessening competition in any market in Australia, including in any state, territory or region in Australia.

Acquisitions of certain interests in Australian companies by foreign interests are also subject to review by the Treasurer of the Commonwealth of Australia (**Australian Treasurer**), who may prohibit an acquisition in certain circumstances.

There are also specific limitations on the acquisition of a shareholding in a bank under the Financial Sector (Shareholdings) Act 1998 of Australia (the **FSSA**). Under the FSSA, a person (including a company) must not acquire an interest in an Australian financial sector company where the acquisition would take that person's voting power (which includes the voting power of the person's associates) in the financial sector company to more than 15 per cent. of the voting power of the financial sector company without first obtaining the Australian Treasurer's approval. Even if a person has less than 15 per cent. of the voting power, the Australian Treasurer has the power to declare that a person has practical control of that company and, by applying for an order from the Federal Court of Australia may require the person to relinquish that control. The definition of a financial sector company includes banks such as nab.

Save as disclosed in the section entitled "*Organisational Structure*" in this Prospectus, there are no arrangements in place within the nab Group the operation of which may result in a change of control of nab.

## FINANCIAL INFORMATION CONCERNING NAB'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

### *Historical financial information*

The following financial information in relation to nab for its financial year ended 30 September 2015 and 30 September 2016 are contained in the 2015 nab Annual Financial Report and the 2016 nab Annual Financial Report (including the audit report and the consolidated audited financial statements of the nab Group and the non-consolidated audited financial statements for nab) which are incorporated by reference into this Prospectus.

See further "*Documents Incorporated by Reference*" above.

The financial statements which are incorporated by reference contain both nab's own statements and consolidated statements for the nab Group.

### *Auditing of historical annual financial information*

The historical financial information referred to above has been audited; please see the Auditors' Report at pages 184-185 of the 2015 nab Annual Financial Report and at pages 147-152 of the 2016 nab Annual Financial Report, which are incorporated by reference into this Prospectus.

### *Legal and arbitration proceedings*

#### *Overview*

Except as listed below and as described in the documents incorporated by reference (see "Legal and Arbitration Proceedings" in the Cross Reference Table in the section "*Documents Incorporated by Reference*" of this Prospectus), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which nab 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 nab and/or nab Group.

#### *Class actions*

In March 2013, a potential representative action against New Zealand banks was announced in relation to certain fees. On 20 August 2014, representative proceedings were filed against BNZ with Litigation Lending Services (NZ) Limited funding the action. On 24 September 2014, 30 April 2015, 3 December 2015 and 4 May 2016, these proceedings were stayed. The potential outcome of these proceedings cannot be determined with any certainty as at the date of this Prospectus.

On 16 August 2016, a class action complaint was filed in the United States District Court for the Southern District of New York regarding alleged conduct concerning BBSW, which is administered by the Australian Financial Markets Association. The complaint names a number of defendants, including nab and BNZ and references the proceedings brought by ASIC against nab, Australia and New Zealand Banking Group Limited and Westpac Banking Corporation in relation to BBSW. As at the date of this Prospectus, nab and BNZ have not been served with the complaint and the potential outcome of such proceeding cannot be determined with any certainty.

#### *UK conduct issues and the Conduct Indemnity Deed*

As part of the arrangements relating to the Demerger, nab and CYBG entered into a Conduct Indemnity Deed (the **Conduct Indemnity Deed**) under which nab agreed, subject to certain limitations, to provide an indemnity in respect of certain historic conduct liabilities (the **Capped Indemnity**) up to a cap of £1.115

billion (the **Capped Indemnity Amount**). The Capped Indemnity provides CYBG with economic protection against certain costs and liabilities (including financial penalties imposed by a regulator) resulting from conduct issues relating to:

- payment protection insurance, certain interest rate hedging products and certain fixed rate tailored business loans; and
- other conduct matters, measured by reference to the following thresholds: (a) claims relating to an industry wide compensation customer redress program entered into as part of a settlement with a regulator exceeding £2.5 million, in aggregate; and (b) all other claims that exceed £5 million, in aggregate, and affect more than 50 customers,

which, in each case, relate to conduct in the period prior to 8 February 2016 (the **Demerger Date**) whether or not known at the Demerger Date. Such conduct issues include acts, omissions and agreements by or on behalf of the CYBG Group with respect to customers which either constitute a breach of or failure to comply with applicable law or regulations, or are determined by CYBG in good faith to be reasonably likely on a balance of probabilities to constitute a breach of or failure to comply with applicable law or regulations.

It is not expected that payments to CYBG under the Capped Indemnity will be taxable in the hands of the CYBG Group, but if tax were to be payable then the Conduct Indemnity Deed contains provisions pursuant to which nab has agreed to compensate CYBG for any actual tax incurred that would not have been incurred but for the receipt of amounts under the Capped Indemnity.

Claims may be made by CYBG under the Capped Indemnity when it or any member of the CYBG Group raises a new provision or increases an existing provision in respect of any such conduct issues. Under a loss sharing arrangement, CYBG will be responsible for 9.7 per cent. of the liabilities under any provision for such conduct issues with nab responsible for the remainder under the Capped Indemnity up to the Capped Indemnity Amount. The Capped Indemnity is perpetual in nature, although nab has rights in certain circumstances to negotiate arrangements to terminate the Capped Indemnity subject to the approval of the Prudential Regulation Authority.

For the full year ended 30 September 2016, CYBG has made claims under the Capped Indemnity (or indicated that it will make such claims) for £433 million, leaving £682 million outstanding as available support under the Capped Indemnity (the **Unutilised Indemnity Amount**).

The Unutilised Indemnity Amount at any point in time is accounted for by nab as a contingent liability, with any potential future losses incurred under the indemnity expensed within discontinued operations. The frequency and timing of any potential future losses is unknown. The amount of the Capped Indemnity that will be utilised by any potential future losses is unknown.

nab collateralised its obligations under the Capped Indemnity by placing a cash deposit of £1.115 billion with The Bank of England from the Demerger Date. The cash deposit with The Bank of England has been reduced commensurate with the amounts claimed under the Capped Indemnity such that the cash deposit amount is equal to the Unutilised Indemnity Amount (plus accrued interest). The Unutilised Indemnity Amount is treated as a Common Equity Tier 1 (**CET1**) deduction for nab.

Except for the Capped Indemnity and the tax provisions set out in the Conduct Indemnity Deed, CYBG has agreed to release nab from liability for any other conduct-related claims by any member of the CYBG Group against nab.

nab is in the process of making insurance claims in relation to certain UK conduct-related losses suffered by the nab Group. The outcome of such claims is uncertain.

*Legal proceedings commenced by Australian regulators*



Following an industry-wide review by ASIC into participants in the BBSW market, ASIC commenced Federal Court of Australia proceedings against nab on 7 June 2016. ASIC has also commenced similar proceedings against two other market participants. ASIC's allegations against nab include claims of market manipulation and unconscionable conduct in relation to trading in the BBSW market during the period June 2010 to December 2012. nab disagrees with ASIC's allegations which means that the matter will be decided by the Federal Court of Australia process. nab fully co-operated with ASIC's review which preceded the commencement of proceedings.

#### *Industry investigations by Australian regulators*

The industry-wide investigations by ASIC and the ACCC into potential wrongdoing in relation to Spot FX trading are continuing. nab is co-operating with ASIC and the ACCC and is responding to their inquiries. The potential outcomes of the investigations are uncertain at this time.

#### *Wealth advice review*

Since September 2014, the Committee has been conducting an inquiry into aspects of the financial advice industry, including potential unethical or misleading financial advice and compensation processes for consumers impacted by that advice. The Committee's comprehensive final report was due by 31 August 2016; however this inquiry lapsed when the parliamentary committees of the 44<sup>th</sup> Parliament ceased to exist on the dissolution of the Senate and House of Representatives on 9 May 2016 for the general election held on 2 July 2016.

On 21 October 2015, nab began contacting certain groups of customers where there was a concern that they may have received non-compliant advice since 2009 to: (a) assess the appropriateness of that advice; and (b) identify whether customers had suffered loss as a result of non-compliant advice that would warrant compensation. These cases are progressing through the review program with compensation in some cases offered and paid. No case has progressed to another forum, typically the Financial Ombudsman Service.

The outcomes and total costs associated with this work are uncertain. nab is also aware that two plaintiff law firms have advertised that they are investigating claims on behalf of nab customers who have suffered losses as a result of financial advice received from nab advisers. No formal action has been taken against the NAB Group in this regard.

#### ***Significant change in the financial or trading position of nab***

There has been no significant change in the financial or trading position of the nab Group since 30 September 2016.

#### ***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 preconditions (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 nab, 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 NAB COVERED BOND TRUST**

### **The Trust**

The nab Covered Bond Trust (**Trust**) is a special purpose trust established by the Establishment Deed dated 10 November 2011, 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 18, 123 Pitt Street, Sydney NSW 2000, Australia. The telephone number of the Covered Bond Guarantor's principal office is +61 2 9229 9000.

The Covered Bond Guarantor is dependent on the Trust Manager and the Servicer (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 Security;
- (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:

- ten Residual Capital Units; and
- one Residual Income Unit.

The initial holder of the ten Residual Capital Units will be nab.

The initial holder of the one Residual Income Unit will be nab.

### **Perpetual Corporate Trust Limited**

Perpetual Corporate Trust Limited was appointed trustee of the Trust on 10 November 2011 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 18, 123 Pitt Street, Sydney, Australia.

Perpetual Corporate Trust Limited has 10,010,000 ordinary shares issued with a paid amount of A\$1.00 per share. Perpetual Corporate Trust Limited is a wholly owned subsidiary of Perpetual Limited, a publicly listed company on the Australian Securities Exchange.

The principal activities of Perpetual Corporate Trust Limited are the provision of trustee and other commercial services. Perpetual Corporate Trust Limited 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 18, 123 Pitt Street, Sydney NSW 2000 Australia.

- Gillian Larkins, Director;
- Christopher Green, Director; and
- Joanne Hawkins, 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.

## NATIONAL AUSTRALIA BANK LIMITED RESIDENTIAL MORTGAGE LOAN ORIGINATION

### Origination of the Mortgage Loans

The Seller originates Australian residential Mortgage Loans in two ways:

- (i) via its proprietary network, comprising personal bankers, business bankers, private bankers, mobile bankers and call centre bankers (**Proprietary Channel**); and
- (ii) via accredited mortgage brokers, comprising nab Broker and Advantagedge (**Third Party Channel**).

The Seller began originating and servicing residential mortgage loans in the 1960's and is currently Australia's 4th largest home lender by share of outstanding principal. As at 30 September 2016, the Seller and its subsidiaries acted as the primary servicer on approximately 698,000 customers covering 1.1 million residential mortgage loans having an aggregate principal balance of approximately A\$278 billion. The following discussion summarises the underwriting standards applicable to the Mortgage Loans and describes certain key features and characteristics of the Mortgage Loans. These standards, features and characteristics are under regular review and may change from time to time as a result of business and regulatory changes.

Decisions are made via automated decisioning tools however, where circumstances warrant, giving overall consideration of the strength of the application, a Mortgage Loan may be made with a Delegated Commitment Authority (**DCA**) where certain elements are outside the seller's normal underwriting criteria.

### Underwriting Process

#### *Mortgage Loans*

Mortgage Loans are considered for origination on the basis of a rate internally calculated by nab designed to determine an applicant's capacity to repay a Mortgage Loan. The rate is set at a value that best estimates an average interest rate applicable to Mortgage Loans in the foreseeable future. This rate, however, bears no relationship to the actual interest rate charged on the Mortgage Loan. Regardless of the determined rate, applicants must demonstrate the capacity to repay the Mortgage Loan and satisfy all other commitments including general living expenses. Scheduled payments are calculated on the basis of the current interest rate. Applicants must meet minimum risk-adjusted loan serviceability thresholds, using reliable, regular and verifiable income sources.

Mortgage Loan proceeds may only be applied for owner occupied, investment or personal purposes (including consolidation of personal debts), and for the purchase, construction or renovation of a residential or investment property. Construction loans are not provided until construction is completed. Under standard policy, provided a sound history (minimum six months) is held with another financial institution, nab will consider refinancing debts. The minimum loan amount available is twenty thousand dollars (A\$20,000). There is no maximum amount (subject to security credit assessment criteria). The minimum term for a Mortgage Loan is one year. The maximum term for a Mortgage Loan is 30 years.

nab's Mortgage Loan lending is limited to a maximum of 95 per cent. of the market value of the property (for owner occupied purpose) or 90 per cent. of the market value of the property (for investment purpose) (except under limited circumstances in which approval is granted, the purpose is restricted to property purchase, available products are limited and Lender's Mortgage Insurance (**LMI**) is mandatory). LMI is mandatory for all Mortgage Loans where the loan-to-value ratio is greater than:

- (i) 80 per cent. with respect to any owner occupied or investment property; and

- (ii) 70 per cent. with respect to certain inner city investment properties; or
- (iii) 90 per cent. for nab employees (including children of staff members).

In exceptional circumstances LMI may be waived, however this must be approved by the Senior Credit Authority. LMI provides 100 per cent. coverage against loss on the entire Mortgage Loan.

nab takes a first registered mortgage only over suitable residential property as security for a Mortgage Loan. In certain circumstances, usually when a customer is selling one property and buying another and simultaneous property settlements do not occur, a Mortgage Loan can be secured for a short period of time by a cash deposit held by nab. The relevant customer must agree in writing to grant nab a right of set-off against the deposit to secure repayment of the Mortgage Loan during this period.

nab determines the market value of the property provided as security by reference to the current realisable value of the property on a normal sale basis (where both the buyer and seller would be willing and legitimate participants).

An acceptable valuation type is determined considering the property type and risk and various other market factors.

There are three main types of property valuations:

- **Automated Valuation Models (AVM)** – these are statistical tools used to estimate values for specific residential properties based on property characteristic data and sales data. These values are usually returned as a range and with an indication of the suppliers' confidence in their accuracy expressed as a score and/or as a forecast standard deviation.
  - nab's Proprietary Channel currently uses this for properties up to A\$1 million in value (to A\$1.5 million to support a contract of sale), and for low risk transactions. This valuation methodology accounts for 17 per cent. of overall valuation requests for Mortgage Loans originated through nab's Proprietary Channel.
  - In nab's Third Party Channel, nab Broker currently uses this for properties up to A\$1 million in value and for low risk transactions. This valuation methodology accounts for 10 per cent. of overall valuation requests for Mortgage Loans originated through nab's Third Party Channel.
- **Desktop Valuation** – valuations undertaken by an experienced valuer (from a nab approved panel valuer or nab's own internal valuation team) with local area knowledge of the property without physical inspection. Desktop Valuations are used for low risk transactions of up to A\$1.5 million. This valuation methodology accounts for 20 per cent. of overall valuation requests for Mortgage Loans originated through nab's Proprietary Channel and 22 per cent. of overall valuation requests for Mortgage Loans originated through nab's Third Party Channel.
- **Physical Valuation** – which includes external/kerbside valuations (from a nab approved panel valuer or nab's own internal valuation team). This valuation methodology accounts for 63 per cent. of overall valuation requests for Mortgage Loans originated through nab's Proprietary Channel and 68 per cent. of overall valuation requests for Mortgage Loans originated through nab's Third Party Channel.

For Construction loans, a final internal inspection is mandatory.

## Credit and Lending Procedures

The following is a summary description of the credit and lending procedures adopted by nab.

A bank officer is the intermediary for nab's Proprietary Channel home loan customers at all times until the Mortgage Loan is underwritten. The bank officer initially reviews with the customer, his or her borrowing needs and credit situation and recommends a product, which is not unsuitable for the customer. An application form is completed and loaded into a customer management tool (used by bankers to manage customer information) referred to as "Siebel electronic Consumer Lending" (**eCL**). In 2016, nab also commenced using the Personal Banking Origination Platform (**PBOP**) in contact centres, fulfilment centres and selected branches. PBOP will eventually be used to originate and provide all personal products across all proprietary channels. In nab's Third Party Channel nab Broker uses "Work Flow Manager" as its application origination system.

eCL, PBOP and Work Flow Manager link to nab's automatic credit decision tool, "New Business Strategy Manager" (**NBSM**). nab Broker utilises the same credit and lending processes adopted by nab's Proprietary Channel. nab's business bankers may also undertake manual credit assessments within an approved DCA.

NBSM controls the application process by retrieving existing nab customers' data and account performance from relevant source systems, and uses external systems to capture further information on the customer. "nabCalc"- (an internal nab system used for eCL and Work Flow Manager originated applications) or the PBOP repayment calculator (embedded in PBOP) is used to calculate the customer's repayments and NBSM uses serviceability calculations to determine how much the customer can borrow. Data is also retrieved from multiple credit bureaus to understand the performance and activity of loans held and applied for at other financial institutions.

NBSM contains application risk scorecards and strategies to assess the risk of an application. Different scorecards and strategies are in place for different segments within the portfolio. Application risk scorecards are made up of individual characteristics with score values assigned. The combination of characteristics is added up for the overall application risk score which is a statistical measure that predicts the probability of the customer defaulting in the following 24 months. A minimum score threshold is required.

NBSM returns one of three results: "accept", "decline" or "refer" along with reasons for the decision. A "refer" decision is escalated to the relevant bank officer (which differs according to whether the Mortgage Loan was originated through the Proprietary Channel or the Third Party Channel) to be reviewed under an approved DCA. If a "decline" result is obtained, these applications may be referred to a credit manager who is afforded sufficient review authority to review and, where appropriate, override the "decline" decision.

All nab home loan applications are subject to underwriting criteria guidelines that are used in assessing Mortgage Loans. The criteria are intended as a guide and are used in determining the suitability of loan applicants. Criteria guidelines include:

- (a) applicant must be a minimum of 18 years of age;
- (b) applicant must have legal capacity to enter into the loan contract;
- (c) satisfactory employment/eligible income sources;
- (d) satisfactory credit checks;
- (e) satisfactory savings history/loan repayment history;
- (f) sound asset/liability position;



- (g) capacity to repay the Mortgage Loan; and
- (h) eligible residential collateral.

It is a requirement that an applicant's income is evidenced and verified.

All bank officers involved in assessing/approving Mortgage Loans have ready, on-line access to nab's Credit Policy, and process and training materials. Any significant change or review of underwriting policy is updated immediately and communicated to such officers via a credit bulletin. Other changes or amendments are forwarded on a periodic basis.

If LMI is required, the bank officer makes all arrangements.

If the Mortgage Loan is declined, the bank officer has the opportunity to have the application reviewed by a credit manager. Credit managers are experienced lending officers who have been given authority to review and approve applications that may be outside bank policy. If the Mortgage Loan is still declined, nab formally advises the customer in writing.

If a Proprietary Channel Mortgage Loan is approved, the application is then transferred for further processing to one of nab's centralised mortgage services centres. The mortgage services centre is responsible for verifying financial information, preparing the appropriate documentation, checking that the security is in order, administering settlement, and drawing down the Mortgage Loan. Once an application is received at the mortgage services centre, a title search is ordered and valuation requested if necessary.

Documentation is then prepared and a copy is forwarded to the customer and a copy to the appropriate bank officers. The contracts are prepared using a system called "Docwiz" which allows the customer's personal and loan details to be entered but prohibits the bank officer from further modifying the contract from terms previously approved by the lending services centre.

Once all documentation is signed, it is returned to the lending services centre for preparation of the file for settlement.

In respect of Mortgage Loans originated through nab Broker in nab's Third Party Channel, a regionalised production team is responsible for preparing the appropriate documents which allows the customer's personal and loan details to be entered but prohibits the production officer from further modifying the contract, checking that the security is in order, drawing down of the Mortgage Loan, continued loan maintenance and account control. The loan "letter of offer" is then prepared and is forwarded to the customer for signing.

Once all documentation is signed, it is returned to the Third Party Channel mortgage services centre for preparation of the file for settlement. nab's Third Party Channel engages the services of an external settlement agent to perform settlement and registration for complex activities.

After settlement has been effected the Mortgage Loan is drawn down and fees charged. All the documentation is then imaged and originals are sent to a central storage facility and the title is sent away for stamping and registration. Once returned from the titles office, it too is filed centrally.

nab utilises two insurers for LMI: QBE Lender's Mortgage Insurance Limited for Mortgage Loans originated through nab's Proprietary Channel and Genworth Financial Mortgage Insurance Pty Ltd for Mortgage Loans originated through nab Broker in nab's Third Party Channel. A delegated underwriting authority (**DUA**) policy has been negotiated with nab's preferred insurer, which provides nab with the ability to write lenders mortgage insurance without prior approval. The DUA agreement is subject to the following conditions:

- the home loan must be approved by nab's credit scoring system;

- the loan-to-value ratio must be within thresholds set (however, applications with loan-to-value ratios outside of the threshold are forwarded for approval on a case-by-cases basis);
- a valuation must have been completed; and
- the security must be a registered mortgage held over a suitable residential property (less than ten hectares), or vacant land (less than 2.2 hectares).

Depending on the loan type, scheduled payments can consist of either principal and interest or interest only. Interest on the Mortgage Loans is calculated on a daily "simple" interest basis, and is payable as follows:

- principal and interest Mortgage Loans – (in arrears) either weekly/fortnightly/monthly;
- interest only (in arrears) – paid monthly in arrears; and
- interest only (in advance) – paid annually in advance.

For variable rate Mortgage Loans, prepayments may be made at any time without penalty.

For fixed rate Mortgage Loans, a prepayment penalty may be charged to the customer where part or the entire fixed rate Mortgage Loan is prepaid prior to the expiry of the fixed rate period. Customers are permitted to make up to \$20,000 of additional repayments over the fixed rate term of their loan without incurring a penalty.

Scheduled repayments are based on the loan amount, the prevailing interest rate and time to expiry of the loan. Scheduled repayments are only automatically increased (if applicable) as a part of the annual loan review. Scheduled payments are not automatically reduced when prevailing interest rates reduce; however this can occur by application.

With respect to certain Mortgage Loans, the security pledged to secure the Mortgage Loan may be changed at the customer's request (without the need to write a new Mortgage Loan or contract). In all cases, the replacement security must be an approved residential home or, in the limited circumstances described in this Prospectus, a cash deposit. Any change in security is at the discretion of nab.

Certain Mortgage Loans originated by nab provide the customer with the right to convert the variable rate at which interest accrues to a fixed rate, and vice versa. Certain interest only Mortgage Loans provide the customer with the right to convert the Mortgage Loan to an amortising Mortgage Loan.

In certain cases, exercise of such rights are conditional on the payment of a fee and in other cases, the right is subject to nab's approval.

nab offers a "100 per cent. offset" feature on certain products which provides customers with the means to offset the balance of eligible deposit accounts against the balance of eligible Mortgage Loans for interest calculation purposes. Interest is only charged on the amount by which the outstanding principal loan balance exceeds the credit balance of the linked deposit account.

### **Redraw Mortgage Loans**

Customers with variable rate Mortgage Loans can access their loan funds when they have made additional loan repayments above their agreed payment schedule. This is referred to as Home Loan Redraw. Certain variable rate Mortgage Loans provide the Seller with the discretion to allow the customer to make redraws in certain circumstances. Home Loan Redraws can generally be made when certain conditions, including those set out below, are met, or otherwise at nab's discretion:

- (a) the customer is not in default;
- (b) any consent required under an LMI policy has been obtained;
- (c) no other interest in the mortgaged property has been granted, unless acceptable arrangements have been put in place;
- (d) the redraw amount is not to be used for business purposes; and
- (e) any building work has been completed.

In addition, Home Loan Redraws may only be made where:

- (a) for Mortgage Loans originated through nab's Proprietary Channel, the amount that would have been outstanding under the Mortgage Loan (if repayments owing had been made on the due date required and no additional repayments had been made) is more than the balance owing on the loan; and
- (b) for Mortgage Loans originated through nab Broker in nab's Third Party Channel, the amount that would have been outstanding under the Mortgage Loan (if repayments owing had been made on the due date required and no additional repayments had been made), less an amount equal to the next required repayment is more than the balance owing on the loan.

In each case, subject to nab's discretion, a customer may make a Home Loan Redraw in an amount equal to the amount of the excess.

nab has reserved the discretion to cancel its obligation to provide Home Loan Redraw in respect of such Mortgage Loans.

### Selected Statistical Information

Mortgage loans originated through the Proprietary and Third Party Channels (other than those originated through Advantedge) may be included in the Cover Pool. The following tables summarise, in respect of the Seller's overall mortgage portfolio (excluding Advantedge), the Seller's experience in administering mortgage loans that are in arrears and originated by the Seller. Columns stating percentage amounts may not add up to 100 per cent. due to rounding. In these tables, a mortgage loan will be in arrears when the actual outstanding principal balance of a particular mortgage loan is greater than the scheduled amortising balance of that mortgage loan calculated in accordance with the terms of that mortgage loan. The tables express the number of mortgage loans in arrears at the relevant period end as a percentage of the total number of loans serviced.

| Arrears – Principal and Interest |                    |                  |                                 |                                  |                    |                  |                                 |                                  |
|----------------------------------|--------------------|------------------|---------------------------------|----------------------------------|--------------------|------------------|---------------------------------|----------------------------------|
|                                  | Sep-11             |                  |                                 |                                  | Sep-12             |                  |                                 |                                  |
|                                  | By No. of<br>Loans | Dollar<br>Amount | Per cent.<br>by No. of<br>Loans | Per cent.<br>by Dollar<br>Amount | By No. of<br>Loans | Dollar<br>Amount | Per cent.<br>by No. of<br>Loans | Per cent.<br>by Dollar<br>Amount |
| <b>Period of Arrears:</b>        |                    |                  |                                 |                                  |                    |                  |                                 |                                  |
| 31-60                            | 1,130              | \$309.5m         | 0.23%                           | 0.30%                            | 1,050              | \$300.6m         | 0.21%                           | 0.28%                            |
| 61-90                            | 455                | \$140.7m         | 0.09%                           | 0.14%                            | 451                | \$135.8m         | 0.09%                           | 0.12%                            |
| 91-120                           | 223                | \$66.3m          | 0.05%                           | 0.06%                            | 302                | \$80.2m          | 0.06%                           | 0.07%                            |
| 121-150                          | 175                | \$57.4m          | 0.04%                           | 0.06%                            | 200                | \$63.3m          | 0.04%                           | 0.06%                            |
| 151-180                          | 115                | \$35.6m          | 0.02%                           | 0.03%                            | 165                | \$53.1m          | 0.03%                           | 0.05%                            |
| >180                             | 677                | \$213.7m         | 0.14%                           | 0.21%                            | 797                | \$253.7m         | 0.16%                           | 0.23%                            |
| Total >30 days                   | 2,775              | \$823.2m         | 0.57%                           | 0.80%                            | 2,965              | \$886.5m         | 0.60%                           | 0.81%                            |

|                  |         |              |       |       |         |              |       |       |
|------------------|---------|--------------|-------|-------|---------|--------------|-------|-------|
| Non Accrual      | 794     | \$237.1m     | 0.16% | 0.23% | 809     | \$313.4m     | 0.16% | 0.29% |
| Total in Arrears | 3,569   | \$1,060.3m   | 0.74% | 1.03% | 3,774   | \$1,199.8m   | 0.77% | 1.10% |
| Total Portfolio  | 485,349 | \$102,477.9m |       |       | 492,493 | \$109,101.4m |       |       |

#### Arrears – Principal and Interest

|                           | Sep-13                |                  |                                 |                                     | Sep-14             |                  |                                 |                                  |
|---------------------------|-----------------------|------------------|---------------------------------|-------------------------------------|--------------------|------------------|---------------------------------|----------------------------------|
|                           | By No.<br>of<br>Loans | Dollar<br>Amount | Per cent.<br>by No. of<br>Loans | Per cent.<br>by<br>Dollar<br>Amount | By No. of<br>Loans | Dollar<br>Amount | Per cent.<br>by No. of<br>Loans | Per cent.<br>by Dollar<br>Amount |
|                           |                       |                  |                                 |                                     |                    |                  |                                 |                                  |
|                           |                       |                  |                                 |                                     |                    |                  |                                 |                                  |
| <b>Period of Arrears:</b> |                       |                  |                                 |                                     |                    |                  |                                 |                                  |
| 31-60                     | 1,580                 | \$438.6m         | 0.31%                           | 0.38%                               | 1,728              | \$479.2m         | 0.32%                           | 0.39%                            |
| 61-90                     | 1,002                 | \$283.9m         | 0.19%                           | 0.25%                               | 1,171              | \$305.3m         | 0.22%                           | 0.25%                            |
| 91-120                    | 661                   | \$190.8m         | 0.13%                           | 0.16%                               | 786                | \$211.7m         | 0.15%                           | 0.17%                            |
| 121-150                   | 393                   | \$118.2m         | 0.08%                           | 0.10%                               | 527                | \$150.5m         | 0.10%                           | 0.12%                            |
| 151-180                   | 274                   | \$82.3m          | 0.05%                           | 0.07%                               | 339                | \$96.3m          | 0.06%                           | 0.08%                            |
| >180                      | 1,029                 | \$308.7m         | 0.20%                           | 0.27%                               | 1,173              | \$321.7m         | 0.22%                           | 0.26%                            |
| Total >30 days            | 4,939                 | \$1,422.5m       | 0.96%                           | 1.23%                               | 5,724              | \$1,564.7m       | 1.07%                           | 1.29%                            |
| Non Accrual               | 852                   | \$293.9m         | 0.17%                           | 0.25%                               | 668                | \$193.3m         | 0.13%                           | 0.16%                            |
| Total in Arrears          | 5,791                 | \$1,716.3m       | 1.12%                           | 1.48%                               | 6,392              | \$1,758.0m       | 1.20%                           | 1.44%                            |
| Total Portfolio           | 515,986               | \$115,832.2m     |                                 |                                     | 533,744            | \$121,662.6m     |                                 |                                  |

#### Arrears – Principal and Interest

|                           | Sep-15                |                  |                                 |                                  | Sep-16             |                  |                                 |                                  |
|---------------------------|-----------------------|------------------|---------------------------------|----------------------------------|--------------------|------------------|---------------------------------|----------------------------------|
|                           | By No.<br>of<br>Loans | Dollar<br>Amount | Per cent.<br>by No. of<br>Loans | Per cent.<br>by Dollar<br>Amount | By No. of<br>Loans | Dollar<br>Amount | Per cent.<br>by No. of<br>Loans | Per cent.<br>by Dollar<br>Amount |
|                           |                       |                  |                                 |                                  |                    |                  |                                 |                                  |
|                           |                       |                  |                                 |                                  |                    |                  |                                 |                                  |
| <b>Period of Arrears:</b> |                       |                  |                                 |                                  |                    |                  |                                 |                                  |
| 31-60                     | 2,056                 | \$571.8m         | 0.37%                           | 0.43%                            | 2,117              | \$613.0m         | 0.37%                           | 0.42%                            |
| 61-90                     | 1,172                 | \$323.1m         | 0.21%                           | 0.24%                            | 1,279              | \$368.2m         | 0.22%                           | 0.25%                            |
| 91-120                    | 788                   | \$207.9m         | 0.14%                           | 0.16%                            | 850                | \$240.3m         | 0.15%                           | 0.16%                            |
| 121-150                   | 552                   | \$149.6m         | 0.10%                           | 0.11%                            | 572                | \$161.9m         | 0.10%                           | 0.11%                            |
| 151-180                   | 349                   | \$94.4m          | 0.06%                           | 0.07%                            | 422                | \$110.8m         | 0.07%                           | 0.08%                            |
| >180                      | 1,493                 | \$385.1m         | 0.27%                           | 0.29%                            | 1,858              | \$509.8m         | 0.32%                           | 0.35%                            |
| Total >30 days            | 6,410                 | \$1,731.9m       | 1.16%                           | 1.31%                            | 7,098              | \$2,004.0m       | 1.23%                           | 1.37%                            |
| Non Accrual               | 620                   | \$178.2m         | 0.11%                           | 0.13%                            | 626                | \$159.2m         | 0.11%                           | 0.11%                            |
| Total in Arrears          | 7,030                 | \$1,910.1m       | 1.28%                           | 1.45%                            | 7,724              | \$2,163.2m       | 1.34%                           | 1.48%                            |
| Total Portfolio           | 550,542               | \$132,040.2m     |                                 |                                  | 575,613            | \$146,309.2m     |                                 |                                  |

#### Arrears – Interest Only

|                               | Sep-11             |                  |                                 |                                  | Sep-12             |                  |                                 |                                  |
|-------------------------------|--------------------|------------------|---------------------------------|----------------------------------|--------------------|------------------|---------------------------------|----------------------------------|
|                               | By No. of<br>Loans | Dollar<br>Amount | Per cent.<br>by No. of<br>Loans | Per cent.<br>by Dollar<br>Amount | By No. of<br>Loans | Dollar<br>Amount | Per cent.<br>by No. of<br>Loans | Per cent.<br>by Dollar<br>Amount |
|                               |                    |                  |                                 |                                  |                    |                  |                                 |                                  |
|                               |                    |                  |                                 |                                  |                    |                  |                                 |                                  |
| <b>Period of Delinquency:</b> |                    |                  |                                 |                                  |                    |                  |                                 |                                  |
| 31-60                         | 170                | \$65.2m          | 0.11%                           | 0.12%                            | 123                | \$52.1m          | 0.07%                           | 0.09%                            |
| 61-90                         | 131                | \$49.1m          | 0.08%                           | 0.09%                            | 116                | \$52.0m          | 0.07%                           | 0.09%                            |
| 91-120                        | 85                 | \$33.4m          | 0.05%                           | 0.06%                            | 59                 | \$24.4m          | 0.03%                           | 0.04%                            |
| 121-150                       | 24                 | \$10.5m          | 0.01%                           | 0.02%                            | 61                 | \$19.6m          | 0.04%                           | 0.03%                            |
| 151-180                       | 62                 | \$25.6m          | 0.04%                           | 0.05%                            | 50                 | \$19.3m          | 0.03%                           | 0.03%                            |
| >180                          | 289                | \$114.1m         | 0.18%                           | 0.20%                            | 215                | \$82.9m          | 0.13%                           | 0.14%                            |
| Total >30 days                | 761                | \$297.9m         | 0.47%                           | 0.53%                            | 624                | \$250.2m         | 0.37%                           | 0.42%                            |
| Non Accrual                   | 294                | \$130.2m         | 0.18%                           | 0.23%                            | 260                | \$126.4m         | 0.15%                           | 0.21%                            |
| Total in Delinquency          | 1,055              | \$428.1m         | 0.65%                           | 0.77%                            | 884                | \$376.6m         | 0.52%                           | 0.63%                            |
| Total Portfolio               | 161,357            | \$55,774.3m      |                                 |                                  | 168,955            | \$60,129.3m      |                                 |                                  |

**Arrears – Interest Only**

|                               | Sep-13             |                  |                    |                     | Sep-14             |                  |                    |                     |
|-------------------------------|--------------------|------------------|--------------------|---------------------|--------------------|------------------|--------------------|---------------------|
|                               | By No. of<br>Loans | Dollar<br>Amount | Per cent.          | Per cent.           | By No. of<br>Loans | Dollar<br>Amount | Per cent.          | Per cent.           |
|                               |                    |                  | by No. of<br>Loans | by Dollar<br>Amount |                    |                  | by No. of<br>Loans | by Dollar<br>Amount |
| <b>Period of Delinquency:</b> |                    |                  |                    |                     |                    |                  |                    |                     |
| 31-60                         | 130                | \$56.9m          | 0.07%              | 0.09%               | 146                | \$59.4m          | 0.07%              | 0.08%               |
| 61-90                         | 92                 | \$42.1m          | 0.05%              | 0.06%               | 83                 | \$34.1m          | 0.04%              | 0.05%               |
| 91-120                        | 45                 | \$17.9m          | 0.02%              | 0.03%               | 60                 | \$36.2m          | 0.03%              | 0.05%               |
| 121-150                       | 19                 | \$05.2m          | 0.01%              | 0.01%               | 38                 | \$14.2m          | 0.02%              | 0.02%               |
| 151-180                       | 17                 | \$05.3m          | 0.01%              | 0.01%               | 29                 | \$12.8m          | 0.01%              | 0.02%               |
| >180                          | 109                | \$46.6m          | 0.06%              | 0.07%               | 76                 | \$31.9m          | 0.04%              | 0.04%               |
| Total >30 days                | 412                | \$173.9m         | 0.23%              | 0.27%               | 432                | \$188.6m         | 0.21%              | 0.26%               |
| Non Accrual                   | 202                | \$96.4m          | 0.11%              | 0.15%               | 111                | \$47.1m          | 0.05%              | 0.06%               |
| Total in Delinquency          | 614                | \$270.3m         | 0.34%              | 0.42%               | 543                | \$235.7m         | 0.27%              | 0.32%               |
| Total Portfolio               | 182,709            | \$64,776.0m      |                    |                     | 204,042            | \$73,686.7m      |                    |                     |

**Arrears – Interest Only**

|                               | Sep-15             |                  |                    |                     | Sep-16             |                  |                    |                     |
|-------------------------------|--------------------|------------------|--------------------|---------------------|--------------------|------------------|--------------------|---------------------|
|                               | By No. of<br>Loans | Dollar<br>Amount | Per cent.          | Per cent.           | By No. of<br>Loans | Dollar<br>Amount | Per cent.          | Per cent.           |
|                               |                    |                  | by No. of<br>Loans | by Dollar<br>Amount |                    |                  | by No. of<br>Loans | by Dollar<br>Amount |
| <b>Period of Delinquency:</b> |                    |                  |                    |                     |                    |                  |                    |                     |
| 31-60                         | 245                | \$98.8m          | 0.12%              | 0.12%               | 297                | \$118.7m         | 0.15%              | 0.15%               |
| 61-90                         | 130                | \$49.3m          | 0.06%              | 0.06%               | 149                | \$59.3m          | 0.08%              | 0.08%               |
| 91-120                        | 67                 | \$35.6m          | 0.03%              | 0.04%               | 130                | \$48.2m          | 0.07%              | 0.06%               |
| 121-150                       | 51                 | \$21.2m          | 0.02%              | 0.03%               | 76                 | \$33.2m          | 0.04%              | 0.04%               |
| 151-180                       | 41                 | \$14.7m          | 0.02%              | 0.02%               | 60                 | \$26.5m          | 0.03%              | 0.03%               |
| >180                          | 111                | \$41.7m          | 0.05%              | 0.05%               | 158                | \$59.0m          | 0.08%              | 0.07%               |
| Total >30 days                | 645                | \$261.4m         | 0.30%              | 0.32%               | 870                | \$345.1m         | 0.44%              | 0.44%               |
| Non Accrual                   | 101                | \$44.3m          | 0.05%              | 0.05%               | 178                | \$86.0m          | 0.09%              | 0.11%               |
| Total in Delinquency          | 746                | \$305.7m         | 0.35%              | 0.38%               | 1,048              | \$431.1m         | 0.53%              | 0.55%               |
| Total Portfolio               | 211,548            | \$81,213.1m      |                    |                     | 196,538            | \$78,996.5m      |                    |                     |

It should be noted that the arrears figures above do not include (i) "watch loans" (other loans of a customer where that customer has a loan that is greater than 30 days in arrears) unless those other loans are also greater than 30 days in arrears and (ii) subject to the qualification below, "hardship loans" where a customer has received approval from the Seller to reduce the amount of repayments or postpone principal and interest repayments for a time (or both) on the basis of hardship.

In most cases, "hardship loans" where hardship applications were approved from January 2013 are represented in the arrears figures above.

The statistics shown in the following table represent the foreclosure experience in respect of the Seller's overall mortgage portfolio for each of the years presented.

| Write-Offs – Principal and Interest |                                                          |                      |                                                          |                      |                      |                          |
|-------------------------------------|----------------------------------------------------------|----------------------|----------------------------------------------------------|----------------------|----------------------|--------------------------|
|                                     | Write-Offs as<br>a Percentage<br>of Total<br>Outstanding |                      | Recoveries as a<br>Percentage of<br>Total<br>Outstanding |                      | Total<br>Outstanding |                          |
|                                     | Total Write-<br>Offs A\$                                 | Portfolio<br>Balance | Total<br>Recoveries A\$                                  | Portfolio<br>Balance | Net Write<br>Offs    | Portfolio<br>Balance A\$ |
| <b>At Fiscal year ended:</b>        |                                                          |                      |                                                          |                      |                      |                          |
| September-11                        | \$50.7m                                                  | 0.049%               | \$1.7m                                                   | 0.002%               | \$49.0m              | \$102.5b                 |
| September-12                        | \$54.3m                                                  | 0.050%               | \$3.3m                                                   | 0.003%               | \$51.0m              | \$109.1b                 |
| September-13                        | \$47.5m                                                  | 0.041%               | \$3.0m                                                   | 0.003%               | \$44.4m              | \$115.8b                 |
| September-14                        | \$52.0m                                                  | 0.043%               | \$2.4m                                                   | 0.002%               | \$49.6m              | \$121.7b                 |
| September-15                        | \$35.9m                                                  | 0.027%               | \$4.7m                                                   | 0.004%               | \$31.2m              | \$132.0b                 |
| September-16                        | \$34.1m                                                  | 0.023%               | \$-0.4m                                                  | 0.000%               | \$34.5m              | \$146.3b                 |

| Write-Offs – Interest only   |                                                          |                      |                                                          |                      |                      |                          |
|------------------------------|----------------------------------------------------------|----------------------|----------------------------------------------------------|----------------------|----------------------|--------------------------|
|                              | Write-Offs as<br>a Percentage<br>of Total<br>Outstanding |                      | Recoveries as a<br>Percentage of<br>Total<br>Outstanding |                      | Total<br>Outstanding |                          |
|                              | Total Write-<br>Offs A\$                                 | Portfolio<br>Balance | Total<br>Recoveries A\$                                  | Portfolio<br>Balance | Net Write<br>Offs    | Portfolio<br>Balance A\$ |
| <b>At Fiscal year ended:</b> |                                                          |                      |                                                          |                      |                      |                          |
| September-11                 | \$30.1m                                                  | 0.054%               | \$360,267                                                | 0.001%               | \$29.8m              | \$55.8b                  |
| September-12                 | \$30.1m                                                  | 0.050%               | \$759,325                                                | 0.001%               | \$29.3m              | \$60.5b                  |
| September-13                 | \$16.9m                                                  | 0.026%               | \$448,900                                                | 0.001%               | \$16.5m              | \$64.8b                  |
| September-14                 | \$12.5m                                                  | 0.017%               | \$ 431,045                                               | 0.001%               | \$12.1m              | \$73.7b                  |
| September-15                 | \$9.2m                                                   | 0.011%               | \$324,484                                                | 0.000%               | \$8.9m               | \$81.2b                  |
| September-16                 | \$6.0m                                                   | 0.008%               | \$348,856                                                | 0.000%               | \$5.7m               | \$79.0b                  |

## 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 more fully 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 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 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 will 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 and the Security Trustee), 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 Guarantee Priority of Payments.

Subject to the grace periods specified in Condition 9(b) of the Programme Conditions and/or, in the case of an N Covered Bond, the periods specified in the relevant Condition of the relevant N Covered Bond

Conditions (if applicable), 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 further "*Taxation*".

*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 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 will 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 will be held by the Covered Bond Guarantor in the GIC Account and the Excess Proceeds will thereafter form part of the Charged Property 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 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 will be required to be repaid by the Covered Bond Guarantor) (but will be deemed not to have so discharged the Issuer's obligations for the purposes of subrogation rights of the Covered Bond Guarantor contemplated by the 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 as 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*.

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 that they relate to any A\$ Registered Covered Bonds), certain provisions of the Bond Trust Deed constituting the A\$ 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, and are construed in accordance with, English law. Those provisions of the Bond Trust Deed noted above which are not governed by English law, are governed by, and are construed in accordance with, the laws applying in the State of New South Wales, Australia.

### **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 Purchase Price of a New Mortgage Loan Portfolio to be purchased from the Seller in accordance with the terms of the Mortgage Sale Agreement;
- (b) if a New Mortgage Loan Portfolio is purchased from the Seller in advance of an issue of a Series or Tranche of Covered Bonds using the proceeds from an issue or Increase of 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 in respect of the Senior Demand Note Component, 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 Priority of Payments. 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-Acceleration Revenue Priority of Payments or, as applicable, the Pre-Acceleration 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(h) or Condition 6(i) of the Programme Conditions and/or, in the case of an N Covered Bond, in accordance with the relevant Condition of the relevant N Covered Bond Conditions (if applicable), 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 (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 Payment.

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 subscribe for increases in the principal amount outstanding of the Demand Note previously issued (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 Loans and Related Security from the Seller on a Transfer 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; or
- (f) 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 an 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 Priority of Payments 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 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 – The proceeds of the issue of Intercompany Notes*" above which will be set-off as described below; or
  - by an *in specie* distribution of Mortgage Loans and the Related Security to the Demand Noteholder except if there is an In Specie Failure in which case a payment pursuant to the applicable Priority of Payments is permissible; and
- otherwise, if the Issuer has not determined and notified the Covered Bond Guarantor 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 Loans and the Related Security of the Trust 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 and the Trust Manager and without representation or warranty by the Covered Bond Guarantor. For the purposes of an *in specie* distribution the value of the relevant Mortgage Loans to be distributed by the Covered Bond Guarantor will be determined by the Trust Manager 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 and the Mortgage Loans and Related Security must be selected by the Trust Manager on a basis that is representative of the Mortgage Loans then forming part of the Asset Pool.

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 an AU Business Day no later than the date which falls on the second Trust Payment Date falling 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 Priority of Payments 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 Priority of Payments.

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 Priority of Payments.

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 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-Acceleration 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 and the Trust Manager of the occurrence or like 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-Acceleration 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;
- (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 Security will be sold to the Covered Bond Guarantor from time to time pursuant to the terms of the Mortgage Sale Agreement entered into on 11 November 2011 between nab (in its capacities as Seller, Trust Manager, Issuer, Servicer, Interest Rate Swap Provider and beneficiary of the Seller Trust), the Covered Bond Guarantor (including as Seller Trustee) and the Security Trustee.

### ***Sale by the Seller of Mortgage Loans and Related Security***

The Mortgage Loan Portfolio will consist of Mortgage Loans and the Related Security 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 Mortgage Loan Portfolio will vary over time provided that, at the time the relevant Mortgage Loans are sold to the Covered Bond Guarantor, the Mortgage Loans are Qualifying Mortgage Loans (as described below) on the relevant Transfer Date. Accordingly, Mortgage Loans sold by the Seller to the Covered Bond Guarantor on a Transfer Date may have characteristics that differ from Mortgage Loans already in the Mortgage Loan Portfolio 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 New Mortgage Loan Portfolios from the Seller in the four 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 principal amount of the Demand Note from the Demand Note Subscriber, the proceeds of which may be applied by the Covered Bond Guarantor to acquire New Mortgage Loan Portfolios from the Seller on the relevant Transfer 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 principal amount of the Demand Note and any Available Principal Receipts available for that purpose, may be applied in whole or in part by the Covered Bond Guarantor to acquire New Mortgage Loan Portfolios 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) both:
  - (i) the amount of Available Principal Receipts available for distribution on the immediately following Trust Payment Date exceeds the amount required to be applied under paragraphs (a) to (f) inclusive of the Pre-Acceleration Principal Priority of Payments; and
  - (ii) the Trust Manager considers (having regard to the composition of the Mortgage Loan Portfolio, 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 Receipts remaining after application under paragraphs (a) to (f) inclusive of the Pre-Acceleration Principal Priority of Payments should be utilised to acquire one or more New Mortgage Loan Portfolios,

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 New Mortgage Loan Portfolios 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 one or more New Mortgage Loan Portfolios 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 Loans and Related Security 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 New Mortgage Loan Portfolios 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 Loans and the Related Security as described above in paragraphs (a), (b), (c) and (d) 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 Loans and the Related Security to the Covered Bond Guarantor, the Seller will receive a cash payment of the purchase price equal to the Current Principal Balance of those Mortgage Loans sold by it as at the Transfer Date.

The Seller and the Covered Bond Guarantor may agree that all or part of the purchase price for each New Mortgage Loan Portfolio will be set-off against any amount payable on the Transfer Date by nab as Intercompany Note Subscriber and/or Demand Note Subscriber in accordance with the Intercompany Note Subscription Agreement and/or Demand Note Subscription Agreement.

The purchase price for a New Mortgage Loan Portfolio will be paid as described above on the applicable Transfer Date.

### ***Qualifying Mortgage Loans***

The sale of Mortgage Loans and the Related Security to the Covered Bond Guarantor will be subject to various conditions being satisfied on the relevant Transfer Date, including that each Mortgage Loan is a Qualifying Mortgage Loan. A **Qualifying Mortgage Loan** is a Mortgage Loan that satisfies the following conditions:

- (a) it is due from a Qualifying Borrower;
- (b) it is repayable in Australian Dollars;
- (c) the term of the Mortgage Loan does not exceed 30 years;
- (d) it is freely capable of being dealt with by the Seller as contemplated by the Mortgage Sale Agreement and any New Mortgage Loan Portfolio Notice;

- (e) it is secured by a Mortgage over Property in Australia which is either:
  - (i) a first ranking mortgage; or
  - (ii) a second ranking mortgage where:
    - (A) there are two mortgages over the Property securing the Mortgage Loan and the Seller is the registered first mortgagee; and
    - (B) the registered first ranking mortgage is also being or has been acquired by the Covered Bond Guarantor;
- (f) the Property subject to a Mortgage has erected on it a residential dwelling which is not under construction (excluding renovations permitted by the terms of the Mortgage Loan); and
- (g) its Current Principal Balance then outstanding does not exceed A\$2,500,000.

On each Transfer Date, 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 Security sold by the Seller to the Covered Bond Guarantor on that Transfer Date.

***Transfer of Title to the Mortgage Loans to the Covered Bond Guarantor***

Mortgage Loans and Related Securities 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 Borrowers.

Any steps to perfect legal title in the Mortgage Loan Portfolio, including execution and lodgement of Mortgage Transfers with the land titles offices of the appropriate jurisdiction to achieve registration of the Related Security in the name of the Covered Bond Guarantor and the notification to the relevant Borrowers of the sale of Mortgage Loans in the Mortgage Loan Portfolio and the Related Security 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 (**Title Perfection Events**):

- (a) in respect of all Mortgage Loans and the Related Security in the Mortgage Loan Portfolio (other than any Selected Mortgage Loans and the Related Security 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 Loans and the Related Security only, notice being delivered by the Covered Bond Guarantor (at the direction of the Trust Manager) of a Title Perfection Event, following the acceptance of an offer to sell any Selected Mortgage Loans and the Related Security (in accordance with the Programme Documents) to a Purchaser who is not the Seller;
- (c) in respect of the affected Selected Mortgage Loans and the Related Security only, the Seller and/or the Covered Bond Guarantor being required to perfect legal title to any Mortgage Loans and the Related Security in the Mortgage Loan Portfolio by law or by an order of a court of competent jurisdiction;
- (d) in respect of the affected Selected Mortgage Loans and the Related Security only, the Seller requesting that the Covered Bond Guarantor perfect its right, title and interest in, to and under, any Mortgage Loans and the Related Security in the Mortgage Loan Portfolio 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 Security in the Mortgage Loan Portfolio, the Security Trustee declaring that a Title Perfection 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 Title Perfection Event has occurred, to reduce that jeopardy;
- (f) in respect of all Mortgage Loans and the Related Security in the Mortgage Loan Portfolio, the termination or resignation of nab as Servicer under the Servicing Agreement unless:
  - (i) at the relevant date of termination or resignation any Substitute Servicer is a Related Entity of nab; 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 nab as Servicer;
- (g) in respect of all Mortgage Loans and the Related Security in the Mortgage Loan Portfolio, the occurrence of an Insolvency Event in relation to the Seller; or
- (h) in respect of all Mortgage Loans and the Related Security in the Mortgage Loan Portfolio, the Seller's unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's or BBB- by Fitch (or, if Fitch has placed the Seller on ratings watch negative at the relevant time, BBB by Fitch).

On or before the first Transfer 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) execute, deliver, lodge and register any Mortgage Transfer relating to any Mortgage Loans and any other documents referred to in a Mortgage Transfer which are ancillary to them or contemplated by them with any land titles office in any relevant Australian jurisdiction; (ii) give effect to the transactions contemplated by any Mortgage Transfer; and (iii) exercise any rights of the Seller to vary by notice to the Borrower the rate or amount of any interest or fees payable by the Borrower under the Mortgage Loan (the **Seller Powers of Attorney**) and/or do anything incidental to or conducive to the effective and expeditious exercise of its rights under the Seller Powers of Attorney. The Seller Powers of Attorney will not be exercisable by the Covered Bond Guarantor until the occurrence of a Title Perfection Event in relation to the relevant Mortgage Loan. Upon the occurrence of a Title Perfection Event, the Servicer must deliver to (or at the written direction of) the Covered Bond Guarantor all Mortgage Loan Files, 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 Security, 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 Security in the name of the Covered Bond Guarantor; and (ii) initiating legal proceedings to take possession of the Mortgage Loan Files 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 in the Mortgage Loan Portfolio and Related Security to the Covered Bond Guarantor to the relevant Borrowers, insurers and other interested persons; and (iv) requiring each relevant Borrower 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 against all Liability arising from or incurred as a result of (i) a failure by the Seller to perform any obligation under the Mortgage Sale Agreement (including any 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 Titles Act); (ii) all 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 breach by the Seller of any of its representations and warranties under the Mortgage Sale Agreement or a Mortgage Loan or Related Security being in breach of the Consumer Credit Code or the National Consumer Credit Protection Laws or any other breach of the Consumer Credit Code or the National Consumer Credit Protection Laws as at the relevant Transfer Date; (iii) the occurrence of a Title Perfection Event; and (iv) any Borrower in respect of a Mortgage Loan in the Mortgage Loan Portfolio exercising a right of set-off against the Covered Bond Guarantor (provided that the amount of such indemnity in relation to such Mortgage Loan may not exceed the sum of the Current Principal Balance of that Mortgage Loan together with Accrued Interest and Arrears of interest as at the date that the Borrower exercises the right of set-off). In this paragraph a **right of set-off** means any right of set-off arising from a deposit of money made by the Borrower with the Seller, or if the Seller fails to advance an agreed Further Advance or a Cash Redraw, or from any transaction between the Borrower and the Seller other than one relating to the Mortgage Loan, but it does not include any agreement to reduce the Borrower's liability to pay interest contained in an Offset Mortgage Loan.

### ***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 on the Transfer Date relating to that Mortgage Loan:

- (a) at the time the Seller entered into the Mortgage Loan the Mortgage Loan, the related Mortgage and each other Related Security comply in all material respects with all applicable laws (including the Consumer Credit Code and the National Consumer Credit Protection Laws where applicable);
- (b) the related Mortgage and each other Related Security has been or will be duly stamped;
- (c) the terms of the Mortgage Loan, related Mortgage and each other Related Security, have not been impaired, waived, altered or modified in any respect, except by a written instrument forming part of the related Title Documents;
- (d) the Mortgage Loan, related Mortgage and any other Related Security are enforceable in accordance with their terms against the relevant Borrower (subject to laws relating to insolvency and creditors' rights generally);
- (e) the Mortgage Loan is a Qualifying Mortgage Loan as at the relevant Transfer Date;
- (f) the Seller has not received any notice of the insolvency or bankruptcy of the Borrower or that the Borrower did not have the legal capacity to enter into the Mortgage Loan or Related Security;
- (g) the Seller is the sole legal and beneficial owner of the Mortgage Loan and immediately prior to the assignment of the Mortgage Loan and Related Security under the Mortgage Sale Agreement, no Security Interest exists in relation to its right, title and interests in the Mortgage Loan;
- (h) it holds all documents necessary to enforce the provisions of, and the security created by, the related Mortgage and each other Related Security;
- (i) it has not received notice from any person that claims to have a Security Interest ranking in priority to or equal with the related Mortgage or any other Related Security;
- (j) except if the Mortgage Loan is subject to a fixed rate of interest at any time and except as may be provided by applicable laws or any binding provision, the interest payable on the Mortgage Loan is not subject to any limitation and no consent, additional memoranda or other writing is required from the Borrower to give effect to a change in the interest rate payable on the Mortgage Loan and any

change will be effective on notice being given to the Borrower in accordance with the terms of the Mortgage Loan;

- (k) it is entitled to assign the Mortgage Loan upon the terms and conditions of the Mortgage Sale Agreement and no consent to the sale and assignment of the Mortgage Loan or notice of that sale and assignment is required to be given by or to any person including any Borrower (or to the extent that any consent is required, such consent will have been obtained immediately prior to the assignment of the relevant Mortgage Loan);
- (l) upon assignment in accordance with the Mortgage Sale Agreement, beneficial ownership of the Mortgage Loan will vest in the Covered Bond Guarantor free and clear of all Security Interests (other than any Security Interests arising by operation of law); and
- (m) the sale of the Mortgage Loan will not be held by a court to constitute a transaction at an undervalue, a fraudulent conveyance or a voidable preference under any insolvency law.

### ***Seller Trust***

The Mortgage in respect of a Mortgage Loan in the Mortgage Loan Portfolio may constitute an "all moneys mortgage" in that such Mortgage purports to secure the repayment of indebtedness which a Borrower owes, or may owe, to the Seller, as applicable, other than in respect of the relevant Mortgage Loan (such as business loans) (the **Associated Debt**) (each such mortgage an **All Moneys Mortgage**). Associated Debt secured by an All Moneys Mortgage which is part of a New Mortgage Loan Portfolio assigned to the Covered Bond Guarantor will also form part of that New Mortgage Loan Portfolio. Pursuant to a trust to be established upon entry into the Mortgage Sale Agreement (the **Seller Trust**), the Covered Bond Guarantor (as the **Seller Trustee**) will hold:

- (a) all of its right, title and interest in any such Associated Debt (including the proceeds of enforcement of such Associated Debt); and
- (b) the balance (if any) of the All Moneys Mortgage securing that Associated Debt (after taking into account the Trust's interest in that All Moneys Mortgage),

on trust for the benefit of the Seller (such property being the **Seller Trust Assets**). Accordingly, the Seller Trust Assets do not constitute part of the Asset Pool or, for the purposes of the Australian Banking Act, the Cover Pool.

Where:

- (a) a Mortgage Loan forms part of the Mortgage Loan Portfolio;
- (b) an Associated Debt forms part of the Seller Trust Assets; and
- (c) there is an All Moneys Mortgage in respect of that Mortgage Loan and Associated Debt,

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 Associated Debt as a result of the enforcement of the All Moneys Mortgage will be applied in accordance with the directions of the Trust Manager and in the following order of priority:

- (i) *first*, to meet 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;

- (ii) *second*, in satisfaction of amounts which are payable, are owing but not currently payable, are contingently owing or remain unpaid under the Mortgage Loan; and
- (iii) *third*, in satisfaction of the Associated Debt.

The Covered Bond Guarantor must not (and the Trust Manager must not direct it to) sell, transfer or (other than as contemplated by the Programme Documents) grant any Security Interest over any All Moneys Mortgage which is held by it partly as trustee for the Trust and partly as trustee for the Seller Trust without notifying the relevant transferee or holder of the Security Interest of the existence of the interest of the Seller as beneficiary of the Seller Trust in that All Moneys Mortgage. The Seller (as beneficiary of the Seller Trust) has the power to lodge a caveat over any All Moneys Mortgage where the Covered Bond Guarantor has, in breach of the above sold, transferred or granted any Security Interest, or the Seller reasonably believes that the Covered Bond Guarantor will sell, transfer or grant any Security Interest, in an All Moneys Mortgage.

### ***Extinguishment and transfer***

If a Mortgage Loan and Related Security becomes the subject of a Mortgage Loan Extinguishment Notice (which occurs in the circumstances described below under "*Breach of Representations and Warranties*", "*Product Switches, Further Advances and Cash Redraws*", "*Seller's right of extinguishment*" and "*Seller's Right of pre-emption in respect of Selected Mortgage Loans*"), 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, the Related Security and any other rights relating to the Mortgage Loan forming part of the Mortgage Loan Portfolio (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, the Related Security and any such other rights.

If the Covered Bond Guarantor has perfected its title to a Mortgage Loan and Related Security which becomes subject to a Mortgage Loan Extinguishment Notice, upon payment of the Extinguishment Amount by the Seller to the Covered Bond Guarantor, the Covered Bond Guarantor must take all action reasonably requested by the Seller which is required to transfer the Mortgage Loan and any Related Security 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 Conditions relating to that Mortgage Loan as at the Extinguishment Date, provided that in relation to a Mortgage Loan the subject of a Mortgage Loan Extinguishment Notice as a result of a Product Switch of such Mortgage Loan enabling the Borrower to "offset" mortgage payments against other amounts on deposit with the Seller, all Accrued Interest and Arrears of Interest of such Mortgage Loan must be calculated on the basis that no offset occurred for so long as the Mortgage Loan was in the Mortgage Loan Portfolio; or (b) in the case of a Mortgage Loan that is a Selected Mortgage Loan, 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***

In the event of a material breach of any of the Representations and Warranties or if any Representation or Warranty proves to be materially untrue (in each case in respect of any Mortgage Loan in the Mortgage Loan Portfolio and/or the Related Security) as at the date such Representation and Warranty is given and (i) the

Covered Bond Guarantor (acting at the direction of the Trust Manager and with the consent of the Security Trustee) or the Security Trustee has given the Seller written notice of such breach or untruth; and (ii) such breach or untruth is incapable of remedy or has not been remedied to the satisfaction of, or waived by, the Covered Bond Guarantor (acting at the direction of the Trust Manager and with the consent of the Security Trustee) or the Security Trustee within 30 AU Business Days from the date of the notice in (i) being served on the Seller (or such longer period has the Covered Bond Guarantor, acting on the directions of the Trust Manager and with the consent of the Security Trustee, may direct or agree with the Security Trustee), then the Seller must serve upon the Covered Bond Guarantor a Mortgage Loan Extinguishment Notice in relation to any such Mortgage Loan and the Related Security, unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio and pays the relevant Extinguishment Amount to the Covered Bond Guarantor within 30 AU Business Days of the date the Seller is given notice of the breach or untruth.

### ***Product Switches, Further Advances and Cash Redraws***

A Mortgage Loan in the Mortgage Loan Portfolio will be subject to a Product Switch when the Seller agrees to a variation in the Mortgage Conditions applicable to a Borrower's Mortgage Loan and/or to move a Borrower to an alternative mortgage product which, in either case, means that the Mortgage Loan would no longer be a Qualifying Mortgage Loan.

If the Seller agrees to make a Product Switch in relation to a Mortgage Loan in the Mortgage Loan Portfolio, during a Calculation Period, 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 or such other date as specified by the Seller in the Mortgage Loan Extinguishment Notice.

A Mortgage Loan in the Mortgage Loan Portfolio will be subject to a Further Advance if an existing Borrower requests further moneys to be advanced to him or her under the relevant Mortgage Loan in circumstances which do not amount to a Cash Redraw and such request is granted. A Mortgage Loan in the Mortgage Loan Portfolio will be subject to a Cash Redraw when the Seller agrees to a re-advance by the Seller of some or all of the Overpayments that the Borrower has made under the Mortgage Loan.

If the Seller agrees to make a Further Advance or a Cash Redraw in relation to a Mortgage Loan in the Mortgage Loan Portfolio the Seller may request the Covered Bond Guarantor (such request to be copied to the Trust Manager) to reimburse the Seller for funding the Further Advance or Cash Redraw. The Covered Bond Guarantor is under no obligation whatsoever to reimburse the Seller for funding a Further Advance or Cash 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 a Further Advance or Cash Redraw if: (i) the Trust Manager determines that a Mortgage Loan would not be a Qualifying Mortgage Loan immediately after the Further Advance or Cash 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 Receipts that are able to be applied for that purpose in accordance with the Pre-Acceleration 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 Further Advance or Cash Redraw. Reimbursement by the Covered Bond Guarantor of a Further Advance or Cash Redraw will only be made if the Trust Manager so directs the Covered Bond Guarantor and will be made in accordance with the applicable Priority of Payments 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 a Further Advance or Cash 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 Further Advance or Cash 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 Security (unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio that is not subject to the offer contained in the Mortgage Loan Extinguishment Notice) 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 will be under no obligation whatsoever to accept such an offer. 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 Related Security ceased to form part of the Mortgage Loan Portfolio (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 Loans***

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 Loans and the Related Security. The Covered Bond Guarantor (at the direction of the Trust Manager) may be required to sell Selected Mortgage Loans and the Related Security in the circumstances described in "*Establishment Deed - Sale of Selected Mortgage Loans and Related Security if the Pre-Maturity Test is breached*", "*Establishment Deed - Sale of Selected Mortgage Loans and Related Security following service of an Asset Coverage Test Breach Notice*" and "*Establishment Deed - Sale of Selected Mortgage Loans and Related Security following service of a Notice to Pay*" below.

In connection with the sale of Mortgage Loans and Related Security, prior to the Trust Manager directing the Covered Bond Guarantor to make an offer to sell those Selected Mortgage Loans and the Related Security 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 Loans and the Related Security. 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 Selected Mortgage Loans and the Related Security (unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio that is not also a relevant Selected Mortgage Loan) 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 Loans and the Related Security 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 Loans, the Covered Bond Guarantor will offer to sell the Selected Mortgage Loans and the Related Security to other Purchasers (as described under "*Establishment Deed – Method of Sale of Selected Mortgage Loans*", 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 in the Mortgage Loan Portfolio (including, but not limited to, Further Advances and Cash Redraws).

### ***Offset Mortgage Loans***

If a Mortgage Loan in the Mortgage Loan Portfolio is an Offset Mortgage Loan the Seller must, on each Calculation Date, credit to the Revenue Ledger and deposit in the GIC Account an amount equal to the unpaid interest that was not paid during the Calculation Period ending immediately prior to that Calculation Date in respect of the Mortgage Loan.

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 11 November 2011 between the Covered Bond Guarantor, nab (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 in the Mortgage Loan Portfolio and the Related Security 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 in the Mortgage Portfolio and the Related Security in accordance with:

- (a) the Servicing Procedures. The **Servicing Procedures** are the guidelines relating to the servicing and collection procedures (including enforcement) as agreed by the Trust Manager, the Seller and the Servicer from time to time in accordance with certain procedures set out in the Servicing Agreement; and
- (b) the terms and provisions of the Servicing Agreement.

### ***Duties of Servicer***

The Servicing Agreement requires the Servicer to (among other things):

- (a) service the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security in accordance with the Servicing Procedures;
- (b) make all reasonable efforts to collect all payments (including Mortgage Loan Scheduled Payments) in respect of the Mortgage Loans in the Mortgage Loan Portfolio and credit all such Mortgage Loan Scheduled Payments made by a Borrower to the GIC Account;
- (c) take all reasonable action to protect or enforce the terms of the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security;

- (d) to make claims on behalf of the Covered Bond Guarantor to the extent it is able to make a claim under any Insurance Policy relating to a Mortgage Loan in the Mortgage Loan Portfolio; and
- (e) comply with its obligations under the Programme Documents to which it is a party.

### ***Undertakings of the Servicer***

Pursuant to the terms of the Servicing Agreement, the Servicer has undertaken to the Covered Bond Guarantor, the Trust Manager, the Seller and the Security Trustee, among other things, to:

- (a) provide the Services in such manner and with the same degree of diligence and care expected of an appropriately qualified and prudent servicer of receivables similar to those receivables which constitute the Mortgage Loans in the Mortgage Loan Portfolio following such collection procedures as it follows with respect to comparable mortgage loans beneficially owned and serviced by it;
- (b) comply with any directions, orders and instructions which the Covered Bond Guarantor, the Trust Manager or the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement as to the manner in which the Services are to be performed;
- (c) maintain in full force and effect the authorisations and licences necessary for it to enter into the Programme Documents to which it is a party and the transactions contemplated by them and to comply with its obligation under them;
- (d) comply in all material respects with all applicable laws and any codes of practice binding on it in exercising its rights and carrying out its obligations under the Programme Documents to which it is a party (including the National Consumer Credit Protection Laws); and
- (e) make all payments required to be made by it pursuant to the Programme Documents to which it is a party on the due date for payment thereof in Australian Dollars (or as otherwise required under the Programme Documents) in immediately available funds for value on such day without set-off (including, without limitation, any fees owed to it) or counterclaim, but subject to any deductions required by law.

### ***Interest Rate Shortfall Test***

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 in the Mortgage Loan Portfolio 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 Priority of Payments applicable prior to a Covered Bond Guarantor Event of Default,

(the **Interest Rate Shortfall Test**). Any interest rate shortfall will be referred to as 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 in the Mortgage Loan Portfolio 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 Loans and the Related Security 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 New Mortgage Loans and the Related Security 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 Loans and the Related Security as described above if, in the reasonable opinion of the Seller, the sale to the Covered Bond Guarantor of such Mortgage Loans and the Related Security 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, having regard to the aggregate of:

- (a) the standard variable rate and any other discretionary rate or margin, in respect of the Mortgage Loans in the Mortgage Loan Portfolio 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 in the Mortgage Loan Portfolio and amounts under the Swap Agreements during the relevant Trust Payment Period which would give a weighted average annual yield on the Mortgage Loans in the Mortgage Loan Portfolio of an amount that is sufficient to enable the Covered Bond Guarantor to make the payments and provisions under paragraphs (a) to (k) (inclusive) of the Pre-Acceleration Revenue Priority of Payments in full on the next Trust Payment Date to occur following the end of the Calculation 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 in the Mortgage Loan Portfolio 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 Borrowers in accordance with the Mortgage Conditions 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 Priority of Payments.

In addition, the Covered Bond Guarantor will on each Trust Payment Date, also pay or reimburse the Servicer for all Liabilities incurred by the Servicer in connection with the enforcement and recovery of defaulted Mortgage Loans in the Mortgage Loan Portfolio including liabilities relating to any court proceedings, arbitration or other dispute (except to the extent such amounts are due to Servicer fraud, negligence or wilful default).

### ***Collections***

The Servicer will hold on trust for the Covered Bond Guarantor any amounts received by it in respect of the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security prior to crediting those amounts to the GIC Account pursuant to the Servicing Agreement. All such amounts described above received by the Servicer must be credited to the GIC Account either on the Calculation Date immediately after the end of each Calculation Period (for so long as the Servicer has short term credit ratings of no lower than P-1 from Moody's and F1 from Fitch and a long term credit rating of no lower than A from Fitch or, if Fitch has placed the Servicer on credit ratings watch negative at the relevant time, F1+ and A+ from Fitch) or in any other case within two AU Business Days of receipt.

The Servicer must, if it credits money received during a Collection Period to the GIC Account in accordance with the Servicing 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 the rate as 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-Acceleration Revenue Priority of Payments.

## ***Servicing Procedures***

The Trust Manager and the Servicer may amend the Servicing Procedures from time to time. The Trust Manager and the Servicer must not amend the Servicing Procedures in a manner which would materially change the rights or obligations of the Covered Bond Guarantor, without the prior approval of the Covered Bond Guarantor and the Security Trustee or 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 of that person. The Servicer remains responsible for all of its obligations under the Programme Documents notwithstanding any delegation by it.

## ***Removal or resignation of the Servicer***

The Trust Manager may direct the Covered Bond Guarantor to, and upon receiving such direction the Covered Bond Guarantor must, or the Security Trustee (acting on the directions of, for so long as there are any Covered Bonds outstanding, the Bond Trustee or, where no Covered Bonds are outstanding, the Majority Secured Creditors) must, upon written notice to the Servicer, terminate the Servicer's appointment under the Servicing Agreement immediately at any time after any of the following events (each a **Servicer Termination Event**) occurs and is continuing:

- (a) the Servicer does not pay any amount payable by it in under any Programme Document on time and in the manner required under the relevant Programme Document unless, in the case of a failure to pay on time, the Servicer pays the amount within ten AU Business Days of notice from any of the Covered Bond Guarantor, the Trust Manager or the Security Trustee, except where that amount is subject to a good faith dispute between the Servicer and the Covered Bond Guarantor, the Trust Manager or the Security Trustee;
- (b) the Servicer does not comply with any other obligation under any of the Programme Documents, which the Security Trustee considers, acting on the directions of:
  - (i) for so long as there are any Covered Bonds outstanding, the Bond Trustee, is materially prejudicial to the Covered Bondholders; or
  - (ii) where no Covered Bonds are outstanding, the Majority Secured Creditors, is materially prejudicial to the Secured Creditors,

and such failure is not remedied or waived within a period of 20 AU Business Days after the Servicer becomes aware of such failure; and if the non-compliance can be remedied, does not remedy the non-compliance within 30 AU Business Days of the Servicer receiving a notice from the Covered Bond Guarantor, the Trust Manager or the Security Trustee requiring its remedy (or such longer period as may be agreed between the Servicer and the Covered Bond Guarantor or the Security Trustee);

- (c) any representation or warranty made by the Servicer in connection with any Programme Document is incorrect or misleading when made and the Security Trustee considers, acting on the directions of:

- (i) for so long as there are any Covered Bonds outstanding, the Bond Trustee, that such failure is likely to be materially prejudicial to the Covered Bondholders; or
- (ii) where no Covered Bonds are outstanding, the Majority Secured Creditors, that such failure is likely to be materially prejudicial to the Secured Creditors,

and such failure is not remedied to the satisfaction of the Covered Bond Guarantor within 90 days of the Servicer receiving a notice from the Covered Bond Guarantor requesting the Servicer to remedy the failure;

- (d) it becomes unlawful for the Servicer to administer and service the Mortgage Loans in the Mortgage Loan Portfolio;
- (e) an Insolvency Event occurs in relation to the Servicer; or
- (f) the Servicer's unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's or BBB- by Fitch (or, if Fitch has placed the Servicer on credit ratings watch negative at the relevant time, BBB by Fitch).

Any termination of the appointment of the Servicer, waiver of any Servicer Termination Event by the Covered Bond Guarantor or appointment of a Substitute Servicer (as described below) is conditional upon the Issuer having delivered a Rating Affirmation Notice to the Covered Bond Guarantor, the Trust Manager, the Servicer, the Substitute Servicer and the Rating Agencies in respect thereof.

In addition, subject to the fulfilment of a number of conditions, including, without limitation, that a Substitute Servicer has been appointed, the Servicer may voluntarily resign by giving not less than 12 months' notice (or three months' notice where the Substitute Servicer to be appointed is a Related Entity of nab) to the Covered Bond Guarantor, the Trust Manager and the Security Trustee.

If the Servicer retires as Servicer, the Servicer agrees to use its best endeavours to ensure a Substitute Servicer is appointed as soon as possible. If a Substitute Servicer is not appointed within three months of the delivery of a notice of termination to the Servicer or the delivery by the Servicer of a notice of resignation, the Covered Bond Guarantor may appoint a Substitute Servicer. If a Substitute Servicer is not appointed following delivery of a notice of termination to the Servicer or delivery by the Servicer of a notice of resignation, the Covered Bond Guarantor must, subject to limited conditions, act as servicer with effect from the effective date of the termination or resignation as applicable.

If the appointment of the Servicer is terminated or the Servicer retires, the Servicer must promptly deliver all original documents in its possession relating to the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security to the Substitute Servicer (or as the Covered Bond Guarantor or the Trust Manager may direct).

Neither the Bond Trustee nor the Security Trustee is obliged to act as Servicer in any circumstances.

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 entered into on or about the Programme Date between the Cover Pool Monitor, the Covered Bond Guarantor, nab (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 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 Legislated Collateralisation Test and the Asset Coverage Test or the Amortisation Test, as applicable, on that Calculation Date. In the case of the Asset Coverage Test and the Amortisation Test, the relevant test to be conducted by the Cover Pool Monitor depends on whether the 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 test the Legislated Collateralisation Test, the Asset Coverage Test and 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, a **Reporting 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) determine whether:
  - (i) the assets of the Trust comprising the Asset Pool are assets of a kind specified in section 31(1) of the Australian Banking Act;
  - (ii) the assets of the Trust comprising the Asset Pool 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 tests and examinations above with a view to providing a report in accordance with the Cover Pool Monitor Agreement and may use sampling in accordance with the auditing standards under the Corporations Act in carrying out such testing and examination.

If the long-term unsecured, unguaranteed and unsubordinated debt obligation credit ratings of the Trust Manager (or if the Trust Manager is not so rated, if the long-term unsecured, unguaranteed and unsubordinated debt obligation credit ratings of the Trust Manager's holding company) fall below Baa3 by Moody's or BBB- by Fitch (or, if Fitch has placed the Issuer on credit ratings watch negative at the relevant time, BBB by Fitch) (and for as long as they remain below such ratings), the Cover Pool Monitor will, subject to receipt of the relevant information from the Trust Manager, be required to perform such tests on the arithmetic accuracy of the relevant tests referred to above (other than the Legislated Collateralisation Test) 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 be required to conduct such tests 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 or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of any such information. The Cover Pool Monitor Report, together with the reports prepared in respect of the records of the assets of the Trust kept by the Trust Manager, will be delivered to the Issuer, Seller, Trust Manager, the Covered Bond Guarantor, nab, 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 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 tests 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 tests 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 tests.

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 or any other Programme Document to which the Cover Pool Monitor is a party (in its capacity as such). The liability of the Cover Pool Monitor is limited by a scheme approved under professional standards, 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 nab as the Issuer, the Seller, the Trust Manager and the Servicer establishes the nab 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, amongst other things, Mortgage Loans and the Related Security; 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 ten Residual Capital Units. Pursuant to the Establishment Deed, the Residual Income Unitholder is entitled to distributions of the net income, if any, of the Trust for each fiscal year. The Residual Capital Unitholder's interest in the Trust comprises an interest in its proportion of 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 to the net income of the Trust.

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 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 is at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding 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 Mortgage Loan Portfolio is in compliance with the Asset Coverage Test.

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 Covered Bond Guarantor and the Issuer the Asset Coverage Test as calculated on that 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 Loans and Related Security 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 Loans and Related Security*"), and must direct the Covered Bond Guarantor to purchase Substitution Assets or request subscriptions from the Demand Note Subscriber for an increase in the principal amount of the Demand Note to ensure that the Asset Coverage Test is satisfied on any date on or before the immediately following 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 for a second consecutive Calculation Date, the Trust Manager must 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 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 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 Loans and the Related Security (as further described under "*Sale of Selected Mortgage Loans and Related Security 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-Acceleration Priority of Payments will be modified as described in "*Cashflows - Allocation and distribution of Available Revenue Receipts and Available Principal Receipts 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 in the Mortgage Loan Portfolio as at such Calculation Date; and
- (b) the aggregate of the Asset Percentage Adjusted Mortgage Loan Balance Amounts of the Mortgage Loans in the Mortgage Loan Portfolio as at such Calculation Date,

(in each case, for the avoidance of doubt, excluding any Mortgage Loans being repurchased by the Seller on such Calculation Date but including any Mortgage Loans being purchased by the Covered Bond Guarantor on such Calculation Date).

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 in the Mortgage Loan Portfolio that is not then a Defaulted Mortgage Loan, the lesser of:
  - (A) the outstanding Current Principal Balance of the Mortgage Loan as at the relevant Calculation Date; and
  - (B) the product of M and L where:
    - (I) M is 80 per cent.; and
    - (II) L is the Indexed Valuation for the Property which secures the Mortgage Loan as at the relevant Calculation Date (but without double counting across Mortgage Loans); and
- (ii) for each Mortgage Loan in the Mortgage Loan Portfolio that is a Defaulted Mortgage Loan, zero;

less:

- (iii) where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security in respect of which the Seller was, in the immediately preceding Calculation 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 or where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security was the subject of a Product Switch and, in either case, the Seller has not repurchased the Mortgage Loan and the Related Security 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 Calculation Period, was in material breach of any other warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Calculation 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 Calculation 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 in the Mortgage Loan Portfolio that is not then a Defaulted Mortgage Loan, the lesser of:
  - (A) the outstanding Current Principal Balance of the Mortgage Loan as at the relevant Calculation Date; and
  - (B) the product of M and L, where:
    - (I) M is 100 per cent.; and
    - (II) L is the Latest Valuation for the Property which secures the Mortgage Loan as at the relevant Calculation Date (but without double counting across Mortgage Loans); and
- (ii) for each Mortgage Loan in the Mortgage Loan Portfolio that is a Defaulted Mortgage Loan, zero;

less:

- (iii) where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security in respect of which the Seller was, in the immediately preceding Calculation 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 or where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security was the subject of a Product Switch and, in either case, the Seller has not repurchased the Mortgage Loan and the Related Security 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 Calculation Period, was in material breach of any other warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Calculation 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 Calculation 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 principal amount of the Demand Note which have not been applied as contemplated in the Programme Documents as at the relevant Calculation Date;

**C** = the aggregate principal balance of any Substitution Assets and Authorised Investments as at the relevant Calculation Date;

**D** = the aggregate amount of Mortgage Loan Principal Receipts standing to the credit of the GIC Account as at the relevant Calculation Date (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 Priority of Payments;

**E** = the amount of any Sale Proceeds standing to the credit of the Pre-Maturity Ledger as at the relevant Calculation Date (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 relevant Calculation Date (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; 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 (I) 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 (II) 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 of the applicable Series).

There is no obligation on the Covered Bond Guarantor or the Issuer to ensure that a 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 Covered Bond Guarantor and the Security Trustee in line with the level of credit enhancement required to ensure a AAA credit rating by Fitch or an Aaa credit rating by Moody's.

Notwithstanding any other provision of the Programme Documents, if Zero Coupon Covered Bonds are issued by the Issuer, then the level of collateralisation required in respect of those Zero Coupon Covered Bonds under the Asset Coverage Test will be determined by the Issuer and the Trust Manager and, subject to it delivering a Rating Affirmation Notice to the Covered Bond Guarantor in respect of that determination, the Asset Coverage Test will be modified to reflect that required level of collateralisation under the Asset Coverage Test. Provided that a Rating Affirmation Notice is received, the consent of the Secured Creditors will not be obtained in relation to that modification and the Bond Trustee and the Security Trustee shall agree to the proposed modification.

### ***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 of the Covered Bonds as calculated on the relevant Calculation Date (the **Amortisation Test**).

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 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 relevant Calculation Date; and

- (ii) 80 per cent. of the Indexed Valuation for the Property charged by a Mortgage which secures the Mortgage Loan as at the relevant Calculation Date (but without double counting across Mortgage Loans); and

(b) M is:

- (i) for each Mortgage Loan that is not then a Defaulted Mortgage Loan  $M = 1.0$ ; or
- (ii) for each Mortgage Loan that is then a Defaulted Mortgage Loan,  $M = \text{zero}$ ;

**B** = the sum of the amount of any cash standing to the credit of the GIC Account and the principal amount of any Authorised Investments (excluding any Mortgage Loan Revenue Receipts received in the immediately preceding Calculation Period and any principal amounts due to be applied on or before the next Trust Payment Date in accordance with the applicable Priority of Payments);

**C** = the aggregate principal balance of any Substitution Assets not taken into account elsewhere in this calculation;

**Z** = the product of:

- (a) the weighted average remaining maturity of all Covered Bonds then outstanding (expressed in years) (but if less than 1, then deemed to be 1);
- (b) the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds; and
- (c) the Negative Carry Factor.

Notwithstanding any other provision of the Programme Documents, if Zero Coupon Covered Bonds are issued by the Issuer, then the level of collateralisation required in respect of those Zero Coupon Covered Bonds under the Amortisation Test shall be determined by the Issuer and the Trust Manager and, subject to it delivering a Rating Affirmation Notice to the Covered Bond Guarantor in respect of that determination, the Amortisation Test will be modified to reflect that required level of collateralisation under the Amortisation Test. Provided that a Rating Affirmation Notice is received, the consent of the Secured Creditors will not be obtained in relation to that modification and the Bond Trustee and the Security Trustee shall agree to the proposed modification.

### ***Sale of Selected Mortgage Loans and Related Security if the Pre-Maturity Test is breached***

The Establishment Deed will provide for the sale of Selected Mortgage Loans and the Related Security 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, sell Selected Mortgage Loans in the Mortgage Loan Portfolio and the Related Security, 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 Loans*") 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 Receipts will be credited to the Pre-Maturity Ledger and deposited into the GIC Account. If the Issuer fully repays a Series of Hard Bullet Covered Bonds on their Final Maturity Date, any amount standing to the credit of the Pre-Maturity Ledger 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 Priority of Payments 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 on the Pre-Maturity Ledger in order to provide liquidity for that other Series of Hard Bullet Covered Bonds. Otherwise, the proceeds will be applied 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 Loans and Related Security 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 Loans in the Mortgage Loan Portfolio and the Related Security 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 Loans") 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 Revenue Receipts and Available Principal Receipts following service of an Asset Coverage Test Breach Notice".

#### ***Sale of Selected Mortgage Loans and Related Security 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 Loans in the Mortgage Loan Portfolio and the Related Security 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 Loans"). 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 Loans***

If the Covered Bond Guarantor is required to sell Selected Mortgage Loans in the Mortgage Loan Portfolio and the Related Security 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 Loans in the Mortgage Loan Portfolio and the Related Security for sale:

- (a) the Selected Mortgage Loans are selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole and that if a Mortgage Loan is selected, its Related Security is also selected unless the Related Security also secures a Mortgage Loan in the Mortgage Loan Portfolio that is not also a Selected Mortgage Loan; and
- (b) the Selected Mortgage Loans 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 the Selected 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:

$$N \times \left[ \frac{\text{aggregateCurrentPrincipalBalancefor all MortgageLoansin theMortgageLoanPortfolio}}{\text{AustralianDollarEquivalentof theRequired RedemptionAmount in respectof eachSeries of CoveredBonds thenoutstanding}} \right]$$

where N is an amount equal to the Australian Dollar Equivalent of:

- (x) in respect of Selected Mortgage Loans and the Related Security 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 Loans and the Related Security 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).

The Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will, offer the Selected Mortgage Loans and the Related Security 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 Selected Mortgage Loans 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 Loans and the Related Security 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 Loans 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 Loans 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 Loans, 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 Loans (a **Partial Portfolio**). Except in circumstances where the portfolio of Selected Mortgage Loans 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 Loans.

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 Loans (if such terms are commercially available in the market) to advise it in relation to the sale of the Selected Mortgage Loans to Purchasers (except where the Seller is exercising its rights of pre-emption in respect of the Selected Mortgage Loans 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 Loans*"). 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 Loans and the Related Security 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 Loans 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 Loans (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 Loans*"). The Security Trustee will not be



required to release the Selected Mortgage Loans 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 Loans*"), which will require, amongst other things, a cash payment from the relevant Purchasers. Any such sale will not include any representations or warranties from the Covered Bond Guarantor or the Seller in respect of the Selected Mortgage Loans and the Related Security 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 must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must, invest Available Revenue Receipts, Available Principal Receipts and the proceeds of the issue of Intercompany Notes and the Demand Note (or the proceeds of any increase in the principal amount of 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 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
- (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 Revenue Receipts, Available Principal Receipts and all other amounts received by the Covered Bond Guarantor is described under "*Cashflows*" below.

### ***Retirement and Removal of the Covered Bonds 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.

#### *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 such appointment of the successor Covered Bond Guarantor is 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, 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 11 November 2011 between the Covered Bond Guarantor, nab (in its capacities as Trust Manager, Issuer, Seller, Servicer and 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 Mortgage Loan Revenue Receipts and the Mortgage Loan Principal Receipts received and Available Revenue Receipts and Available Principal Receipts 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 in the Mortgage Loan Portfolio during each Calculation Period and the amounts payable by the Covered Bond Guarantor on the immediately following Trust Payment Date under the applicable Priority of Payments described under "*Cashflows*", below;

- (d) distributing the Available Revenue Receipts and the Available Principal Receipts in accordance with the 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 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 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 remove the Trust Manager as manager of the Trust by giving the Trust Manager 90 AU Business Days' notice where, in certain circumstances, the Trust Manager does not comply with an obligation under the Programme Documents and the non-compliance would be considered by the Security Trustee acting on the directions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors to be materially prejudicial to the interests of the Covered Bondholders or (where no Covered Bonds are outstanding) the Majority Secured Creditors and the Trust Manager does not remedy such non-compliance within 30 AU Business Days after becoming aware of it. The Trust Manager may also voluntarily retire as manager of the Trust by giving the Covered Bond Guarantor at least 90 AU Business Days' notice of its intention to resign. If the Trust Manager retires or is removed as manager of the Trust, the outgoing Trust Manager must use its reasonable endeavours to ensure that a substitute trust manager is appointed as soon as possible, and if no such substitute is appointed within 90 AU Business Days after the Covered Bond Guarantor receives the notice of the resignation or termination, the Covered Bond Guarantor may appoint a substitute trust manager. Any appointment of a substitute trust manager will be conditional upon the outgoing Trust Manager notifying each Rating Agency and the Account Bank that a substitute trust manager is to be appointed, and on the substitute trust manager becoming bound by the Programme Documents.

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 in the Asset Pool, amounts payable by the Covered Bond Guarantor under the Intercompany Note Subscription Agreement to nab and/or amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee to Covered Bondholders in respect of the Covered Bonds on issue, the Covered Bond Guarantor will enter into certain swap transactions with swap providers as described below.

Each such swap transaction (including, without limitation, the Interest Rate Swaps 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 and credit support document thereto (such credit support document to be in the form of the ISDA 1995 Credit Support Annex (Bilateral Form - Transfer) published by ISDA), between a swap provider (a **Swap Provider**), the Covered Bond Guarantor, the Trust Manager and the Security Trustee (together, a **Swap Agreement**).

### **Interest Rate Swap Agreement**

Some of the Mortgage Loans in the Mortgage Loan Portfolio from time to time pay a variable amount of interest. Other Mortgage Loans pay a fixed rate of interest for a period of time. 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 in the Mortgage Loan Portfolio and certain other assets in the Asset Pool; and
- (b) the Bank Bill Rate for Australian Dollar deposits,

the Covered Bond Guarantor, the Trust Manager, the Security Trustee and the Interest Rate Swap Provider will enter into Interest Rate Swaps under the Interest Rate Swap Agreement.

The 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 payments due from the Interest Rate Swap Provider under the Interest Rate Swaps, 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 certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and the Interest Rate Swaps and amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of the Covered Bonds.

Each Non-Forward Starting Covered Bond Swap will provide a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and the Interest Rate Swaps and amounts payable by the Covered Bond Guarantor under the Intercompany Note Subscription Agreement (prior to 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 Trust Payment Date or such other 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 Trust Payment Date or such other 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, in the event that the credit rating(s) of the relevant Swap Provider is downgraded by a Rating Agency below the credit rating(s) specified in such Swap Agreement (in accordance with the requirements of such Rating Agency) 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 ratings 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 ratings required by the relevant Rating Agency or (ii) in some cases, the relevant Rating Agency has confirmed that such 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 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.

### ***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 any party to such Swap Agreement, if there is a failure by the other party to pay any amounts due under such Swap Agreement;
- (b) upon the occurrence of an insolvency event 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 or change in application of the relevant law 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) if a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor;
- (g) upon the making of an amendment (without the consent of the relevant Swap Provider) to the Priorities of Payment which has a material adverse effect on the amounts paid to the relevant Swap Provider under the Priorities of Payment; and
- (h) upon the making of an amendment (without the 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 the such Swap Agreement than would otherwise have been the case or that results in an adverse consequence to the relevant Swap Provider.

Upon the termination of one or more Swaps under a Swap Agreement, the Covered Bond Guarantor or the Swap Provider may be liable to make a termination payment to the other party in accordance with the provisions of such Swap Agreement.

### ***Swap Agreement Credit Support Document***

The Covered Bond Guarantor and each Swap Provider 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.

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 securities. Cash amounts will be paid into an account designated as a **Swap Collateral Cash Account**. References to a Swap Collateral Cash Account and to payments from such accounts are deemed to be a reference to payments from such accounts as and when opened by the Covered Bond Guarantor.

If a Swap Collateral Cash Account is opened, cash (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.

### ***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 11 November 2011 between the Covered Bond Guarantor, the Seller Trustee, nab (in its capacities as Account Bank, Trust Manager and beneficiary of the Seller Trust) and the Security Trustee, the Trust Manager will establish the Trust Accounts with the Account Bank, which will be operated by the Account Bank (which must comply with any direction given by the Instructing Party) in accordance with the Account Bank Agreement, the relevant Account Bank Mandate and nab's standard terms and conditions applicable to accounts and electronic banking. At any time, the Covered Bond Guarantor may revoke the Trust Manager's authority as the Instructing Party which instructs the Account Bank in relation to the Trust Accounts by written notice to the Trust Manager and the Account Bank.

The Covered Bond Guarantor (acting at the direction of the Trust Manager) or the Security Trustee may, upon written notice to the Account Bank, terminate the appointment of the Account Bank if any of the following matters occur:

- (a) 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
- (b) 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 at the direction 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
- (c) if the Account Bank fails to perform any of its other material obligations under the Account Bank Agreement, the Security Deed or any other Programme Document to which it is a party which 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 the Covered Bond Guarantor (acting at the direction of the Trust Manager) or the Security Trustee must, upon written notice to the Account Bank, terminate the appointment of the Account Bank if any of the following matters occur:

- (i) if the Account Bank ceases to be a Qualified Institution and the Account Bank does not, within 30 days of the occurrence of such event, obtain a guarantee of its obligations under the Account Bank Agreement from a Qualified Institution provided that the Rating Agencies have confirmed that the then current credit ratings of the Covered Bonds would not be reduced, qualified or withdrawn as a result of obtaining such guarantee; or
- (ii) if an Insolvency Event occurs in respect of the Account Bank.

The Account Bank Agreement is governed by, and is construed in accordance with, the laws applying in the State of New South Wales, Australia.

## **Security Deed**

- (a) Pursuant to the terms of the Security Deed entered into on 10 November 2011 by, amongst others, the Covered Bond Guarantor, the Trust Manager and the Security Trustee, as security for payment of the Secured Obligations, the Covered Bond Guarantor charges all of its 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. To the extent the Security is a floating charge, it will become a fixed charge automatically and immediately in respect of all Charged Property subject to the floating charge:

- (a) without the need for any notice to or act by the Security Trustee, following the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer; and
- (b) in respect of any such Charged Property specified in any notice which may be given by the Security Trustee to the Covered Bond Guarantor and the Trust Manager at any time if, in the opinion of the Security Trustee, that Charged Property is at risk of being seized, taken or becoming subject to any Security Interest other than any Security Interest expressly permitted under the Programme Documents.

### ***Release of Security***

In the event of any sale or transfer of Mortgage Loans (including Selected Mortgage Loans) and their Related Security (and any other related rights under the same) by or on behalf of the Covered Bond Guarantor (including by way of *in specie* distributions to the Covered Bond Guarantor), or extinguishment of the Covered Bond Guarantor's interest in Mortgage Loan (including Selected Mortgage Loans) and the Related Security (and any other related rights under the same) pursuant to and in accordance with the Programme Documents, such Mortgage Loans and the Related Security (and any other related rights under the same) will no longer form part of the Mortgage Loan Portfolio 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 Loans and the Related Security (and any other related rights under the same) 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 Loans and the Related Security has been made in accordance with the terms of the Programme Documents and, in the case of Selected Mortgage Loans only, that the Selected Mortgage Loans have been selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole.

### ***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) this document and any other Programme Documents to which the Security Trustee is party, and the parties to such documents have the same rights 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 Loan Portfolio), 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 Revenue Receipts up to the Reserve Fund Required Amount or the proceeds of the issue of an Intercompany Note if nab'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 Programme Conditions and/or, in the case of an N Covered Bond, as provided in the relevant Condition of the relevant N Covered Bond Conditions (if applicable)) 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 will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant 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, 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, 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 the Related Security 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 principal amount outstanding of 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 Security to the Covered Bond Guarantor may be funded by (i) cash available to the Covered Bond Guarantor to pay for such Mortgage Loans and Related Security in accordance with the Pre-Acceleration Principal Priority of Payments; and/or (ii) the proceeds of an increase in the principal amount outstanding of 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 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 Legislative 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 Revenue Receipts (in accordance with the Pre-Acceleration Revenue Priority of Payments) or the remaining subscription proceeds of an issue of Intercompany Notes 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.

If a Transaction Account is closed in accordance with the terms of the Account Bank Agreement, any payment to be made to or from the relevant Transaction Account will, as applicable, be made to or from the GIC Account, or no payment will be made at all if such payment is expressed to be from the GIC Account to the relevant Transaction Account.

### ***Allocation and distribution of Available Revenue Receipts 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 Revenue Receipts 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 Revenue Receipts 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).

On each Trust Payment Date, the Covered Bond Guarantor (acting at the direction of the Trust Manager) must transfer funds from the GIC Account to the Transaction Accounts, in an amount equal to the lower of:

- (a) the amount required to make the payments or credits described below; and
- (b) the amount of Available Revenue Receipts standing to the credit of the GIC Account.



### ***Pre-Acceleration Revenue 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 Revenue Receipts from the Transaction Accounts to make the following payments and provisions in the following order of priority (**Pre-Acceleration Revenue 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*, in or towards satisfaction of any Accrued Interest Adjustment due and payable to the Seller in connection with the transfer of any Mortgage Loans to the Trust during the Calculation Period immediately preceding that Trust Payment Date;
- (c) *third*, in or towards satisfaction *pari passu* and rateably of:
  - (i) any amounts due and payable by the Covered Bond Guarantor to itself as trustee of the Trust, the Bond Trustee and the Security Trustee;
  - (ii) any 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-Acceleration Principal Priority of Payments;

- (h) *eighth*, if a Servicer Termination Event has occurred, all remaining Available Revenue Receipts to be deposited into the GIC Account (with a corresponding credit to the Revenue Ledger) until such Servicer Termination Event 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 Portfolio (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 Revenue Receipts 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 Revenue Receipts will continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments provided that, whilst 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-Acceleration Revenue Priority of Payments; and

- (b) the remainder (if any) will be deposited into the GIC Account (with a corresponding credit to the Revenue Ledger) and applied as Available Revenue Receipts on the next succeeding Trust Payment Date.

***Allocation and Distribution of Available Principal Receipts 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 Receipts standing to the credit of the Transaction Accounts must be allocated and distributed as described below.

On each Calculation Date, the Trust Manager must calculate the amount of Available Principal Receipts available for distribution on the immediately following Trust Payment Date.

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, transfer funds from the GIC Account to the Transaction Accounts, in an amount equal to the lower of:

- (a) the amount required to make the payments or credits described below; and
- (b) the amount of all Available Principal Receipts standing to the credit of the GIC Account.

***Pre-Acceleration 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 Receipts from the Transaction Accounts (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 Loans (but only in the case of paragraphs (d) and (g)) in making the following payments or provisions or credits in the following order or priority (**Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full to the extent the same are payable on the relevant 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 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; and
- (B) any amount to be credited to the Pre-Maturity Ledger on that Trust Payment Date pursuant to paragraph (g) of the Pre-Acceleration Revenue Priority of Payments;

- (b) *second*, to acquire New Mortgage Loans and the Related Security 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 Receipts 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 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 Purchase Price for New Mortgage Loans and the Related Security 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) reimburse the Seller for funding any Further Advances and/or Cash 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 Unitholders *pari passu* and rateably amongst them in respect of the Residual Capital Units.

No payment of Available Principal Receipts 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 Loans 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 Loans pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*".

#### ***Allocation and Distribution of Available Principal Receipts 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 Receipts will continue to be applied in accordance with the Pre-Acceleration Principal Priority of Payments provided that, whilst any Covered Bonds remain outstanding, no moneys will be applied under paragraphs (b), (e)(ii), (f), (g), (h) and (i) of the Pre-Acceleration Principal Priority of Payments, and the remainder (if any) will be deposited into the GIC Account (with a corresponding credit to the Principal Ledger) and applied as Available Principal Receipts on the next succeeding Trust Payment Date.

#### ***Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts 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 Revenue Receipts and Available Principal Receipts will be applied as described below under "*Guarantee 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 transfer funds from the GIC Account to the Transaction Accounts, in an amount equal to the lower of:

- (a) the amount required to make the payments set out in the Guarantee Priority of Payments, as described below; and
- (b) the amount of all Available Revenue Receipts and Available Principal Receipts standing to the credit of the GIC Account.

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 (and transferred from the GIC Account to the Transaction Accounts) 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 below under (e)(ii) 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 Revenue Receipts, Available Principal Receipts and any In Specie Mortgage Loans (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*, in or towards satisfaction of any Accrued Interest Adjustment due and payable to the Seller in connection with the transfer of any Mortgage Loans to the Trust during the Calculation Period immediately preceding that Trust Payment Date;
- (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 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 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 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 Unitholders *pari passu* and rateably amongst them in respect of the Residual Capital Units.

No payment of Available Revenue Receipts and Available Principal Receipts 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 Loans 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 directions 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-Acceleration Revenue Priority of Payments, paragraph (h) of the Guarantee Priority of Payments or paragraphs (a) or (c) above, will be credited (acting at the direction of the Trust Manager) to the Revenue Ledger, deposited into the GIC Account (acting at the direction of the Trust Manager) and form part of the Available Revenue Receipts to be applied (acting at the direction of the Trust Manager) 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-Acceleration Principal Priority of Payments, paragraph (j) of the Guarantee Priority of Payments or paragraphs (b) or (c) above, will be credited (acting at the direction of the Trust Manager) into the GIC Account and will form part of the Available Principal to be applied (acting at the direction of the Trust Manager) 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 an extinguishment of the Seller's interest in, or transfer by the Seller of, Mortgage Loans and the Related Security 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-Acceleration 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 in the case that the full amount of the termination payment is not required to pay the replacement Swap Provider, the remaining part of the termination payment will be applied in accordance with the applicable 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 Revenue Receipts 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 all amounts due or to become due in respect of any Third Party Amounts and 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 Loans (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*, 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;
- (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 in the Trust Payment Period during which the application of moneys is made, 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 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 Loans 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 LOAN PORTFOLIO

Each New Mortgage Loan Portfolio acquired by the Covered Bond Guarantor consists of Mortgage Loans and the Related Security 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:

**New Mortgage Loan Portfolio** means a portfolio of Mortgage Loans and the Related Security (other than any Mortgage Loans and the Related Security included in such portfolio which have been redeemed in full prior to the relevant Transfer Date in respect of such portfolio), particulars of which are set out in, or attached to, a New Mortgage Loan Portfolio Notice, and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (g) (inclusive) below:

- (a) all sums of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Expenses and Capitalised Arrears) and any other sum due or to become due under or in respect of such Mortgage Loans and the Related Security on or after the Transfer Date in respect of such Mortgage Loans and including the right to demand, sue for, recover and give receipts for all such principal, interest or other amounts, the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Conditions;
- (b) the benefit of all other securities for such principal, interest and other sums payable (including any interest of the Seller in any life policy), any guarantee in respect of such Mortgage Loans or any other collateral security for the repayment of the relevant Mortgage Loans secured by the Related Security;
- (c) the right to exercise all the powers of the Seller in relation thereto subject to and in accordance with the relevant Mortgage Conditions;
- (d) all the estate, title and interest in the Properties in relation thereto vested in the Seller;
- (e) to the extent they are assignable or capable of being put into trust, each certificate of title and valuation report and any right of action of the Seller against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any such New Mortgage Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Mortgage Loans or part thereof;
- (f) the benefit of certain Insurance Policies, in each case so far as they relate to such Mortgage Loans comprised in that portfolio of Mortgage Loans and the Related Security, including the right to receive the proceeds of all claims made or to be made by or on behalf of the Seller or to which the Seller is or may become entitled; and
- (g) any Associated Debt secured by any All Moneys Mortgage that relates to such Mortgage Loans.

Any schedule of New Mortgage Loans attached to any New Mortgage Loan Portfolio Notice may be provided in a document stored upon electronic media (including, but not limited to, electronic mail and CD-ROM) 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 – Limited description of the Portfolio, Risk Factors related to the Covered Bond Guarantor – Maintenance of Portfolio*".



## 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 Bonds Provisions**). At the date of this Prospectus, there are no regulations in support of the Covered Bonds Provisions. To facilitate the issuance of Covered Bonds in Australia, APRA has amended Australian Prudential Standard 120. On 12 July 2012, APRA issued a final prudential standard (Prudential Standard APS 121 Covered Bonds) setting out the prudential requirements that apply to ADIs that issue covered bonds in accordance with the Covered Bonds Provisions and the capital treatment of covered bonds for ADIs that invest in covered bonds. The standard became effective on 1 August 2012 and applies to covered bond programmes established prior to that date. APRA has indicated that the requirements under the standard are aimed at ensuring ADIs adopt prudent practices when issuing covered bonds to manage risks associated with exposures to a covered bond special purpose vehicle. The standard also governs the capital treatment for an issuing ADI of the assets in covered bond programmes.

### ***Eligible issuers***

The Australian Banking Act allows for ADIs that are regulated by APRA to issue covered bonds subject to compliance with the requirements of the Australian Banking Act. Any such covered bonds must be secured by assets beneficially owned by a covered bond special purpose vehicle. The Covered Bond Guarantor is a "covered bond special purpose vehicle" for the purposes of the Australian Banking Act.

### ***Cap on issuance***

Under the Australian Banking Act, an ADI is precluded from issuing covered bonds if, at the time of issuance, the value of the assets in all Cover Pools (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) 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 Bonds Provisions expressly provide that a statutory manager or an external administrator of the issuing ADI has no powers in relation to the assets in the cover pool apart from 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 Bonds Provisions, the Amendment Act has given APRA specific powers relating to covered bond issuances. Those powers include the following:

- (a) *No issue*: APRA has the power to direct an issuing ADI not to issue covered bonds where APRA gives a direction under section 11CA of the Australian Banking Act or in circumstances where APRA has reason to believe that the ADI has contravened the Covered Bonds Provisions, the Australian Banking Act, a prudential requirement, regulation or a prudential standard relating to covered bonds.
- (b) *No top-up*: APRA has the power to direct the issuing ADI, in certain circumstances, not to transfer any asset to the covered bond special purpose vehicle. The relevant circumstances in which APRA may exercise such a power include where APRA has reason to believe that the issuing ADI is unable to meet its liabilities, there has been a material deterioration in the issuing ADI's financial condition, the issuing ADI is conducting its affairs in an improper or financially unsound way, the failure to issue a direction would materially prejudice the interests of the issuing ADI's depositors or the issuing ADI is conducting its affairs in a way that may cause or promote instability of the Australian financial system.

Further, APRA also has the power to direct a covered bond special purpose vehicle in certain circumstances to return assets to the issuing ADI which do not secure covered bond liabilities. A covered bond liability does not include a liability to the issuing ADI (other than a liability in respect of derivatives and for the provision of services) which is secured in priority to any liability to covered bondholders. However, as described under "*Ring Fencing and Eligible Assets*", to the extent that assets secure the covered bond liabilities of the issuing ADI, the Covered Bonds Provisions expressly provide that a statutory manager or an external administrator of the issuing ADI has no powers in relation to those assets.

For a more detailed description of APRA's powers and the potential consequences for the programme, see "*Risk Factors – General Risk Factors - APRA's powers under the Australian Banking Act*" above.

### ***Maintenance of the Cover Pool***

The Covered Bonds Provisions require the issuing ADI to maintain the value of the Cover Pool at an amount which is no less than a specified minimum. The issuing ADI must ensure that the value of the assets in the Cover Pool is at least 103 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 Bonds Provisions require a cover pool monitor to be appointed in respect of the Cover Pool securing the covered bonds issued by an ADI. The cover pool monitor must be an auditor registered under the 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 "*Ring fencing 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.*

*N Covered Bonds will not be cleared through any Clearing Systems (including Euroclear, Clearstream, Luxembourg, Austraclear and DTC).*

### **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 relevant 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 Covered Bonds 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***

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 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.

### ***DTC***

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Registered Covered Bonds among Direct Participants on whose behalf it acts with respect to Covered Bonds accepted into DTC's book-entry settlement system (**DTC Covered Bonds**) as described below and receives and transmits distributions of principal and interest on DTC Covered Bonds. The Rules are on file with the SEC. Direct Participants and Indirect Participants with which beneficial owners of DTC Covered Bonds (**Owners**) have accounts with respect to the DTC Covered Bonds similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Covered Bonds through Direct Participants or Indirect Participants will not possess Registered Covered Bonds, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Covered Bonds.

Purchases of DTC Covered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Covered Bonds on DTC's records. The ownership interest of each actual purchaser of each DTC Covered Bond (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Covered Bonds are to be accomplished by entries made on the books of participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in

DTC Covered Bonds, except in the event that use of the book-entry system for the DTC Covered Bonds is discontinued.

To facilitate subsequent transfers, all DTC Covered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Covered Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Covered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Covered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If less than all of the DTC Covered Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Covered Bonds. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Covered Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Covered Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has a reason to believe that it will not receive payment on the due date. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Covered Bonds, DTC will exchange the DTC Covered Bonds for Registered Definitive Covered Bonds, which it will distribute to its participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Covered Bond, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Covered Bonds to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Covered Bonds, will be required to withdraw its Registered Covered Bonds from DTC as described below.

### ***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.

### ***Book-entry Ownership of and Payments in respect of DTC Covered Bonds***

The Issuer may apply to DTC in order to have any Tranche of Covered Bonds represented by a Registered Global Covered Bond accepted in its book-entry settlement system. Upon the issue of any such Registered Global Covered Bond, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Covered Bond to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Covered Bond will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Covered Bond, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Covered Bond accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Covered Bond accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Covered Bond. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Covered Bond in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participant's account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Covered Bonds will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Registrar, the Transfer Agent or the Issuer. Payment of principal, premium, if any, and interest, if any, on Covered Bonds to DTC is the responsibility of the Issuer.

### ***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 DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Covered Bonds represented by a Registered Global Covered Bond to such persons may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to pledge such Covered Bonds to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Covered Bonds may depend upon the ability

to exchange such Covered Bonds for Covered Bonds in definitive form. The ability of any holder of Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to resell, pledge or otherwise transfer such Covered Bonds may be impaired if the proposed transferee of such Covered Bonds is not eligible to hold such Covered Bonds through a direct or indirect participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Covered Bonds described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Covered Bonds have been deposited.

On or after the Issue Date for any Series, transfers of Covered Bonds of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Covered Bonds of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Covered Bonds will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, 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 DTC, 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 DTC, 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**

*Unless otherwise specified herein, the following Taxation section does not apply to N Covered Bonds.*

### **Australian Taxation**

*The following taxation summary is of a general nature only and addresses only some of the key Australian tax implications that may arise for a prospective Covered Bondholder as a result of acquiring, holding or transferring 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 retrospective effect.*

*Prospective Covered Bondholders should also be aware that particular terms of issue of any Series or Tranche of Covered Bonds may affect the tax treatment of that and other Series or Tranches of Covered Bonds. Covered Bondholders should consult their professional advisers in relation to their tax position. Covered Bondholders who may be liable to taxation in jurisdictions other than Australia in respect of their acquisition, holding or disposal of Covered Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain Australian taxation aspects of the Covered Bonds. In particular, Covered Bondholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Covered Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Australia.*

### **Taxation of interest on Covered Bonds**

#### *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 derived in respect of the Covered Bonds. Such Covered Bondholders will generally be required to lodge an Australian tax return. The timing of assessment of the interest (e.g. a cash receipts or accruals basis) will depend upon the tax status of the particular Covered Bondholder, the Conditions of the Covered Bonds and the potential application of the “Taxation of Financial Arrangements” provisions of the Tax Act.

Tax at the current rate of 49 per cent. (scheduled to be reduced to 47 per cent. from 1 July 2017) 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 rate of 47 per cent. (scheduled to be reduced to 45 per cent. from 1 July 2017) on the payment of interest on Bearer Covered Bonds if the Issuer fails to disclose the names and addresses of the relevant Covered Bondholders to the ATO (or in the case of a Bearer Covered Bond held by a clearing house, the name and address of the clearing house). These rules generally only apply to Covered Bondholders who are Australian tax residents, or non-residents that hold the Covered Bonds in carrying on business at or through a permanent establishment in Australia.

## *Offshore Bondholders*

Interest (which for the purposes of withholding tax is defined in section 128A(1AB) of the Tax Act to include amounts in the nature of, or in substitution for, interest and certain other amounts, including premiums on redemption or, for a Covered Bond issued at a discount the difference between the amount repaid and the issue price) 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 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 the Covered Bonds or an interest in the Covered Bonds in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or
- (b) a resident of Australia that acquires the Covered Bonds or an interest in the Covered Bonds in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.

The definition of **associate** includes, among other things, persons who have a majority voting interest in the Issuer, or who are able to influence or control the Issuer, and persons in whom the Issuer has a majority voting interest, or whom the Issuer is able to influence or control (however this is not a complete statement of the definition).

Unless otherwise specified 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, the Republic of France, Japan, 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. Germany has recently been added to this list, although the double tax treatment is not yet in force. Prospective Covered Bondholders should obtain their own independent tax advice as to whether any of the exemptions under the relevant double tax agreements may apply to their particular circumstances.

#### *Pension fund exemption*

An exemption is available in respect of interest paid to a non-resident superannuation fund where that fund is a superannuation fund maintained solely for foreign residents and the interest arising from the Covered Bonds is exempt from income tax in the country in which such superannuation fund is resident.

#### ***Payment of additional amounts***

As set out in more detail in the Conditions, and unless expressly provided to the contrary in the relevant Final Terms (or another relevant supplement to this Prospectus), if the Issuer is at any time compelled or authorised by law to deduct or withhold an amount in respect of any Australian withholding taxes imposed or levied by the Commonwealth of Australia in respect of the Covered Bonds, the Issuer must, subject to certain exceptions, 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 compelled by law to pay such additional amounts in relation to any Covered Bonds to deduct or withhold an amount in respect of any withholding taxes, 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 Programme Conditions and/or, in the case of an N Covered Bond, the relevant Condition of the relevant N Covered Bond Conditions (if applicable)).

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 or loss on disposal or redemption of the Covered Bonds in their assessable income.

The determination of the amount and timing of any gain or loss on disposition or redemption of the Covered Bonds may be affected by the "Taxation of Financial Arrangements" provisions of the Tax Act, which provide for a specialised regime for the taxation of financial instruments, and, where the Covered Bonds are denominated in a currency other than Australian Dollars, the foreign currency rules. Prospective Covered Bondholders should obtain their own independent tax advice in relation to the determination of any gain or loss on disposal or redemption of the Covered Bonds.

#### ***Offshore Covered Bondholders***

A Covered Bondholder who is a non-resident of Australia and who has never held the Covered Bonds through a permanent establishment in Australia will not be subject to Australian income tax on gains realised on the disposal or redemption of the Covered Bonds, provided such gains do not have an Australian source. A gain arising on the sale of the Covered Bonds by a non-Australian resident holder to another non-Australian resident where the Covered Bonds are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia, should generally not be regarded as having an Australian source.

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 Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable)).

### ***Stamp duty***

No ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue, transfer or redemption of the Covered Bonds.

### ***Goods and Services Tax***

Neither the issue nor receipt of the Covered Bonds will give rise to a liability for GST in Australia on the basis that the supply of Covered Bonds will comprise either an input taxed financial supply or (in the case of an offshore non-resident subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest on the Covered Bonds would give rise to a GST liability.

### ***Tax treatment of the Covered Bond Guarantor***

The tax treatment of the Covered Bond Guarantor could affect the Covered Bond Guarantor's ability to make payments under the Intercompany 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 will be a member of the Issuer's tax consolidated group, and will be taken to be a part of the head company of that group for most Australian income tax purposes. The primary responsibility for income tax liabilities rests with the head company of a tax consolidated group. As a result, the Covered Bond Guarantor will not be subject to any income tax liability in respect of the income of the Covered Bond Guarantor in the first instance.

All members of the Issuer tax consolidated group, including the Covered Bond Guarantor, can become jointly and severally liable for the tax liabilities of that group where the head company of that group defaults on those tax liabilities. However, where the members of that group have entered into a valid and effective tax sharing agreement covering all 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 Issuer tax consolidated group's tax sharing agreement, subject to certain assumptions regarding the operation of the Covered Bond Guarantor, the Covered Bond Guarantor should have a nil allocation of that group's tax liabilities.

It is the opinion of Allen & Overy that the Issuer tax consolidated group's tax sharing agreement is consistent with the current guidance published by the Australian Commissioner of Taxation in relation to tax sharing agreements. It should be noted however that it is possible that the Commissioner of Taxation could change

his current views, and any ultimate determination rests with the Courts. In addition, certain prescribed circumstances can operate to invalidate a tax sharing agreement, however, the Issuer will seek to ensure that no such circumstances occur. Subject to those qualifications, it is the opinion of Allen & Overy that the Issuer tax consolidated group's tax sharing agreement is valid and effective.

Additionally, the Covered Bond Guarantor has acceded to the Issuer tax consolidated group's tax funding agreement, under which members of the tax consolidated group may be required to pay funding obligations to the head company of the group in respect of taxes. However, under the terms of the tax funding agreement, the Covered Bond Guarantor should not be liable to pay any funding obligations in respect of its activities.

#### *Potential tax reform*

The former Australian Government announced proposed changes to update the law regarding the taxation of trusts. 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 Issuer tax consolidated group's tax sharing agreement or tax funding agreement), however, there has been no express statement that such an outcome is intended. In addition, the proposed changes 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 Priority of Payments.

The supply of some services made to the Covered Bond Guarantor may give rise to a liability for GST on the part of the relevant service provider. The GST position in this regard is covered below. However, where the Covered Bond Guarantor and the relevant service provider are grouped for GST purposes, no GST liability arises and input tax credit entitlements in respect of acquisitions made from outside of the GST group will depend on the supplies and acquisitions of the GST group as a whole.

In relation to the acquisition of taxable services by the Covered Bond Guarantor from a service provider who is not part of the same GST group:

- (a) In the ordinary course of business, the service provider would charge the Covered Bond Guarantor an additional amount on account of GST, unless the agreed fee is already GST-inclusive.
- (b) Assuming that the Covered Bond Guarantor exceeds the financial acquisitions threshold for the purposes of Division 189 of the GST Act, the Covered Bond Guarantor would not be entitled to an input tax credit or a full input tax credit from the ATO to the extent that the acquisition relates to the Covered Bond Guarantor's input taxed supplies (including in respect of the Intercompany Notes, the Demand Note and each New Mortgage Loan Portfolio).
- (c) In the case of acquisitions which relate to the making of supplies of the nature described above, the Covered Bond Guarantor may still be entitled to a "reduced input tax credit" in relation to certain acquisitions prescribed in the GST regulations, but only where the Covered Bond Guarantor is the recipient of the taxable supply and the Covered Bond Guarantor either provides, or is liable to provide, the consideration for the taxable supply. As at the date of this Prospectus, the reduced input tax credit for entities that are not "recognised trust schemes" as defined in the GST Law is 75 per cent. of 1/11th of the GST inclusive consideration payable by the Covered Bond Guarantor to the relevant service provider, and for entities that are "recognised trust schemes" as defined in the GST

Law, is equal to 55 per cent. of 1/11th of the GST inclusive consideration payable by the Covered Bond Guarantor.

- (d) Where services are provided to the Covered Bond Guarantor by an entity comprising an associate of the Covered Bond Guarantor for income tax purposes (but who is not a member of the same GST group), those services are provided for nil or less than market value consideration, and the Covered Bond Guarantor would not be entitled to a full input tax credit, the relevant GST (and any input tax credit) would be calculated by reference to the market value of those services.

In the case of supplies performed outside Australia for the purposes of the Covered Bond Guarantor's business, these may attract a liability for Australian GST if they are supplies of a kind which would have been taxable if they occurred in Australia and if the Covered Bond Guarantor would not have been entitled to a full input tax credit if the supply had been performed in Australia. This is known as the "reverse charge" rule. Where the rule applies, the liability to pay GST to the ATO falls not on the supplier, but on the Covered Bond Guarantor.

Where GST is payable on a taxable supply made to the Covered Bond Guarantor but a full input tax credit is not available, this will mean that less money is available to the Covered Bond Guarantor to make payments in accordance with the relevant Priority of Payments (which would include Guaranteed Amounts).

## **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 Programme 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 on the Covered Bonds that does not have a United Kingdom source may be made without withholding on account of United Kingdom income tax.

## **United States Federal Income Taxation**

This section describes certain United States federal income tax consequences of the ownership and disposition of the Covered Bonds. It applies only to persons who acquire Covered Bonds in the initial

offering and who hold Covered Bonds as capital assets for tax purposes. This section does not apply to persons who are a member of a class of Holders subject to special rules such as:

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for persons holding securities holdings,
- a bank,
- a life insurance company,
- a tax-exempt organization,
- a person that owns Covered Bonds that are a hedge or that are hedged against interest rate or currency risks,
- a person that is liable for the alternative minimum tax,
- a person that has ceased to be a U.S. citizen or a lawful permanent resident of the United States,
- a person that owns Covered Bonds as part of a straddle or conversion transaction for tax purposes,
- a person that purchases or sells Covered Bonds as part of a wash sale for tax purposes, or
- a United States Holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

This section deals only with Covered Bonds that are due to mature 30 years or less from the date on which they are issued. The United States federal income tax consequences of owning Covered Bonds that are due to mature more than 30 years from their date of issue will be discussed in the Applicable Final Terms. This section applies only to holders of Registered Covered Bonds. Bearer Covered Bonds are not being offered to United States Holders. A United States Holder who owns a Bearer Covered Bond may be subject to limitations under U.S. federal income tax laws, including the limitations provided in Sections 165(j) and 1287 of the Code.

This section is based on the Code, its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Covered Bonds, the United States federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and the tax treatment of the partnership. A partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes holding the Covered Bonds should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the Covered Bonds.

**The tax consequences of any particular Covered Bond depend on its terms, and any particular offering of Covered Bonds may have features or terms that cause the U.S. federal income tax treatment of the Covered Bonds to differ materially from the discussion below. The Applicable Final Terms will discuss any material differences from the discussion below.**



**Owners of Covered Bonds should consult their own tax advisor concerning the consequences of owning these Covered Bonds in their particular circumstances under the Code and the laws of any other taxing jurisdiction.**

### ***United States Holders***

This subsection describes the tax consequences to a United States Holder. A person is a **United States Holder** if such person is a beneficial owner of a Covered Bond and if such person is:

- a citizen or resident of the United States,
- a domestic corporation (including an entity treated as a domestic corporation for United States federal income tax purposes),
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If a person is not a United States Holder, this subsection is not applicable and such person should refer to "*United States Alien Holders*" below.

### ***Payments of Interest***

Except as described below in the case of interest on a "discount Covered Bond" that is not "qualified stated interest", each as defined below under "*Original Issue Discount – General*", United States Holders will be taxed on any interest on their Covered Bonds, whether payable in U.S. dollars or a non-U.S. dollar currency, including a composite currency or basket of currencies, as ordinary income at the time interest is received or when it accrues, depending on the method of accounting for United States tax purposes.

Interest paid by us on the Covered Bonds and original issue discount (**OID**), if any, accrued with respect to the Covered Bonds (as described below under "*Original Issue Discount*") and any additional amounts paid with respect to withholding tax on the Covered Bonds, including withholding tax on payments of such additional amounts ("additional amounts") is income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a United States Holder. Under the foreign tax credit rules, interest and OID and additional amounts paid with respect to the Covered Bonds will, depending on the circumstances, be either "passive category" or "general category" income for purposes of computing the foreign tax credit.

*Non-U.S. Dollar Currency Covered Bonds – Cash Basis Taxpayers.* Taxpayers who use the cash receipts and disbursements method of accounting for tax purposes and receive an interest payment that is denominated in, or determined by reference to, a non-U.S. dollar currency, will recognize income equal to the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether payment is actually converted into U.S. dollars.

*Non-U.S. Dollar Currency Covered Bonds – Accrual Basis Taxpayers.* Taxpayers, who use an accrual method of accounting for tax purposes, may determine the amount of income that is recognized with respect to an interest payment denominated in, or determined by reference to, a non-U.S. dollar currency by using one of two methods. Under the first method, the amount of income accrued is determined based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

If the second method is elected, the amount of income accrued would be determined on the basis of the exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans

two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if a payment of interest is received within five business days of the last day of the accrual period or taxable year, the interest accrued may instead be translated into U.S. dollars at the exchange rate in effect on the day that the interest payment is actually received. If the second method is elected, it will apply to all debt instruments that are held at the beginning of the first taxable year to which the election applies and to all debt instruments subsequently acquired. This election may not be revoked without the consent of the IRS.

When an interest payment is received, including a payment attributable to accrued but unpaid interest upon the sale or retirement of the Covered Bond, denominated in, or determined by reference to, a non-U.S. dollar currency for which an amount of income is accrued, ordinary income will be recognized by or loss measured by the difference, if any, between the exchange rate used to accrue interest income and the exchange rate in effect on the date of receipt, regardless of whether the payment is actually converted into U.S. dollars.

### *Original Issue Discount*

*General.* A Covered Bond, other than a short-term Covered Bond with a term of one year or less, will be treated as a discount Covered Bond issued with OID if the amount by which the Covered Bond's stated redemption price at maturity exceeds its issue price is more than a *de minimis* amount. Generally, a Covered Bond's issue price will be the first price at which a substantial amount of Covered Bonds included in the issue of which the Covered Bond is a part is sold to persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers. A Covered Bond's stated redemption price at maturity is the total of all payments provided by the Covered Bond that are not payments of qualified stated interest. Generally, an interest payment on a Covered Bond is qualified stated interest if it is one of a series of stated interest payments on a Covered Bond that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the Covered Bond. There are special rules for variable rate Covered Bonds that are discussed under "*Variable Rate Covered Bonds*".

In general, a Covered Bond is not a discount Covered Bond if the amount by which its stated redemption price at maturity exceeds its issue price is less than the *de minimis* amount of 1/4 of 1 per cent. of its stated redemption price at maturity multiplied by the number of complete years to its maturity. A Covered Bond will have *de minimis* OID if the amount of the excess is less than the *de minimis* amount. If a Covered Bond has *de minimis* OID, the *de minimis* amount must be included in income as stated principal payments are made on the Covered Bond, unless the election described below under "*Election to Treat All Interest as Original Issue Discount*" is made. The includible amount with respect to each such payment can be determined by multiplying the total amount of the Covered Bond's *de minimis* OID by a fraction equal to:

- the amount of the principal payment made

divided by:

- the stated principal amount of the Covered Bond.

Generally, if a discount Covered Bond matures more than one year from its date of issue, OID must be included in income before cash attributable to that income is received. The amount of OID that must be included in income is calculated using a constant yield method, and generally will include increasingly greater amounts of OID in income over the life of the discount Covered Bond. More specifically, the amount of OID that must be included in income can be calculated by adding the daily portions of OID with respect to the discount Covered Bond for each day during the taxable year or portion of the taxable year that the discount Covered Bond is held. The daily portion can be determined by allocating to each day in any accrual period a pro rata portion of the OID allocable to that accrual period. An accrual period of any length can be selected with respect to the discount Covered Bond and the length of each accrual period may be varied over the term of the discount Covered Bond. However, no accrual period may be longer than one

year and each scheduled payment of interest or principal on the discount Covered Bond must occur on either the first or final day of an accrual period.

The amount of OID allocable to an accrual period can be determined by:

- multiplying the discount Covered Bond's adjusted issue price at the beginning of the accrual period by the discount Covered Bond's yield to maturity, and then
- subtracting from this figure the sum of the payments of qualified stated interest on the discount Covered Bond allocable to the accrual period.

The discount Covered Bond's yield to maturity must be determined on the basis of compounding at the close of each accrual period and adjusting for the length of each accrual period. Further, the discount Covered Bond's adjusted issue price is determined at the beginning of any accrual period by:

- adding the discount Covered Bond's issue price and any accrued OID for each prior accrual period, and then
- subtracting any payments previously made on the discount Covered Bond that were not qualified stated interest payments.

If an interval between payments of qualified stated interest on the discount Covered Bond contains more than one accrual period, then, when determining the amount of OID allocable to an accrual period, the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, must be allocated pro rata to each accrual period in the interval based on their relative lengths. In addition, the adjusted issue price must be increased at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. The amount of OID allocable to an initial short accrual period may be computed by using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length.

The amount of OID allocable to the final accrual period is equal to the difference between:

- the amount payable at the maturity of the discount Covered Bond, other than any payment of qualified stated interest, and
- the discount Covered Bond's adjusted issue price as of the beginning of the final accrual period.

*Acquisition Premium.* If a discount Covered Bond is purchased for an amount that is less than or equal to the sum of all amounts, other than qualified stated interest, payable on the Covered Bond after the purchase date but is greater than the amount of the discount Covered Bond's adjusted issue price, as determined above under "— General", the excess is acquisition premium. If the election described below under "— Election to Treat All Interest as Original Issue Discount" is not made, then daily portions of OID must be reduced by a fraction equal to:

- the excess of the adjusted basis in the discount Covered Bond immediately after purchase over the adjusted issue price of the discount Covered Bond

divided by:

- the excess of the sum of all amounts payable, other than qualified stated interest, on the discount Covered Bond after the purchase date over the discount Covered Bond's adjusted issue price.

*Pre-Issuance Accrued Interest.* An election may be made to decrease the issue price of the Covered Bond by the amount of pre-issuance accrued interest if:

- a portion of the initial purchase price of the Covered Bond is attributable to pre-issuance accrued interest,
- the first stated interest payment on the Covered Bond is to be made within one year of the Covered Bond's issue date, and
- the payment will equal or exceed the amount of pre-issuance accrued interest.

If this election is made, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on the Covered Bond. If an election is not made, the U.S. federal income tax treatment of any pre-issuance accrued interest is not entirely clear. United States Holders should consult their own tax advisers concerning the U.S. federal income tax treatment of pre-issuance accrued interest.

*Covered Bonds Subject to Contingencies Including Optional Redemption.* The Covered Bond is subject to a contingency if it provides for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than a remote or incidental contingency, whether such contingency relates to payments of interest or of principal. In such a case, the yield and maturity of the Covered Bond must be determined by assuming that the payments will be made according to the payment schedule most likely to occur if:

- the timing and amounts of the payments that comprise each payment schedule are known as of the issue date and
- one of such schedules is significantly more likely than not to occur.

If there is no single payment schedule that is significantly more likely than not to occur, other than because of a mandatory sinking fund, income on the Covered Bond must be included in accordance with the general rules that govern contingent payment obligations. These rules will be discussed in the Applicable Final Terms.

Notwithstanding the general rules for determining yield and maturity, if the Covered Bond is subject to contingencies, and either the owner of the Covered Bond or the Issuer has an unconditional option or options that, if exercised, would require payments to be made on the Covered Bond under an alternative payment schedule or schedules, then:

- in the case of an option or options that the Issuer may exercise, the Issuer will be deemed to exercise or not exercise an option or combination of options in the manner that minimizes the yield on the Covered Bond, and
- in the case of an option or options that the owner of the Covered Bond may exercise, an option or combination of options will be deemed to be exercised or not exercised in the manner that maximizes the yield on the Covered Bond.

If both the owner of the Covered Bond and the Issuer hold options described in the preceding sentence, those rules will apply to each option in the order in which they may be exercised. The yield on the Covered Bond may be determined for the purposes of those calculations by using any date on which the Covered Bond may be redeemed or repurchased as the maturity date and the amount payable on the date that is chosen in accordance with the terms of the Covered Bond as the principal amount payable at maturity.

If a contingency, including the exercise of an option, actually occurs or does not occur contrary to an assumption made according to the above rules then, except to the extent that a portion of the Covered Bond is repaid as a result of this change in circumstances and solely to determine the amount and accrual of OID, the yield and maturity of the Covered Bond must be redetermined by treating the Covered Bond as having been retired and reissued on the date of the change in circumstances for an amount equal to the Covered Bond's adjusted issue price on that date.

*Election to Treat All Interest as Original Issue Discount.* The owner of the Covered Bond may elect to include in gross income all interest that accrues on the Covered Bond using the constant yield method described above under "*General*", with the modifications described below. For purposes of this election, interest will include stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortizable bond premium, described below under "*Covered Bonds Purchased at a Premium*", or acquisition premium.

If this election for the Covered Bond is made, then, when applying the constant yield method:

- the issue price of the Covered Bond will equal the cost,
- the issue date of the Covered Bond will be the date the Covered Bond was acquired, and
- no payments on the Covered Bond will be treated as payments of qualified stated interest.

Generally, this election will apply only to the Covered Bond for which the election is made; however, if the Covered Bond has amortizable bond premium, an election will be deemed to have been made to apply amortizable bond premium against interest for all debt instruments with amortizable bond premium, other than debt instruments the interest on which is excludible from gross income, that are held as of the beginning of the taxable year to which the election applies or any taxable year thereafter. Additionally, if this election is made for a market discount Covered Bond, it will be treated as having made the election discussed below under "*Market Discount*" to include market discount in income currently over the life of all debt instruments having market discount that the Covered Bond owner acquired on or after the first day of the first taxable year to which the election applies. Any election to apply the constant yield method to all interest on a Covered Bond or the deemed elections with respect to amortizable bond premium or market discount Covered Bonds may not be revoked without the consent of the IRS.

*Variable Rate Covered Bonds.* A Covered Bond will be a variable rate Covered Bond if:

- the Covered Bond's issue price does not exceed the total noncontingent principal payments by more than the lesser of:
  1. .015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date, or
  2. 15 per cent. of the total noncontingent principal payments; and
- the Covered Bond provides for stated interest, compounded or paid at least annually, only at:
  1. one or more qualified floating rates,
  2. a single fixed rate and one or more qualified floating rates,
  3. a single objective rate, or
  4. a single fixed rate and a single objective rate that is a qualified inverse floating rate;

- the value of the rate on any date during the term of the Covered Bond is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day; and
- the Covered Bond does not provide for any principal payments that are contingent (other than as described above).

A Covered Bond will have a variable rate that is a qualified floating rate if:

- variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Covered Bond is denominated; or
- the rate is equal to such a rate either:
  1. multiplied by a fixed multiple that is greater than 0.65 but not more than 1.35, or
  2. multiplied by a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate.

If a Covered Bond provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the Covered Bond, the qualified floating rates together constitute a single qualified floating rate.

A Covered Bond will not have a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions), unless such restrictions are fixed throughout the term of the Covered Bond or are not reasonably expected to significantly affect the yield on the Covered Bond.

A Covered Bond will have a variable rate that is a single objective rate if:

- the rate is not a qualified floating rate, and
- the rate is determined using a single, fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party.

A Covered Bond will not have a variable rate that is an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of the Covered Bond's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Covered Bond's term.

An objective rate as described above is a qualified inverse floating rate if:

- the rate is equal to a fixed rate minus a qualified floating rate and
- the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds.

A Covered Bond will also have a single qualified floating rate or an objective rate if interest on the Covered Bond is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period, and either:

- the fixed rate and the qualified floating rate or objective rate have values on the issue date of the Covered Bond that do not differ by more than 0.25 percentage points or

- the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

In general, if a variable rate Covered Bond provides for stated interest at a single qualified floating rate or objective rate, or one of those rates after a single fixed rate for an initial period, all stated interest on the Covered Bond is qualified stated interest. In this case, the amount of OID, if any, is determined by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for the Covered Bond.

If a variable rate Covered Bond does not provide for stated interest at a single qualified floating rate or a single objective rate, and also does not provide for interest payable at a fixed rate other than a single fixed rate for an initial period, the interest and OID accruals on the Covered Bond must be determined by:

- determining a fixed rate substitute for each variable rate provided under the variable rate Covered Bond,
- constructing the equivalent fixed rate debt instrument, using the fixed rate substitute described above,
- determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument, and
- adjusting for actual variable rates during the applicable accrual period.

When determining the fixed rate substitute for each variable rate provided under the variable rate Covered Bond, the value of each variable rate as of the issue date or, for an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on the Covered Bond is generally used.

If a variable rate Covered Bond provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and also provides for stated interest at a single fixed rate other than at a single fixed rate for an initial period, interest and OID accruals generally must be determined by using the method described in the previous paragraph. However, the variable rate Covered Bond will be treated, for purposes of the first three steps of the determination, as if the Covered Bond had provided for a qualified floating rate, or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate, or qualified inverse floating rate, that replaces the fixed rate must be such that the fair market value of the variable rate Covered Bond as of the issue date approximates the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

*Short-Term Covered Bonds.* In general, individuals or other cash basis United States Holders of a short-term Covered Bond (i.e., a Covered Bond with a maturity of one year or less), are not required to accrue OID, as specially defined below for the purposes of this paragraph, for United States federal income tax purposes, unless they elect to do so (although it is possible that any stated interest may be required to be included in income as it is received). This election will apply to all obligations with a maturity of one year or less that are acquired on or after the first day of the taxable year to which the election applies, and may not be revoked without the consent of the IRS. If a United States Holder is an accrual basis taxpayer, a taxpayer in a special class, including, but not limited to, a regulated investment company, common trust fund, or a certain type of pass-through entity, or a cash basis taxpayer who so elects, such holder will be required to accrue OID on short-term Covered Bonds on either a straight-line basis or under the constant yield method, based on daily compounding. If OID is not required to be included in income currently, any gain realized on the sale or retirement of a short-term Covered Bond will be ordinary income to the extent of the accrued OID, which will be determined on a straight-line basis, unless an election is made to accrue the OID under the constant yield method, through the date of sale or retirement. However, if OID is not required and is not elected to be accrued on the short-term Covered Bonds, deductions for interest on borrowings allocable to

the short-term Covered Bonds in an amount not exceeding the deferred income until the deferred income is realized, are required to be deferred.

When the amount of OID subject to these rules is determined, all interest payments on the short-term Covered Bond, including stated interest, in the short-term Covered Bond's stated redemption price at maturity must be included.

*Non-U.S. Dollar Currency Discount Covered Bonds.* If the discount Covered Bond is denominated in, or determined by reference to, a non-U.S. dollar currency, OID for any accrual period on the discount Covered Bond in the non-U.S. dollar currency must be determined and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis United States Holder, as described under "*United States Holders – Payments of Interest*". Ordinary income or loss may be recognized when an amount attributable to OID in connection with a payment of interest or the sale or retirement of the Covered Bond is received.

#### *Market Discount*

A Covered Bond, other than a short-term Covered Bond, will be treated as if purchased at a market discount, and the Covered Bond will be a market discount Covered Bond if:

- the Covered Bond was purchased for less than its issue price as determined above under "*Original Issue Discount – General*" and
- the difference between the Covered Bond's stated redemption price at maturity or, in the case of a discount Covered Bond, the Covered Bond's revised issue price, and the price paid for the Covered Bond is equal to or greater than 1/4 of 1 per cent. of the Covered Bond's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Covered Bond's maturity. To determine the revised issue price of the Covered Bond for these purposes, any OID that has accrued on the Covered Bond is generally added to its issue price.

If the Covered Bond's stated redemption price at maturity or, in the case of a discount Covered Bond, its revised issue price, exceeds the price paid for the Covered Bond by less than 1/4 of 1 per cent. multiplied by the number of complete years to the Covered Bond's maturity, the excess constitutes *de minimis* market discount, and the rules discussed below are not applicable.

Any gain recognized on the maturity or disposition of a market discount Covered Bond must be treated as ordinary income to the extent of the accrued market discount on the Covered Bond. Alternatively, the Covered Bond owner may elect to include market discount in income currently over the life of the Covered Bond. If this election is made, it will apply to all debt instruments with market discount acquired on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. If this election is not made for a market discount Covered Bond, deductions for interest on borrowings allocable to the Covered Bond in an amount not exceeding the accrued market discount on the Covered Bond will generally be required to be deferred until the maturity or disposition of the Covered Bond.

If a person owns a market discount Covered Bond, the market discount accrues on a straight-line basis unless, an election is made to accrue market discount using a constant-yield method. If this election is made, it will apply only to the Covered Bond with respect to which it is made and may not be revoked. However, accrued market discount would not be included in income, unless elected to do so as described above.

#### *Covered Bonds Purchased at a Premium*

If a person purchases the Covered Bond for an amount in excess of its principal amount (or, in the case of a discount Covered Bond, in excess of the sum of all amounts payable on the Note after the acquisition date



(other than payments of qualified stated interest)), they may elect to treat the excess as amortizable bond premium. If this election is made, the amount required to be included in income each year with respect to interest on the Covered Bond will be reduced by the amount of amortizable bond premium allocable to that year, based on the Covered Bond's yield to maturity. If the Covered Bond is denominated in, or determined by reference to, a non-U.S. dollar currency, the amortizable bond premium will be computed in units of the non-U.S. dollar currency and the amortizable bond premium will reduce interest income in units of the non-U.S. dollar currency. Gain or loss recognized that is attributable to changes in exchange rates between the time amortized bond premium offsets interest income and the time of the acquisition of the Covered Bond is generally taxable as ordinary income or loss. If an election is made to amortize bond premium, it will apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that is held at the beginning of the first taxable year to which the election applies or that is thereafter acquired, and may not be revoked without the consent of the IRS. See also "*Original Issue Discount – Election to Treat All Interest as Original Issue Discount*".

#### *Purchase, Sale and Retirement of the Covered Bonds*

The tax basis in a Covered Bond will generally be the U.S. dollar cost, as defined below, of the Covered Bond, adjusted by:

- adding any OID or market discount previously included in income with respect to the Covered Bond, and then
- subtracting any payments on the Covered Bond that are not qualified stated interest payments and any amortizable bond premium applied to reduce interest on the Covered Bond.

If the Covered Bond is purchased with non-U.S. dollar currency, the U.S. dollar cost of the Covered Bond will generally be the U.S. dollar value of the purchase price on the date of purchase. However, if the owner of the Covered Bond is a cash basis taxpayer, or an accrual basis taxpayer that so elects, and the Covered Bond is traded on an established securities market, as defined in the applicable Treasury regulations, the U.S. dollar cost of the Covered Bond will be the U.S. dollar value of the purchase price on the settlement date of the purchase.

Gain or loss on the sale or retirement of a Covered Bond will generally be recognized in an amount equal to the difference between the amount realized on the sale or retirement excluding any amounts attributable to accrued but unpaid interest (which will be treated as interest payments) and the holder's adjusted tax basis in its Covered Bond. If the Covered Bond is sold or retired for an amount in non-U.S. dollar currency, the amount realized will be the U.S. dollar value of such amount on the date the Covered Bond is disposed of or retired, except that in the case of a Covered Bond that is traded on an established securities market, as defined in the applicable Treasury regulations, a cash basis taxpayer, or an accrual basis taxpayer that so elects, will determine the amount realized based on the U.S. dollar value of the non-U.S. dollar currency on the settlement date of the sale.

Capital gain or loss will be recognized when a Covered Bond is sold or retired, except to the extent:

- described above under "*Original Issue Discount – Short-Term Covered Bonds*" or "*Market Discount*", or
- attributable to changes in exchange rates as described below.

Capital gain of a noncorporate United States Holder is generally taxed at a preferential rate where the Holder has a holding period greater than one year.

Any portion of the gain or loss that is recognized on the sale or retirement of a Covered Bond must be treated as ordinary income or loss to the extent attributable to changes in exchange rates. However, exchange gain or loss will be taken into account only to the extent of the total gain or loss realized on the transaction.

#### *Exchange of Amounts in Other Than U.S. dollars*

If the owner of a Covered Bond receives non-U.S. dollar currency as interest on the Covered Bond or on the sale or retirement of the Covered Bond, the tax basis in the non-U.S. dollar currency will equal its U.S. dollar value when the interest is received or at the time of the sale or retirement. If non-U.S. dollar currency is purchased, the Covered Bond owner generally will have a tax basis equal to the U.S. dollar value of the non-U.S. dollar currency on the date of the purchase. If a non-U.S. dollar currency is sold or disposed of, including if used to purchase Covered Bonds or exchanged for U.S. dollars, any gain or loss recognized generally will be ordinary income or loss.

#### *Substitution of Issuer*

The terms of the Covered Bonds provide that, in certain circumstances, the obligations of the Issuer under the Covered Bonds may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of the Covered Bonds by a United States Holder in exchange for new Covered Bonds issued by the new obligor. As a result of this deemed disposition, a United States Holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new Covered Bonds (as determined for U.S. federal income tax purpose) and the United States Holder's tax basis in the Covered Bonds. United States Holders should consult their tax advisors concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Covered Bonds.

#### *Medicare Tax*

A United States Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8 per cent. tax (the **Medicare Tax**) on the lesser of (1) the United States Holder's "net investment income" (or "undistributed net investment income" in the case of an estate or trust) for the relevant taxable year and (2) the excess of the United States Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A Holder's net investment income generally includes its interest income and its net gains from the disposition of Covered Bonds, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). United States Holders who are individuals, estates or trusts, are urged to consult their tax advisors regarding the applicability of the Medicare Tax to income and gains in respect of investment in the Covered Bonds.

#### ***United States Alien Holders***

This subsection describes the tax consequences to a United States alien Holder. Beneficial owners of Covered Bonds are United States alien Holders if they are, for United States federal income tax purposes:

- a nonresident alien individual,
- a foreign corporation, or
- an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a Covered Bond.

This subsection does not apply to United States Holders.

Under United States federal income and estate tax law, and subject to the discussion of foreign account tax compliance withholding and backup withholding below, interest on a Covered Bond paid to a United States alien Holder is exempt from United States federal income tax, including withholding tax, whether or not such Holder is engaged in a trade or business in the United States, unless such Holder is:

- an insurance company carrying on a United States insurance business to which the interest is attributable, within the meaning of the Code, or
- both:
  - has an office or other fixed place of business in the United States to which the interest is attributable and
  - derives the interest in the active conduct of a banking, financing or similar business within the United States, or is a corporation with a principal business of trading in stocks and securities for its own account.

*Purchase, sale, retirement and other disposition of the Covered Bonds.* United States alien Holders of Covered Bonds generally will not be subject to United States federal income tax on gain realized on the sale, exchange or retirement of a Covered Bond, unless:

- the gain is effectively connected with conduct of a trade or business in the United States or
- such Holder is an individual, is present in the United States for 183 or more days during the taxable year in which the gain is realized and certain other conditions exist.

For purposes of the United States federal estate tax, the Covered Bonds will be treated as situated outside the United States and will not be includible in the gross estate of a Holder who is neither a citizen nor a resident of the United States (as specially defined for United States federal estate tax purposes) at the time of death.

### ***Treasury Regulations Requiring Disclosure of Reportable Transactions***

U.S. Treasury regulations require United States taxpayers to report certain transactions that give rise to a loss in excess of certain thresholds (a **Reportable Transaction**). Under these regulations, if the Covered Bonds are denominated in a non-U.S. dollar currency, a United States Holder (or a United States alien holder that holds the Covered Bonds in connection with a U.S. trade or business) that recognizes a loss with respect to the Covered Bonds that is characterized as an ordinary loss due to changes in currency exchange rates (under any of the rules discussed above) would be required to report the loss on IRS Form 8886 (Reportable Transaction Statement) if the loss exceeds the thresholds set forth in the regulations. For individuals and trusts, this loss threshold is \$50,000 in any single taxable year. For other types of taxpayers and other types of losses, the thresholds are higher. Holders should consult with their tax advisors regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of Covered Bonds.

### ***Information with Respect to Foreign Financial Assets***

Owners of "specified foreign financial assets" with an aggregate value in excess of \$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns. **Specified foreign financial assets** may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons, (ii) financial instruments and contracts that have non-United States issuers or counterparties, and (iii) interests in non-U.S. entities. Holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Covered Bonds.

## ***Foreign Account Tax Compliance Withholding***

Pursuant to certain provisions of the Code, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The 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 with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, such withholding would not apply prior to 1 January 2019 and the Covered Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding, unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Covered Bonds (as described under “*Conditions of the Covered Bonds—Further Issues*” that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding.

## ***Backup Withholding and Information Reporting***

If a Holder is a noncorporate United States Holder, information reporting requirements, on IRS Form 1099, generally would apply to payments of principal and interest on Covered Bonds within the United States, and the payment of proceeds to such Holder from the sale of Covered Bonds effected at a United States office of a broker.

If a Holder is a United States alien Holder, it is generally exempt from backup withholding and information reporting requirements with respect to payments of principal and interest made to it outside the United States by the Issuer or another non-United States payor. A United States alien Holder is also generally exempt from backup withholding and information reporting requirements in respect of payments of principal and interest made to it within the United States and the payment of the proceeds from the sale of Covered Bonds effected at a United States office of a broker, as long as either (i) the payor or broker does not have actual knowledge or reason to know that the Holder is a United States person and the Holder has furnished a valid IRS Form W-8BEN or W-8BEN-E or other documentation upon which the payor or broker may rely to treat the payments as made to a non-United States person, or (ii) the Holder otherwise establishes an exemption.

In general, payment of the proceeds from the sale of a Covered Bond effected at a foreign office of a broker will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States, or (iii) the sale has certain other specified connections with the United States.

Any amount withheld under the backup withholding rules from a payment to such Holder will be allowed as a refund or credit against such Holder's United States federal income tax, provided the required information is timely furnished to the IRS.

## **Luxembourg Taxation**

*The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Covered Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.*

*Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.*

### **Withholding Tax**

#### **(i) Non-resident holders of Covered Bonds**

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of the Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Covered Bonds held by non-resident holders of Covered Bonds.

#### **(ii) Resident holders of Covered Bonds**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Relibi Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Covered Bonds held by Luxembourg resident holders of Covered Bonds.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 10 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Covered Bonds coming within the scope of the Relibi Law would currently be subject to a withholding tax at a rate of 10 per cent.

## **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. The issuance and subscription of the Covered Bonds should, however, 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.

Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

### **OECD Common Reporting Standard**

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (**CRS**) will require certain financial institutions to report information regarding certain accounts (which may include the Covered Bonds) 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 the CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement.

## **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, Usama bin Laden, 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 Al-Qaida and the Taliban, Central African Republic, Democratic People's Republic of Korea, Democratic Republic of the Congo, Eritrea, Iran, Libya, Lebanon, Somalia, South Sudan, Sudan, Syria, Iraq and Yemen.

Under Sections 102.6 and 102.7 of the Australian Criminal Code (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 in the Criminal Code Regulations 2002. 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 North Korea, Zimbabwe, the former Federal Republic of Yugoslavia, Myanmar, Syria, Russia, Ukraine, 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 TRANSFER AND SELLING RESTRICTIONS

*The following section applies to any Covered Bond issued pursuant to the Programme other than any N Covered Bonds.*

The Dealers have, in an amended and restated Programme Agreement dated on or about 19 November 2014 (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.

### Transfer Restrictions

*As a result of the following restrictions, purchasers of Covered Bonds in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Covered Bonds.*

Each purchaser of Registered Covered Bonds (other than a person purchasing an interest in a Registered Global Covered Bond with a view to holding it in the form of an interest in the same Global Covered Bond) or person wishing to transfer an interest from one Registered Global Covered Bond to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree (and in certain cases, will be deemed to represent and agree) as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB, purchasing (or holding) the Covered Bonds for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A; or (b) it is outside the United States and is not a U.S. person and is purchasing in compliance with Regulation S;
- (ii) that the Covered Bonds are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or any applicable U.S. State securities laws and may not be offered, sold or delivered directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (iii) that, unless it holds an interest in a Regulation S Global Covered Bond and is a person located outside the United States and is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Covered Bonds or any beneficial interests in the Covered Bonds, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Covered Bonds, only (a) to the Issuer or any affiliate thereof, (b) inside the United States to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (d) pursuant to the exemption from registration provided by Rule 144



under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (iv) it will, and will require each subsequent holder to, notify any purchaser of the Covered Bonds from it of the resale restrictions referred to in paragraph (iii) above, if then applicable;
- (v) that, except as otherwise provided in the Applicable Final Terms, either (a) it is not a Plan or any entity whose underlying assets include, are deemed for purposes of ERISA or the Code to include, the assets of any Plan or any governmental, church or non-U.S. plan which is subject to any substantially Similar Law, or (b) its purchase, holding and disposition of the Covered Bond will not constitute or result in a non-exempt prohibited transaction under section 406 of ERISA or section 4975 of the Code (or in the case of a governmental, church or non-U.S. plan subject to Similar Law, a violation of any such substantially Similar Law) for which an exemption is not available;
- (vi) that Covered Bonds initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Covered Bonds and that Covered Bonds offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Covered Bonds;
- (vii) that the Covered Bonds, other than the Regulation S Global Covered Bonds, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND THE COVERED BOND GUARANTEE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE PRINCIPAL AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY AGREEMENT) AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITY OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED

OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY WILL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH WILL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS, BY ITS PURCHASE AND HOLDING OF THIS COVERED BOND (OR ANY INTEREST HEREIN), EACH PURCHASER AND HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED, THAT EITHER (1) IT IS NOT AND FOR SO LONG AS ITS HOLDS THIS COVERED BOND (OR ANY INTEREST HEREIN) WILL NOT BE (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (ERISA) AND SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE CODE), (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE, THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR (D) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, OR LOCAL LAW OR ANY NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (SIMILAR LAW), OR (2) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS COVERED BOND (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO SIMILAR LAW, A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.";

- (viii) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Covered Bonds prior to the expiration of the distribution compliance period (defined as 40 days after the later of (i) the date on which the offering of Covered Bonds comprising any Tranche commenced to persons other than distributors in reliance on Regulation S and (ii) the date of issuance of such Covered Bonds, as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue), it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (ii) to a QIB in compliance with Rule 144A and (b) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Regulation S Global Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND THE COVERED BOND GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR

INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY AGREEMENT) AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. IN ACCORDANCE WITH U.S. SECURITIES LAW, UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF (i) THE DATE ON WHICH THE OFFERING OF THIS SECURITY COMMENCED TO PERSONS OTHER THAN DISTRIBUTORS IN RELIANCE ON REGULATION S AND (ii) THE DATE OF ISSUANCE OF SUCH SECURITY, SALES MAY NOT BE MADE UNLESS MADE (I) OUTSIDE THE UNITED STATES PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT."; and

- (ix) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it will promptly notify the Issuer; and if it is acquiring any Covered Bonds as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

The relevant Dealer may arrange for the resale of Covered Bonds to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the relevant Dealer may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Covered Bonds which may be purchased by a QIB pursuant to Rule 144A is U.S.\$200,000 (or the approximate equivalent in another Specified Currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Covered Bonds and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Covered Bonds outside the United States and for the resale of the Covered Bonds in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Covered Bonds, in whole or in part, for any reason. This prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this prospectus by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

## **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 have not been registered or qualified under any state securities or "Blue Sky" laws of the states of the United States and 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 Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

In connection with any Covered Bonds that are offered and sold outside the United States in reliance on Regulation S, each Dealer has represented, warranted and agreed that neither it nor any of its affiliates has offered and sold Covered Bonds, or will offer and sell Covered Bonds within the United States or to, or for the account 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 accordance with Rule 903 of Regulation S or in accordance with Rule 144A. 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:

"The Covered Bonds and the Covered Bond Guarantee covered hereby have not been registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulation authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (a) as part of their distribution at any time or (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 of Covered Bonds, as determined and certified to the Principal Paying Agent or the Issuer by [*Name of Dealer or Dealers as the case may be*] (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 under the Securities Act or in accordance with Rule 144A, if available, under the Securities Act. Terms used above have the meaning given to them in Regulation S under the Securities Act."

The Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Registered Covered Bonds in the United States only to persons that are Qualified Institutional Buyers in accordance with Rule 144A under the Securities Act and in connection with any such offer or sale, each Dealer has agreed that it will take reasonable steps to ensure that the purchaser of the Covered Bonds is aware that such offer or sale is being made in reliance on Rule 144A in a manner that would not require registration of Covered Bonds under the Securities Act or any state securities laws. Each Dealer has understood that Bearer Covered Bonds are subject to United States 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 United States tax regulations.

Terms used in the subparagraph above have the meanings given to them by Regulation S.

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 (i) repeated and confirmed the representations and agreements contained in paragraphs (i), (ii), (iii) and (v) on such Affiliate's behalf or (ii) has agreed that it will obtain from such Affiliate, for the benefit of the Issuer, the representations contained in paragraphs (i), (ii), (iii) and (v); 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 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 thereunder, including U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(c).

Notwithstanding anything above to the contrary, it is understood that Rule 144A Covered Bonds (which are Registered Covered Bonds) may be offered and sold pursuant to a private placement in the United States and in connection therewith each Dealer has represented, warranted and agreed that:

- (i) offers, sales, resales and other transfers of Covered Bonds made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) will be made with respect to Registered Covered Bonds only and will be effected pursuant to an exemption from the registration requirements of the Securities Act;

- (ii) offers, sales, resales and other transfers of Covered Bonds made in the United States will be made only in private transactions to institutional investors that are reasonably believed to qualify as qualified institutional buyers within the meaning of Rule 144A (each such institutional investor being hereinafter referred to as a "**QIB**") and in connection with each such sale or resale it will take reasonable steps to ensure that the purchaser is aware that such sale or resale, as the case may be, may be being made in reliance on Rule 144A;
- (iii) the Covered Bonds will be offered in the United States only by approaching prospective purchasers on an individual basis. Neither such Dealer nor any person acting on its behalf will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in connection with the offering of the Rule 144A Covered Bonds in the United States; and
- (iv) no sale of Rule 144A Covered Bonds in the United States to any one QIB will be for less than U.S.\$200,000 (or the approximate equivalent in another Specified Currency) principal amount and no Covered Bonds will be issued in connection with such a sale in a smaller principal amount. If such purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or the approximate equivalent in another Specified Currency) principal amount of the Covered Bonds. The U.S.\$200,000 minimum purchase amount (or the approximate equivalent in another Specified Currency) applies to Covered Bonds of each maturity and interest rate (or method of calculating interest) and may not be spread among Covered Bonds of different maturities or interest rates (or methods of calculating interest);
- (v) each Covered Bond sold as a part of a private placement in the United States and each Regulation S Global Covered Bond will contain a legend in substantially the form set out on the face of such Covered Bond in the Bond Trust Deed.

The Issuer has represented, warranted and agreed that any resale or other transfer, or attempted resale or other transfer of Covered Bonds sold as part of a private placement in the United States made other than in compliance with the restrictions set out above will not be recognised by it or any agent of it and will be void.

### **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 that unless the relevant Final Terms (or another supplement to any Disclosure Documents) otherwise provides, it:

- (a) has not made or invited, and will not make or invite, an offer of the Covered Bonds for issue or sale in 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 draft, preliminary or definitive Disclosure Document or any other offering material or advertisement 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 an alternate currency) (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 of the Corporations Act, (ii) such action complies with applicable laws, and directives and (iii) such action does not require any document to be lodged with ASIC.

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***

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 apply to the Covered Bond Guarantor and would not, if the Issuer was not an authorised person, apply to 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.

## ***Public Offer Selling Restriction under the Prospectus Directive***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Covered Bonds which are the subject of 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, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in (a) to (c) above will require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression 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 the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

### **Norway**

Each Dealer has represented and agreed that Covered Bonds will not be offered to or sold within Norway or outside Norway to Norwegian citizens whose tax residence is in Norway without the Covered Bonds prior thereto having been registered in the Norwegian Central Securities Depository, the Verdipapirsentralen ASA.

### **Sweden**

Each Dealer has represented and agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy Covered Bonds or distribute any draft or final document in relation to any such offer, invitation or sale except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*).

### **Denmark**

Each Dealer has represented and agreed that the Covered Bonds have not been offered or sold and will not be offered, sold or delivered directly or indirectly in the Kingdom of Denmark by way of a public offering, unless in compliance with the Danish Securities Trading Act, Consolidation Act No. 298 of 8 April 2011 as amended from time to time and any Orders issued thereunder.

### **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 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, that no document (including the Base Prospectus) has been registered, or will be registered, as a prospectus with the Monetary Authority of Singapore, and the Covered Bonds will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the **Securities and Futures Act**). Accordingly, each Dealer has represented and agreed that the Covered Bonds have not and may not be offered or sold or made the subject of an invitation for subscription or purchase nor may the Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Covered Bonds be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Covered Bonds are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor) (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or



- (b) a trust (where the trustee is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust will not be transferable for six months after that corporation or that trust has acquired the Covered Bonds pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1) and Section 276(4)(i)(B) of the Securities and Futures Act;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the Securities and Futures Act; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

### ***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 Part I of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (**SFO**) other than (a) to "professional investors" as defined in the SFO and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (**CO**) or which do not constitute an offer to the public within the meaning of the CO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere any advertisement, invitation or document relating to the Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be 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.

### ***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 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 and 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.

Any offer or sale of Covered Bonds by nabSecurities, LLC will comply with the requirements of the Financial Industry Regulatory Authority (**FINRA**) Rule 5121 regarding a FINRA member's distribution of the securities of an affiliate and related conflicts of interest. nabSecurities, LLC (or any other affiliate of nab) will not make sales in any offering of Covered Bonds to any discretionary account, unless specific written approval of the account holders is obtained.

## ERISA CONSIDERATIONS

Unless otherwise indicated, the Covered Bonds should be eligible for purchase by employee benefit plans and other plans subject to the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**) and/or the provisions of Section 4975 of the Code and by governmental, church and non-U.S. plans which are subject to any U.S. Federal, state or local law or any non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, subject to consideration of the issues described in this section. ERISA imposes certain requirements on "employee benefit plans" as defined in Section 3(3) of ERISA and subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, **ERISA Plans**) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under the section of this Prospectus entitled "*Risk Factors*" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Covered Bonds.

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Code (together with ERISA Plans, **Plans**), from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code (each, **Parties in Interest**) with respect to the Plan. A violation of these prohibited transaction rules may result in civil penalties or other liabilities under ERISA and/or an excise tax under Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Certain employee benefit plans and arrangements including those that are governmental plans (as defined in section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) (**Non-ERISA Arrangements**) are not subject to the requirements of ERISA or Section 4975 of the Code but may be subject to similar provisions under applicable federal, state, local, foreign or other regulations, rules or laws (**Similar Laws**).

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Covered Bonds are acquired or held by a Plan with respect to which the Issuer, the Seller, the Covered Bond Guarantor, the Co-Arrangers, the Servicer, the Trust Manager, the Dealers, the Agents, the Bond Trustee, the Security Trustee or any other party to such transactions is a Party in Interest. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any such Covered Bonds and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption (**PTCE**) PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 96-23 (relating to transactions determined by in-house asset managers) and the "service provider exemption" under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (which, in general, provides an exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction, and provided further that the Plan pays no more than "adequate consideration" in connection with the transaction). There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving the Covered Bonds.

Any purchaser or holder of the Covered Bonds or any interest therein (unless otherwise specified in the Applicable Final Terms) will be deemed to have represented by its purchase and holding of the Covered Bonds or any interest therein that it either (1) is not a Plan and is not purchasing those Covered Bonds on behalf of or with “plan assets” of any Plan or (2) with respect to the purchase or holding is eligible for the exemptive relief available under any of the PTCEs listed above, the Service Provider Exemption or another applicable exemption. In addition, any purchaser or holder of the Covered Bonds or any interest therein which is a Non-ERISA Arrangement will be deemed to have represented by its purchase or holding of the Covered Bonds or any interest therein that its holding will not violate the provisions of any Similar Law.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing Covered Bonds on behalf of or with “plan assets” of any Plan or Non-ERISA Arrangement consult with their counsel regarding, among other things, the availability of exemptive relief under any of the PTCEs listed above, the Service Provider Exemption or any purchase or other applicable exemption, or the potential consequences of any purchase or holding under Similar Laws, as applicable. If you are an insurance company or the fiduciary of a pension plan or an employee benefit plan, and propose to invest in Covered Bonds, you should consult your legal counsel. Moreover, each such fiduciary should determine whether it is eligible to purchase Covered Bonds, and whether, under the general fiduciary standards of investment prudence and diversification, an investment in Covered Bonds is appropriate for the Plan, taking into account the overall investment policy of the Plan, the composition of the Plan’s investment portfolio, and the risk/return characteristics of the Covered Bonds.

The sale of any Covered Bonds to a Plan is in no respect a representation by the Issuer, the Seller, the Covered Bond Guarantor or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme and the issue of Covered Bonds have been duly authorised by a resolution of delegates of the board of directors of nab dated 25 October 2011, 21 November 2012, 19 November 2013, 11 November 2014, 6 November 2015 and 28 October 2016.

### Listing and admission to trading of Covered Bonds

It is expected that each Tranche of Covered Bonds which is to be admitted to the Official List and to trading on the Regulated Market of the Luxembourg Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Temporary Global Covered Bond or a Permanent Global Covered Bond, as the case may be, initially representing the Covered Bonds of such Tranche. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). The listing of the Programme in respect of Covered Bonds is expected to be granted on or about 17 November 2016.

### 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 to the Covered Bondholders during local business hours and upon reasonable notice on any weekday (Saturdays, Sundays and public holidays excepted) from the registered office of the Issuer and from the specified office of the Principal Paying Agent:

- (i) the constitutive documents of the Covered Bond Guarantor and the Issuer;
- (ii) the 2015 nab Annual Financial Report and the 2016 nab Annual Financial Report (as defined in the section entitled "*Documents Incorporated by Reference*");
- (iii) the audited financial statements of the Trust (including the auditor's report and notes thereto) for the financial year ended 30 September 2014 and for the financial year ended 30 September 2015;
- (iv) the forms of the Global Covered Bonds, the Definitive Covered Bonds, the Coupons and the Talons;
- (v) a copy of this Prospectus and all documents incorporated by reference herein;
- (vi) any future prospectuses, information memoranda and Supplements to the Prospectus and any Final Terms (save that Final Terms relating to an unlisted Covered Bond will be available for inspection only by the relevant Dealer or Dealers specified in such Final Terms or, 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) to this Prospectus and any other documents incorporated herein or therein by reference;
- (vii) any Final Terms relating to Covered Bonds of the Issuer which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. (In the case of any Covered Bonds which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the applicable Final Terms will only be available for inspection by the relevant Covered Bondholders); and
- (viii) each Programme Document including the Bond Trust Deed (which contains the guarantee from the Covered Bond Guarantor to the Bond Trustee for the benefit of the Covered Bondholders) (other than the Final Terms as specified above).

In addition, copies of this Prospectus, any documents incorporated by reference and each Final Terms relating to the Covered Bonds which are listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the Regulated Market of the Luxembourg Stock Exchange will also be available for inspection on the website of the Luxembourg Stock Exchange at [www.bourse.lu](http://www.bourse.lu).

### **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. In addition, the Issuer may make an application for any Registered Covered Bonds (other than N Covered Bonds) to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Covered Bonds, together with the relevant ISIN and Common Code, 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:

- (i) 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
- (ii) 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.

### **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 trading or financial position of the Issuer or any of the subsidiaries of the Issuer (the **nab Group**) taken as a whole since 30 September 2016 (the end of the last financial period for which either audited financial information or interim financial information has been published).

There has been no material adverse change in the prospects of the nab Group taken as a whole since 30 September 2016 (the last date to which the latest audited published financial information of the nab Group was prepared).

There has been no significant change in the financial or trading position of the Trust since 30 September 2015. There has been no material adverse change in the prospects of the Trust since 30 September 2015.

## **Litigation**

Except as described in the section "*National Australia Bank Limited – Financial Information Concerning nab'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 nab 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 nab or the nab Group.

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 nab and the Trust are Ernst & Young, of 8 Exhibition Street, Melbourne (**Ernst & Young**), who have audited nab's accounts, without qualification in accordance with generally accepted auditing standards in Australia for the financial years ended 30 September 2015 and 30 September 2016 and have audited the Trust's accounts, without qualification in accordance with generally accepted auditing standards in Australia, for the financial years ended 30 September 2014 and 30 September 2015. The auditors of nab have no material interest in nab and the auditors of the Trust have no material interest in the Trust. The partners of Ernst & Young 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 any member of the nab Group being under an obligation or entitlement that is material to its ability to meet its obligation to Covered Bondholders in respect of the Covered Bonds that may be issued.

The Issuer is not aware of any material contracts having been entered into by the Covered Bond Guarantor other than the Programme Documents and which could result in it being under an obligation or entitlement that is material to its ability to meet its obligation to Covered Bondholders in respect of the Covered Bonds that may be issued.

Since 15 November 2011, 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) each Tranche of Regulation S Global Covered Bonds or Rule 144A Global Covered Bonds will be initially issued in the form of book-entry notes and will be registered in the name of Cede & Co., as nominee of DTC;
- (c) in connection with the issue, Euroclear, Clearstream, Luxembourg and DTC will confer rights in relation to such Bearer Covered Bonds, Regulation S Global Covered Bonds or Rule 144A Global Covered Bonds (as applicable) and will record the existence of those rights; and
- (d) as a result of the issue of such Bearer Covered Bonds, Regulation S Global Covered Bonds or Rule 144A Global Covered Bonds in this manner, these rights will be able to be created.



## GLOSSARY

|                                     |                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>30/360</b>                       | has the meaning given to it in Condition 4(a) of the Programme Conditions.                                                                                                                                                                                                                                            |
| <b>30E/360</b>                      | has the meaning given to it in Condition 4(b) of the Programme Conditions.                                                                                                                                                                                                                                            |
| <b>30E/360 (ISDA)</b>               | has the meaning given to it in Condition 4(b) of the Programme Conditions.                                                                                                                                                                                                                                            |
| <b>360/360</b>                      | has the meaning given to it in Condition 4(b) of the Programme Conditions.                                                                                                                                                                                                                                            |
| <b>A\$ Registered Covered Bonds</b> | means covered bonds denominated in A\$ issued in registered form by entry in the 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 nab 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 entered into on 11 November 2011 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, Australian Dollar Transaction Account Mandate, the Swap Collateral Cash Account Mandate or any other applicable Transaction Account Mandate(s) to be set up by the Covered Bond Guarantor (or the Trust Manager on its behalf as necessary).                                 |
| <b>Accrual Period</b>               | has the meaning given to it in Condition 4(a) of the Programme Conditions.                                                                                                                                                                                                                                            |
| <b>Accrual Yield</b>                | in relation to a Zero Coupon Covered Bond, has the meaning given in the Applicable Final Terms.                                                                                                                                                                                                                       |
| <b>Accrued Interest</b>             | means in respect of a Mortgage Loan in the Mortgage Loan Portfolio as at any date, the aggregate of all interest accrued but not yet due and payable on the Mortgage Loan from (and including) the Mortgage Loan Scheduled Payment Date immediately preceding the relevant date to (but excluding) the relevant date. |

|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Accrued Interest Adjustment</b>             | means, with respect to a Mortgage Loan, the Accrued Interest in respect of that Mortgage Loan, as calculated by the Servicer, for the period up to (but not including) the relevant Transfer Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Actual/Actual (ICMA)</b>                    | has the meaning given to it in Condition 4(a) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Actual/Actual or Actual/Actual (ISDA)</b>   | has the meaning given to it in Condition 4(b) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Actual/365 (Fixed)</b>                      | has the meaning given to it in Condition 4(b) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Actual/365 (Sterling)</b>                   | has the meaning given to it in Condition 4(b) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Actual/360</b>                              | has the meaning given to it in Condition 4(b) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <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 Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); plus or minus</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>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, each Exchange Agent, each Registrar and each Transfer Agent, the A\$ Registrar and the N Covered Bond Registrar each an <b>Agent</b> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

|                                                         |                                                                                                                                                                                                                                                                                                                |
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| <b>All Moneys Mortgage</b>                              | means a Mortgage that secures or purports to secure the repayment of Associated Debt as well as a Mortgage Loan.                                                                                                                                                                                               |
| <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 Aggregate Mortgage Loan Amount</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 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>Amortised Face Amount</b>                            | has the meaning given to it in Condition 6(f) of the Programme Conditions.                                                                                                                                                                                                                                     |
| <b>Annual Accounting Date</b>                           | means in respect of the Trust, 30 September in each year or such other date as the Covered Bond Guarantor (acting on the directions of the Trust Manager) may determine.                                                                                                                                       |
| <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.                                                                                                               |
| <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>Arrears of Interest</b>                              | means, as at any date in respect of any Mortgage Loan in the Mortgage Loan Portfolio, interest (other than interest that is capitalised as Capitalised Arrears or interest that is Accrued Interest) on that Mortgage Loan which is currently due and payable and unpaid on that date.                         |
| <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 per cent.;</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</li> </ul> |

the terms of this deed, being the percentage figure that is necessary to ensure that the Covered Bonds maintain the then current credit ratings assigned to them by Fitch;

- (c) such percentage figure as may be determined by the Covered Bond Guarantor, or the Trust Manager acting on its behalf, 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 credit rating by Moody's using Moody's expected loss methodology (regardless of the actual Moody's credit 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.

**Asset Pool** means the pool of assets owned at any time by the Covered Bond Guarantor which back the payment of claims attached to the Covered Bonds and may comprise the following items:

- (a) the Mortgage Loan Portfolio held by the Covered Bond Guarantor;
- (b) Authorised Investments;
- (c) Substitution Assets;
- (d) the rights of the Covered Bond Guarantor in the Programme Documents and the Trust Accounts;
- (e) the benefit of all representations, warranties, undertakings, covenants, indemnities and promises made by any party in favour of the Covered Bond Guarantor under the Programme Documents; and
- (f) amounts derived or accrued from any of the assets referred to in the preceding paragraphs of this definition.

**Associated Debt** means the indebtedness which a Borrower owes or may owe to the Seller from time to time which is not a Mortgage Loan in the Mortgage Loan Portfolio.

**Attorney** means any attorney appointed under the Security Deed.

**AU Business Day** means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney and Melbourne 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 established by Austraclear to govern the use of the Austraclear System.                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Austraclear System</b>                                | means the clearance and settlement system operated by Austraclear.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <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 Property at any date the Latest Valuation of that 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>Australian Dollar Transaction Account</b>             | means the Australian Dollar account designated as the Transaction 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 Security Deed.                                                                                                                                                                                                                                                                                                             |
| <b>Australian Dollar Transaction Account Mandate</b>     | means the resolutions, instructions and signature authorities relating to the Australian Dollar Transaction substantially in the form set out in schedule 1 to the Account Bank Agreement.                                                                                                                                                                                                                                                                                                                                                           |
| <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 short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the |

demand or time deposits are made (being an Authorised Deposit Taking Institution) are rated at least equal to "P-1" by Moody's and "F1" by Fitch (or, if Fitch has placed the Issuer on credit ratings watch negative at the relevant time, F1+ by Fitch) or which are otherwise acceptable to the Rating Agencies (if they are notified in advance) to maintain the then current credit rating of the Covered Bonds.

**Authorised Signatory**

in relation to a Transaction Party, means an officer of the Transaction Party, or such other person appointed by the Transaction Party to act as its authorised signatory and notified to the other Transaction Parties.

**Available Principal Receipts**

means on a Calculation Date, an amount equal to the aggregate of (without double counting):

- (a) the amount of Mortgage Loan Principal Receipts received during the immediately preceding Calculation Period and credited to the Principal Ledger;
- (b) any other amount standing to the credit of the Principal Ledger including:
  - (i) the proceeds of an issue of, or increase in the principal amount outstanding of, the Demand Note (where such proceeds have not been applied to acquire New Mortgage Loan Portfolios or to invest in Substitution Assets or Authorised Investments); and
  - (ii) the proceeds from any sale of Selected Mortgage Loans pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement but excluding any amount of principal received under any of the Swap Agreements which is otherwise applied by the Covered Bond Guarantor in accordance with the Establishment Deed; and
  - (iii) any Excess Proceeds;
- (c) 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 to provide liquidity for any other Series of Hard Bullet Covered Bonds in respect of which the Issuer is failing the Pre-Maturity Test),

*excluding*

- (d) any Swap Collateral Excluded Amounts, which will be applied in accordance with the terms of the relevant Swap Agreements; and
- (e) all amounts applied towards the acquisition of any New Mortgage Loan Portfolios during the immediately preceding Calculation Period.

**Available Revenue Receipts**

means on a relevant Calculation Date, an amount equal to the aggregate of:

- (a) the amount of Mortgage Loan Revenue Receipts received during the immediately preceding Calculation Period and credited to the Revenue

Ledger;

- (b) other net income of the Covered Bond Guarantor received during the immediately preceding Calculation Period, including all amounts of interest received on the Trust Accounts, the Substitution Assets and Authorised Investments, the amount paid to the Covered Bond Guarantor as interest on the amount of money held by the Servicer during that Calculation Period, the amount equal to Unpaid Interest paid to the Covered Bond Guarantor that was not paid during the Calculation Period ending on that Calculation Date in relation to an Offset Mortgage Loan, and the proceeds from any sale of Mortgage Loans (including, but not limited to, Selected Mortgage Loans) pursuant to the terms of the Establishment Deed and the Mortgage Sale Agreement to the extent that such proceeds comprise Accrued Interest and Arrears of Interest or other interest amounts (including any amounts received by the Covered Bond Guarantor under the Interest Rate Swap Agreement) and any Interest Rate Shortfall Demand Note Funding received by the Covered Bond Guarantor which has been deposited into the GIC Account in accordance with the Demand Note Subscription Agreement but excluding (subject to the payments required to be made as set out in the sections "*Cashflows – Amounts received on or after the Trust Payment Date*" and "*Termination Payments in respect of Swaps*" above) amounts received by the Covered Bond Guarantor under the Covered Bond Swap Agreements;
- (c) 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;
- (d) 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;
- (e) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement for the relevant terminated Swap;
- (f) any premium received from a replacement Swap Provider in respect of a replacement Swap; and
- (g) any other revenue receipts not referred to in paragraphs (a) to (f) (inclusive) above received during previous Calculation Periods and standing to the credit of the Revenue Ledger,

less

- (h) Third Party Amounts, which will be paid on receipt in cleared funds to the Seller; and
- (i) all Swap Collateral Excluded Amounts, which will be applied in accordance with the terms of the relevant Swap Agreements.

**BA-CDOR**

has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme

Conditions.

**Bank Bill Rate**

means in relation to any period:

- (a) the rate for prime bank eligible securities (expressed as a percentage rate per annum) which is designated as the “AVG MID” (rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards) as displayed at or about 10:15am on the first day of that period on the Reuters Monitor Screen BBSW Page (or its successor page) for Australian Dollar denominated bank-accepted bills of exchange having a term approximately equal to that period; or
- (b) if the rate cannot be determined pursuant to paragraph (a) above, the rate per annum reasonably determined by the Trust Manager (other than for the purpose of the Account Bank Agreement, in which case such determination is to be made by the Account Bank).

**Base Prospectus**

means this base prospectus prepared in connection with the Programme and constituting a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

**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 Mortgage Loan Portfolio that do not bear interest at a fixed rate and the Interest Rate Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.

**BBSW**

has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.

**Bearer Covered Bonds**

means Covered Bonds in bearer form.

**Bearer Definitive Covered Bonds**

has the meaning given to it in the Programme Conditions.

**Bearer Global Covered Bonds**

means together, the Temporary Bearer Global Covered Bond and the Permanent Bearer Global Covered Bond, and Bearer Global Covered Bond means either one of them.

**Beneficial Owner**

means each actual purchaser of each DTC Covered Bond as described in the section "*Book-Entry Clearance Systems – Book-entry Systems – Austraclear and Cross Trading with Euroclear and Clearstream*".

**BKBM**

has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.

**Bond Basis**

has the meaning given to it in Condition 4(b) of the Programme Conditions.



|                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Bond Trust Deed</b>              | means the trust deed entered into 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 Deutsche Trustee Company Limited, in its capacity as bond trustee under the Bond Trust Deed together with any additional or replacement bond trustee appointed from time to time in accordance with the terms of the Bond Trust Deed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Borrower</b>                     | means in relation to a Mortgage Loan, the person or persons specified as such in the relevant Mortgage together with the person or persons (if any) from time to time assuming an obligation to repay such Mortgage Loan or any part of it.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Broken Amount</b>                | has the meaning given to it in Condition 4(a) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Buildings Policies</b>           | means all buildings insurance policies relating to Properties which have been taken out in the name of the relevant Borrower or in the name of the Borrower and the Seller or in the name of the Borrower with the interest of the Seller noted, in accordance with the applicable Mortgage Condition.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Business Day</b>                 | <p>means in the case of Covered Bonds which are not N 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, Melbourne 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, Melbourne 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-Time Gross Settlement Express Transfer payment system (the <b>TARGET2</b>) is open,</li> </ul> </li> </ul> <p>and in the case of an N Covered Bond, the meaning given to it in Condition 4.4 of the relevant N Covered Bond Conditions.</p> |
| <b>Calculation Agency Agreement</b> | means the agreement in substantially the form set out in schedule 1 of 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.

|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
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| <b>Calculation Date</b>                    | means the date which is five 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>Calculation Period</b>                  | means the period from (and including) the first day of the calendar month immediately preceding the relevant Calculation Date (or the first Transfer Date in the case of the first Calculation Period) up to (and including) the last day of the calendar month immediately preceding the next Calculation Date.                                                                                                                                                                                           |
| <b>Capitalised Arrears</b>                 | means for any Mortgage Loan in the Mortgage Loan Portfolio at any date, interest or other amounts which are overdue in respect of that Mortgage Loan and which as at that date have been added to the Current Principal Balance of that Mortgage Loan in accordance with the Mortgage Conditions or interest that is capitalised by agreement from time to time with the relevant Borrower (excluding for the avoidance of doubt any Arrears of Interest which have not been so capitalised on that date). |
| <b>Capitalised Expenses</b>                | means for any Mortgage Loan in the Mortgage Loan Portfolio at any date, fees and expenses in respect of that Mortgage Loan and which as at that date have been added to the Current Principal Balance of that Mortgage Loan in accordance with the Mortgage Conditions or fees and expenses that are capitalised by agreement from time to time with the relevant Borrower.                                                                                                                                |
| <b>Cash Redraws</b>                        | means, in respect of a Mortgage Loan in the Mortgage Loan Portfolio, a re-advance by the Seller of some or all of the Overpayments that the Borrower has made under the Mortgage Loan, and each a <b>Cash Redraw</b> .                                                                                                                                                                                                                                                                                     |
| <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 DTC, 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 of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Co-Arrangers</b>                        | in relation to any issuance of Covered Bonds means each of nab and Deutsche Bank Aktiengesellschaft.                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Code</b>                                | means the U.S. Internal Revenue Code of 1986, as amended.                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Collections Account Interest Ledger</b> | means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record credits and debits of interest paid by nab in an amount calculated as interest on the amount of money held by the                                                                                                                                                                                                                                                                             |

Servicer during that Calculation Period and distribution of the same in accordance with the Establishment Deed.

|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Consumer Credit Code</b>                       | 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.                                                                                                                                                                                                                                                                                                                                     |
| <b>Conditions</b>                                 | means the Programme Conditions and the N Covered Bond Conditions, as applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Corporations Act</b>                           | means the Corporations Act 2001 (Cth).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Couponholders</b>                              | has the meaning given to it in the relevant Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Coupons</b>                                    | has the meaning given to it in the relevant Programme 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 Ernst & Young whose office is at 8 Exhibition Street, Melbourne VIC 3000, Australia 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 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 the form of which is set out in Schedule 2 of the Cover Pool Monitor Agreement.                                                                                                                                                                                                                                                                                                                                                                                            |
| <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. |

|                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| <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 18, 123 Pitt Street, Sydney, NSW 2000, as trustee of the nab Covered Bond Trust.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Covered Bond Guarantor Event of Default</b> | has the meaning given to it in Condition 9(b) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Covered Bondholders</b>                     | means the holders of the Covered Bonds and, for the avoidance of doubt, the N 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 and including each N Covered Bond provided that the relevant N Covered Bondholder has entered into and delivered to the Issuer the related N Covered Bond Agreement or agreed to be bound by the terms of the related N Covered Bond Agreement by way of an N Covered Bond Assignment Agreement), which covered bonds may be represented by a Global Covered Bond or any Definitive Covered Bond (and, in the case of N Covered Bonds, are represented by an N Covered Bond Certificate) and includes any replacements or a Covered Bond issued pursuant to Condition 10 of the Programme Conditions or Condition 10 of the N Covered Bond Conditions (as applicable), and each a <b>Covered Bond</b> . |
| <b>Covered Bond Swap</b>                       | means each currency and/or basis swap 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <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 relating to one or more Covered Bond Swaps.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Covered Bond Swap Provider</b>              | means, in relation to a Covered Bond Swap, the party appointed as covered bond swap provider from time to time under such Covered Bond Swap, together with any transferee or successor thereto.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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| <b>Current Principal Balance</b> | <p>means in relation to any Mortgage Loan in the Mortgage Loan Portfolio 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 Borrower and any further amount advanced on or before any given date to the relevant Borrower under that Mortgage Loan secured or intended to be secured by the Related Security;</li> <li>(b) the amount of any Cash Redraws and Further Advances secured or purported to be secured by the Related Security; and</li> <li>(c) any Capitalised Arrears or Capitalised Expenses,</li> </ul> <p>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.</p> |
| <b>Day Count Fraction</b>        | has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Dealer and Dealers</b>        | <p>in relation to any issuance of Covered Bonds (other than Rule 144A Covered Bonds) means nab, Deutsche Bank Aktiengesellschaft and any other dealer appointed from time to time in accordance with the Programme Agreement and in relation to any issuance of Rule 144A Covered Bonds means nabSecurities, LLC, Deutsche Bank Aktiengesellschaft and any other dealer appointed from time to time in accordance with the Programme Agreement.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <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 of the Security Deed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Defaulted Mortgage Loan</b>   | means any Mortgage Loan in the Mortgage Loan Portfolio 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 Mortgage Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Definitions Schedule</b>      | has the meaning given to it in the relevant 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 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>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 Funding Date</b>  | means, in relation to a Demand Note, the date specified in the Demand Note Funding Request.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

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| <b>Demand Note Funding Request</b>        | means the request received by the Demand Note Subscriber from the Covered Bond Guarantor to either subscriber for the Demand Note or fund an Increase in the principal amount of 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 nab.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Demand Note Subscription Agreement</b> | means the demand note subscription agreement entered into on 11 November 2011 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>Designated Account</b>                 | has the meaning given to it in Condition 5(d) of the Programme Conditions and Condition 5.1 of the N Covered Bond Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Designated Bank</b>                    | has the meaning given to it in Condition 5(d) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Determination Period</b>               | has the meaning given to it in Condition 4(a) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Disclosure Documents</b>               | means the Base Prospectus and/or any other information memorandum or other offering material prepared in connection with the Programme as revised, supplemented or amended from time to time by the Issuer in accordance with Programme Agreement including: <ul style="list-style-type: none"> <li>(a) in relation to each Series or Tranche of Covered Bonds, the Applicable Final Terms; and</li> <li>(b) any documents which are from time to time incorporated in the relevant Disclosure Documents by reference, but, without prejudice to (a) above, not including any subsequent revision, supplement or amendment to it or incorporation of information in it.</li> </ul> |
| <b>Distribution Compliance Period</b>     | has the meaning given to it in Condition 2(i) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>DTC</b>                                | has the meaning given to it in Condition 1 of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>DTC Covered Bonds</b>                  | Covered Bonds accepted into DTC's book-entry settlement system.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Due for Payment</b>                    | 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: <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</li> </ul>                                                                                                                                                                                                                                                                                                                            |

the Issuer and the Covered Bond Guarantor:

- (i) (if paragraph (ii) does not apply) or the date of the Original Due for Payment Date; and
  - (ii) in relation to any Guaranteed Amounts in respect of the Final Redemption Amount payable on the Final Maturity Date for a Series of Covered Bonds only, or the Extended Due for Payment Date, but only:
    - (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
    - (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:
      - (I) 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) of the Programme Conditions) under the terms of the Covered Bond Guarantee; or
      - (II) 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).

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
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| <b>Early Redemption Amount</b>              | in relation to a Series of Covered Bonds, means the early redemption amount determined in accordance with Condition 6(f) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given in the relevant N Covered Bond Conditions (if applicable).                                                                                                                                                                                       |
| <b>Early Repayment Charges</b>              | means any charge or fee which a Borrower is required to pay in accordance with the Mortgage Conditions applicable to a Mortgage Loan in the event that the Borrower repays all or part of the relevant Mortgage Loan before a specified date.                                                                                                                                                                                                                     |
| <b>Established Rate</b>                     | has the meaning given to it in Condition 5(j) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Establishment Deed</b>                   | means the trust deed entered into on 10 November 2011, between the Covered Bond Guarantor, the Issuer, the Trust Manager, the Seller and the Servicer.                                                                                                                                                                                                                                                                                                            |
| <b>EURIBOR</b>                              | has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Euro</b>                                 | 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 state of European economic and monetary union pursuant to the Treaty.                                                                                                                                                                                                                                 |
| <b>Eurobond Basis</b>                       | has the meaning given to it in Condition 4(b)(iv)(F) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Euroclear</b>                            | has the meaning given to it in Condition 1 of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                           |
| <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 Agent</b>                       | means Deutsche Trustee Company Limited, or any other person from time to time appointed to perform the role of exchange agent under the Principal Agency Agreement.                                                                                                                                                                                                                                                                                               |
| <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) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Excluded Scheduled Interest Amounts</b>  | has the meaning given to it in the definition of <b>Scheduled Interest</b> in this Definitions Schedule.                                                                                                                                                                                                                                                                                                                                                          |
| <b>Excluded Scheduled Principal Amounts</b> | has the meaning given to it in the definition of <b>Scheduled Principal</b> in this Definitions Schedule.                                                                                                                                                                                                                                                                                                                                                         |



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| <b>Excluded Swap Termination Amount</b>  | <p>means, in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable:</p> <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>Extendable Maturity Covered Bonds</b> | means, in relation to a Series or Tranche (as applicable) of Covered Bonds, Covered Bonds that are subject to an Extended Due for Payment Date, as specified in the Applicable Final Terms.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Extended Due for Payment Date</b>     | has the meaning given to it in Condition 6(a) of the Programme Conditions and/or, in the case of an N Covered Bond and, if applicable, as set out in the relevant N Covered Bond Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Extension Determination Date</b>      | has the meaning given to it in Condition 6(a) of the Programme Conditions and/or in the case of an N Covered Bond and, if applicable, as set out in the relevant N Covered Bond Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Extinguishment Amount</b>             | <p>means, in respect of a Mortgage Loan the subject of a Mortgage Loan Extinguishment Notice:</p> <ul style="list-style-type: none"> <li>(a) the Current Principal Balance of the Mortgage Loan together with all Accrued Interest and Arrears of Interest under the Mortgage Conditions relating to the Mortgage Loan as at the Extinguishment Date, provided that in relation to a Mortgage Loan the subject of a Mortgage Loan Extinguishment Notice as a result of a Product Switch of such Mortgage Loan enabling the Borrower to "offset" mortgage payments against other amounts on deposit with the Seller all Accrued Interest and Arrears of Interest of such Mortgage Loan must be calculated on the basis that no offset occurred for so long as the Mortgage Loan was in the Mortgage Loan Portfolio; or</li> <li>(b) in the case of a Mortgage Loan that is a Selected Mortgage Loan, an amount equivalent to the best price reasonably available for the sale of such Selected Mortgage Loans but in any event an amount not less than: <ul style="list-style-type: none"> <li>(i) the Current Principal Balance of the Selected Mortgage Loans plus the Arrears of Interest and Accrued Interest thereon in the event that the extinguishment is occurring 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); and</li> <li>(ii) the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds in the event that the extinguishment is occurring following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor.</li> </ul> </li> </ul> |

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| <b>Extinguishment Date</b>               | means each date specified as such in a Mortgage Loan Extinguishment Notice and on which the Seller pays the relevant Extinguishment Amount.                                                                                                                                                                                                                                                                                                                                     |
| <b>Extinguished Mortgage Loan Rights</b> | has the meaning given to it in the section " <i>Overview of the Principal Documents – Mortgage Sale Agreement – Extinguishment and Transfer</i> " of this Prospectus.                                                                                                                                                                                                                                                                                                           |
| <b>Extraordinary Resolution</b>          | has the meaning given to it in schedule 4 of the Bond Trust Deed.                                                                                                                                                                                                                                                                                                                                                                                                               |
| <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 Programme Conditions and/or, in the case of an N Covered Bond, the Covered Bond Conditions.                                                                                                                            |
| <b>Final Redemption Amount</b>           | means, in relation to a Series of Covered Bonds, the meaning given in the Applicable Final Terms and/or, in the case of an N Covered Bond, Condition 6.1 of the N Covered Bond Conditions.                                                                                                                                                                                                                                                                                      |
| <b>Final Terms</b>                       | means (a) the final terms prepared in relation to each Series or Tranche of Covered Bonds (substantially in the form set out in the Bond Trust Deed) or (b) with respect to any N Covered Bond, means (taken together), the N Covered Bond Conditions applicable to the N Covered Bond and the related N Covered Bond Agreement.                                                                                                                                                |
| <b>Fiscal Period</b>                     | means a period beginning on 1 October in each year and ending on and including the next following Annual Accounting Date, except for the first Fiscal Period which is the period beginning on the date on which the Trust is established and ending on the Annual Accounting Date falling on 30 September 2012.                                                                                                                                                                 |
| <b>Fitch</b>                             | means Fitch Australia Pty Ltd. and includes any successor to its credit ratings business.                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Fitch Specified Rating</b>            | means a credit rating of short-term unsecured, unsubordinated and unguaranteed debt obligations of at least F1+ by Fitch.                                                                                                                                                                                                                                                                                                                                                       |
| <b>Fixed Coupon Amount</b>               | has the meaning given to it in Condition 4(a) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Fixed Interest Period</b>             | has the meaning given to it in Condition 4(a) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                      |
| <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 Mortgage Loan Portfolio and the Interest Rate Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate. |

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| <b>Floating Rate Convention</b>          | has the meaning given to it in Condition 4(b) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Following Business Day Convention</b> | has the meaning given to it in Condition 4(b) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Further Advances</b>                  | means in relation to a Mortgage Loan in the Mortgage Loan Portfolio, any advances of further money to the relevant Borrower following the making of the initial advance of moneys in respect of such Mortgage Loan ( <b>Initial Advance</b> ) which is secured by the same Mortgage as the Initial Advance but does not include any Cash Redraw, and each a <b>Further Advance</b> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <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 Security Deed 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 and the Security Deed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <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 relevant Programme 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 A New Tax System (Goods and Services Tax) Act 1999 (Cth).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Guarantee Priority of Payments</b>    | has the meaning given to it in Condition 6(a) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <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 relevant Programme Conditions and/or, in the case of an N Covered Bond, the relevant N Covered Bond Conditions (if applicable) or, if applicable, the relevant Final Terms plus all accrued and unpaid interest and at 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

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| <b>HIBOR</b>                    | has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Higher Redemption Amount</b> | means the amount (if any) specified in the Applicable Final Terms.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <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 Security to the Demand Noteholder as an <i>in specie</i> distribution in satisfaction of the Demand Note.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>In Specie Mortgage Loans</b> | means any Mortgage Loans (together with the Related Securities in relation to such Mortgage Loans) 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>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>Indexed Valuation</b>        | <p>means at any date in relation to any Mortgage Loan secured over any Property:</p> <ul style="list-style-type: none"> <li>(a) where the Latest Valuation of that 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 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>Initial Advance</b>          | has the meaning given to it in the definition of <b>Further Advance</b> .                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Insolvency Event</b>         | <p>means:</p> <ul style="list-style-type: none"> <li>(a) in respect of a Transaction Party (other than the Trust Manager) (for the purposes of this paragraph (a) the <b>Relevant Entity</b>) the happening of any of these events: <ul style="list-style-type: none"> <li>(i) a statutory manager is appointed in respect of the Relevant Entity under the Australian Banking Act;</li> <li>(ii) except for the purpose of a solvent reconstruction or amalgamation: <ul style="list-style-type: none"> <li>(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:</li> <li>(I) the liquidation or dissolution of the Relevant Entity; or</li> </ul> </li> </ul> </li> </ul> |

- (II) 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; or
- (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) (inclusive) or having substantially similar effect, occurs with respect to the Relevant Entity;
- (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);
- (vii) anything analogous or having a substantially similar effect to any of the events specified above happens under the laws of any applicable jurisdiction.

**Instructing Party**

- (a) means at any time prior to the service of a Notice to Pay on the Covered Bond Guarantor:
  - (i) if the Trust Manager has notified the Covered Bond Guarantor that it will be the Instructing Party for the purposes of the Account Bank for so long as the Trust Manager's authority has not been revoked by the Covered Bond Guarantor in accordance with the Account Bank Agreement (as described in section "*Overview of the Principal Documents – Account Bank Agreement*" in this Prospectus), the Trust Manager; or
  - (ii) otherwise, the Covered Bond Guarantor (acting at the direction of the Trust Manager); or
- (b) at any time upon or following the service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor (acting at the direction of the Trust Manager).

**Instrument Holder**

means a Unitholder, Intercompany Noteholder and Demand Noteholder.

**Instrument Register**

means the register of Instrument Holders in the Trust established and maintained in accordance with the Establishment Deed.

**Instruments**

means the Units, Intercompany Notes and Demand Notes.

|                                                 |                                                                                                                                                                                                                                                                                        |
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| <b>Insurance Policies</b>                       | means:<br><br>(a) the Buildings Policies; and<br><br>(b) the Lender's Mortgage Insurance Policies,<br><br>and each an <b>Insurance Policy</b> .                                                                                                                                        |
| <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 Noteholder</b>                  | means at any given time the person then appearing in the Instrument Register as the holder of an Intercompany Note.                                                                                                                                                                    |
| <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 nab.                                                                                                                                                                                                                                                                             |
| <b>Intercompany Note Subscription Agreement</b> | means the intercompany note subscription agreement dated on 11 November 2011, 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>Interest Amount</b>                          | has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable).                                                                                 |
| <b>Interest Commencement Date</b>               | has the meaning given to it in Condition 4(a) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.1 of the relevant N Covered Bond Conditions (if applicable).                                                                |
| <b>Interest Payment Date</b>                    | has the meaning given to it in Condition 4(b)(B) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.2 of the relevant N Covered Bond Conditions (if applicable).                                                             |
| <b>Interest Period</b>                          | has the meaning given to it in Condition 4(b)(i) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.4 of the relevant N Covered Bond Conditions (if applicable).                                                             |
| <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.

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| <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 Agreement</b>        | means the Interest Rate Swap Master Agreement, together with the confirmations thereunder evidencing the Interests Rate Swaps.                                                                                                                                                       |
| <b>Interest Rate Swap Master Agreement</b> | means a Swap Master Agreement entered into on or about the Programme Date between the Covered Bond Guarantor, the Trust Manager and the Interest Rate Swap Provider, relating to the Interest Rate Swaps, as amended, restated, supplemented, replaced or novated from time to time. |
| <b>Interest Rate Swap Provider</b>         | means nab or such other party so appointed in its capacity as interest rate swap provider under the Interest Rate Swap Agreement together with any transferee or successor thereto.                                                                                                  |
| <b>Interest Rate Swap</b>                  | means the Basis Swap and/or the Fixed Rate Swap.                                                                                                                                                                                                                                     |
| <b>IRS</b>                                 | means the United States Internal Revenue Service.                                                                                                                                                                                                                                    |
| <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) of the Programme Conditions.                                                                                                                                                                                                    |
| <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) of the Programme Conditions.                                                                                                                                                                                                    |
| <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 nab.                                                                                                                                                                                                                                                                           |
| <b>Issuer Acceleration Notice</b>          | has the meaning given to it in Condition 9(a) of the Programme Conditions.                                                                                                                                                                                                           |
| <b>Issuer Event of Default</b>             | has the meaning given to it in Condition 9(a) of the Programme Conditions.                                                                                                                                                                                                           |
| <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:<br><br>(a) land (including tenements and hereditaments corporeal and incorporeal                                                                                                                                                                                              |



and every estate and interest in it whether vested or contingent, freehold or Crown leasehold, the term of which lease is expressed to expire not earlier than five years after the maturity of the relevant Mortgage, and whether at law or in equity) situated in Australia and including any fixtures to land; and

- (b) any parcel and any lot, common property and land comprising a parcel within the meaning of the Strata Schemes (Freehold Development) Act 1973 (New South Wales) or the Community Land Development Act 1989 (New South Wales) or any equivalent legislation in any other Australian jurisdiction.

**Land Title Act** means the Land Title Act 1994 (Qld).

**Latest Valuation** means, in relation to a Property, the value:

- (a) given to the Property by the most recent valuation report held by the Seller; or
- (b) in the absence of such a valuation report, the value of Property most recently determined by the Seller or the Servicer in accordance with its credit policies.

**Lead Manager** means, in relation to any Series or Tranche of Covered Bonds, the person named as the Lead Manager in the applicable Subscription Agreement.

**Ledgers** means each of the following ledgers established and maintained by the Covered Bond Guarantor or the Trust Manager on its behalf:

- (a) the Principal Ledger;
- (b) the Revenue Ledger;
- (c) the Pre-Maturity Ledger; and
- (d) the Reserve Ledger.

**Legended Covered Bonds** means the Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bonds) sold in private transactions to QIBs in accordance with the requirements of Rule 144A.

**Legislated Collateralisation Test** has the meaning given to it in the section "*Structure Overview – Structure Overview – Legislated Collateralisation Test*" in this Prospectus.

**Lender's Mortgage Insurance Policies** means all insurance policies in favour of the Seller in respect of a Mortgage Loan to protect (subject to certain applicable exclusions) the Seller against any shortfall between the net sale proceeds of any Property the subject of a Mortgage and the total amount owing by the relevant Borrower to the Seller under the Mortgage Loan.

**Liabilities** means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including properly incurred legal fees and penalties incurred by that person, and **Liability** is to be construed accordingly.

|                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                        |
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| <b>LIBOR</b>                                      | has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                   |
| <b>listed</b>                                     | (and all related references) means that such Covered Bonds have been admitted to trading on the regulated market of the Luxembourg Stock Exchange and have been admitted to the Official List or on such other or further stock exchanges or regulated or unregulated markets, as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee and the relevant Dealer(s) in relation to each issue. |
| <b>Long Maturity Covered Bond</b>                 | has the meaning given to it in Condition 5(b) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                             |
| <b>Losses</b>                                     | means the realised losses on the Mortgage Loans which are in the Mortgage Loan Portfolio.                                                                                                                                                                                                                                                                                                                              |
| <b>LVR</b>                                        | in relation to a Mortgage Loan means, at any time, the ratio of the then Current Principal Balance for that Mortgage Loan to Latest Valuation for the 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 entered into on the 11 November 2011, 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>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) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                             |
| <b>Moody's</b>                                    | means Moody's Investors Service Pty Limited and includes any successor to its credit rating business.                                                                                                                                                                                                                                                                                                                  |
| <b>Moody's Specified Rating</b>                   | means a credit rating of short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least P-1 by Moody's.                                                                                                                                                                                                                                                                                           |
| <b>Mortgage</b>                                   | means a registered mortgage over Land situated in Australia, which creates, or is intended to create a Security Interest, securing the repayment of the principal amount of a Mortgage Loan and all other moneys payable under the Mortgage Loan, notwithstanding that by its terms the mortgage may also secure other liabilities of the mortgagor.                                                                   |
| <b>Mortgage Account</b>                           | means as the context requires: <ul style="list-style-type: none"> <li>(a) all Mortgage Loans secured on the same Property and thereby forming a single mortgage account; or</li> </ul>                                                                                                                                                                                                                                 |

- (b) an account maintained by the Servicer in respect of a particular Mortgage Loan to record all amounts due in respect of that Mortgage Loan (whether by way of principal, interest or otherwise) and all amounts received in respect thereof.

|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
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| <b>Mortgage Conditions</b>                 | means all the terms and conditions applicable to a Mortgage Loan at any time.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Mortgage Guarantor</b>                  | means, in relation to a Mortgage Loan in the Mortgage Loan Portfolio, a guarantor of that Mortgage Loan.                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Mortgage Loan</b>                       | means, unless otherwise specified, a mortgage loan originated, or acquired by the Seller referenced by its mortgage loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other moneys due or owing with respect to that mortgage loan under the relevant Mortgage Conditions by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same but excluding, for the avoidance of doubt, any Associated Debt. |
| <b>Mortgage Loan Extinguishment Notice</b> | means a notice served on the Covered Bond Guarantor by the Seller (copied to the Trust Manager and the Security Trustee) offering to facilitate the extinguishment, in favour of the Seller, of the Covered Bond Guarantor's interest in the Mortgage Loans and the Related Security specified in the notice, in the form set in the Mortgage Sale Agreement.                                                                                                                                                                                                         |
| <b>Mortgage Loan Files</b>                 | means the file or files relating to each Mortgage Loan and the Related Security in the Mortgage Loan Portfolio (including files kept in microfiche or scanned format or similar electronic data retrieval system) containing, amongst other things the mortgage documentation applicable to the Mortgage Loan and the Related Security, each letter of offer for that Mortgage Loan and, the Title Documents relating to that Mortgage Loan and the Related Security.                                                                                                 |
| <b>Mortgage Loan Portfolio</b>             | means on any particular date, each New Mortgage Loan Portfolio sold to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement prior to such date, after taking account of, among other things, amortisation of the Mortgage Loans and the addition and/or removal of Mortgage Loans and the Related Security to or from the Mortgage Loan Portfolio since the first Transfer Date including in connection with the extinguishment or transfer of the Covered Bond Guarantor's interest in Mortgage Loans.                                    |
| <b>Mortgage Loan Principal Receipts</b>    | means any payment in respect of principal received from time to time in respect of any Mortgage Loan in the Mortgage Loan Portfolio (including, whether as all or part of a Mortgage Loan Scheduled Payment by a Borrower 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>Mortgage Loan Revenue Receipts</b>      | means any payment received from time to time in respect of any Mortgage Loan which is not a Mortgage Loan Principal Receipt (whether as all or part of a Mortgage Loan Scheduled Payment by a Borrower 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>Mortgage Loan Scheduled Payment</b>      | means in respect of a Mortgage Loan, the amount which the applicable Mortgage Conditions require a Borrower to pay on a Mortgage Loan Scheduled Payment Date in respect of such Mortgage Loan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Mortgage Loan Scheduled Payment Date</b> | means, in relation to any Mortgage Loan, the day on which a Borrower is required to make a payment of interest and, if applicable, principal in accordance with the Mortgage Conditions applicable to such Mortgage Loan.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Mortgage Sale Agreement</b>              | means the mortgage sale agreement to be entered into on 11 November 2011, 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>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 accordance with the Principal Agency Agreement and in accordance with, and constituted by, the Bond Trust Deed in the form of a German " <i>Namensschuldverschreibung</i> " substantially in the form set out in schedule 6 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee, the N Covered Bond Paying Agent, the N Covered Bond Registrar and the relevant N Covered Bondholder and having the N Covered Bond Conditions applicable to it annexed thereto and subject to the provisions of the N Covered Bond Agreement relating thereto. |
| <b>N Covered Bond Agreement</b>             | means an agreement relating to an N Covered Bond incorporating, inter alia, certain provisions of the Bond Trust Deed and made between the initial N Covered Bondholder, the Issuer, the Covered Bond Guarantor and the Bond Trustee substantially in the form set out in schedule 6 part 2 of the Bond Trust Deed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>N Covered Bond Assignment Agreement</b>  | means the assignment agreement attached to each N Covered Bond, substantially in the form set out in schedule 6 part 1 to the Bond Trust Deed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>N Covered Bond Certificate</b>           | means the N covered bond certificate representing the N Covered Bond substantially in the form set out in schedule 6 part 1 to the Bond Trust Deed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>N Covered Bond Conditions</b>            | means the terms and conditions of each N Covered Bond annexed thereto as set out in schedule 6 part 1 to the Bond Trust Deed, as modified and/or supplemented by the provisions of the relevant N Covered Bond Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>N Covered Bond Paying Agent</b>          | means Deutsche Bank AG, Frankfurt or any other person from time to time appointed to perform the role of the paying agent in relation to the N Covered Bonds under the Principal Agency Agreement, including any successor or additional paying agent, or, if so specified in the applicable N Covered Bond Conditions of a Series of N Covered Bonds, any other person appointed by the Issuer under a supplemental agency agreement to perform the duties of the                                                                                                                                                                                                                                                                                                                       |

paying agent in relation to such Series of N Covered Bonds.

|                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
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| <b>N Covered Bond Register</b>                  | means the register of holders of the N Covered Bonds maintained by the N Covered Bond Registrar                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>N Covered Bond Registrar</b>                 | means Deutsche Bank AG, Frankfurt or any other person from time to time appointed to perform the role of the registrar in relation to the N Covered Bonds under the Principal Agency Agreement, including any successor registrar, or, if so specified in the applicable N Covered Bond Conditions of a Series of N Covered Bonds, any other person appointed by the Issuer under a supplemental agency agreement to perform the duties of the registrar in relation to such Series of N Covered Bonds                                                                                                                                                                                                                                                                                                                                                           |
| <b>N Covered Bondholder</b>                     | means the registered holder of an N Covered Bond.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>nab</b>                                      | means National Australia Bank Limited (ABN 12 004 044 937) incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 4, (UB 4440) 800 Bourke Street, Docklands, Victoria 3008, Australia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>nab Group</b>                                | means nab and the group of companies of which it is the parent company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>National Consumer Credit Protection Laws</b> | <p>means:</p> <ul style="list-style-type: none"><li>(a) the National Consumer Credit Protection Act 2009 (Cth) (including the National Credit Code set out in schedule 1 to that Act);</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) regulations made under any of the legislation described at paragraphs (a) through (c) above; and</li><li>(e) Division 2 of Part 2 of the Australian Securities and Investment Commission Act 2001 (Cth), so far as it relates to obligations 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.</li></ul> |
| <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 Fiscal Period of the Trust, the income of the Trust for that Fiscal Period as determined by the Trust Manager under the Establishment Deed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>New Mortgage Loan Portfolio</b>              | means a portfolio of Mortgage Loans and the Related Security (other than any Mortgage Loans and the Related Security included in such portfolio which have been redeemed in full prior to the relevant Transfer Date in respect of such portfolio), particulars of which are set out in, or attached to, a New                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

Mortgage Loan Portfolio Notice, and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (g) (inclusive) below:

- (a) all sums of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Expenses and Capitalised Arrears) and any other sum due or to become due under or in respect of such Mortgage Loans and the Related Security on or after the Transfer Date in respect of such Mortgage Loans and including the right to demand, sue for, recover and give receipts for all such principal, interest or other amounts, the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Conditions;
- (b) the benefit of all other securities for such principal, interest and other sums payable (including any interest of the Seller in any life policy), any guarantee in respect of such Mortgage Loans or any other collateral security for the repayment of the relevant Mortgage Loans secured by the Related Security;
- (c) the right to exercise all the powers of the Seller in relation thereto subject to and in accordance with the relevant Mortgage Conditions;
- (d) all the estate, title and interest in the Properties in relation thereto vested in the Seller;
- (e) to the extent they are assignable or capable of being put into trust, each certificate of title and valuation report and any right of action of the Seller against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any such Mortgage Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Mortgage Loans or part thereof;
- (f) the benefit of certain Insurance Policies, in each case so far as they relate to such Mortgage Loans comprised in that portfolio of Mortgage Loans and the Related Security, including the right to receive the proceeds of all claims made or to be made by or on behalf of the Seller or to which the Seller is or may become entitled; and
- (g) any Associated Debt secured by any All Moneys Mortgage that relates to such Mortgage Loans.

**New Mortgage Loan Portfolio Notice**

means a notice in the form set out in schedule 4 to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement.

**New Secured Creditor**

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.

**NIBOR**

has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
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| <b>Non-Cash Redraw</b>               | means a Payment Holiday under a Mortgage Loan included in the Mortgage Loan Portfolio.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <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 Noteholder recorded in the Instrument Register in relation to an Intercompany Note or a Demand Note.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Offset Mortgage Loan</b>          | means a Mortgage Loan which allows the relevant Borrower to link the Mortgage Loan with certain deposit and/or current accounts that are held by the Seller for the purpose of offsetting interest.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <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>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 Programme Conditions and/or, in the case of an N Covered Bond, the N Covered Bond 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 Programme Conditions and/or, in the case of an N Covered Bond, the N Covered Bond Conditions (if applicable) 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 or, as the case may be, the N Covered Bond 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 of the Programme Conditions and/or Condition 13 of the N Covered Bond Conditions 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(h) and 6(i) of the Programme</li> </ul> |

Conditions and any equivalent provision in the N Covered Bond Conditions;

- (d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case under Condition 8 of the Programme Conditions and/or Condition 8 of the N Covered Bond Conditions;
- (e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 10 of the Programme Conditions and/or Condition 10 of the N Covered Bond Conditions;
- (f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Covered Bonds outstanding and without prejudice to the status for any other purpose of the relevant Covered Bonds) those Covered Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 10 of the Programme Conditions and/or Condition 8 of the N Covered Bond Conditions;
- (g) any Global Covered Bond to the extent that it has been exchanged for definitive Covered Bonds or another Global Covered Bond pursuant to its provisions, the provisions of the Bond Trust Deed and the Agency Agreement; and
- (h) those Legended Covered Bonds which have been exchanged for Unlegended Covered Bonds and those Unlegended Covered Bonds which have been exchanged for Legended Covered Bonds, in each case pursuant to their provisions, the provisions of the Bond Trust Deed and the Principal 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 of the Programme Conditions 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,

(A) those Covered Bonds of the relevant Series (if any) which are for the time



being held by or on behalf of or for the benefit of the Issuer or the Covered Bond Guarantor, any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company, in each case as beneficial owner and (B) those N Covered Bonds held by an N Covered Bondholder who has not entered into and delivered to the Issuer the related N Covered Bond Agreement or agreed to be bound by the related N Covered Bond Agreement by way of an N Covered Bond Assignment Agreement, will (unless and until ceasing to be so held) be deemed not to remain outstanding except in the case of the Issuer or the Covered Bond Guarantor, any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company (each a **Relevant Person**) holding, by itself or together with any other Relevant Person, all of the Covered Bonds then outstanding or, in respect of a Series of Covered Bonds holds all Covered Bond of such Series.

**Overpayment**

means in respect of a Mortgage Loan in the Mortgage Loan Portfolio, any additional amounts of Mortgage Loan Principal Receipts received above the regular Mortgage Loan Scheduled Payments due in respect of such Mortgage Loan, paid by the relevant Borrower which:

- (a) is permitted by the terms of such Mortgage Loan or by agreement with the Borrower; and
- (b) reduces the Current Principal Balance of such Mortgage Loan.

**Partial Portfolio**

means part of any portfolio of Selected Mortgage Loans offered for sale to purchasers by the Covered Bond Guarantor, or the Trust Manager on its behalf.

**Paying Agents**

means the Principal Paying Agent, the N Covered Bond 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) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 5.3 of the relevant N Covered Bond Conditions (if applicable).

**Payment Holiday**

means the right of a Borrower, under the applicable Mortgage Conditions, to not make a monthly payment for one or more months in certain circumstances and, in respect of any Mortgage Loan in the Mortgage Loan Portfolio, a period of one or more scheduled payment dates under the Mortgage Loan when the relevant Borrower is permitted by the Seller in accordance with the relevant Mortgage Conditions not to make the payments due on such scheduled payments dates.

**Penalty Payment**

means:

- (a) any amount (including any civil or criminal penalty for which the Covered Bond Guarantor is liable under the Consumer Credit Code or the National Consumer Credit Protection Laws and legal costs and other expenses payable or incurred by the Covered Bond Guarantor in relation to such liability;
- (b) any other liability payable by the Covered Bond Guarantor, or legal costs or other expenses payable or incurred by the Covered Bond Guarantor, in relation to such liability;

- (c) any amount which the Covered Bond Guarantor agrees to pay to a Borrower, a Mortgage Guarantor or other person in settlement of any liability or alleged liability or application for an order under the Consumer Credit Code or the National Consumer Credit Protection Laws;
- (d) any legal costs or other costs and expenses payable or incurred by the Covered Bond Guarantor in relation to that application or settlement; and
- (e) any other losses incurred by the Covered Bond Guarantor as a result of any breach of the Consumer Credit Code or the National Consumer Credit Protection Laws,

to the extent to which a person can be indemnified for that liability, money or amount under the Consumer Credit Code or the National Consumer Credit Protection Laws and includes all amounts ordered by a court or other judicial, regulatory or administrative body to be paid by the Covered Bond Guarantor in connection with paragraphs (a) through (e) above.

**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.

**Permitted Investments**

means:

- (a) Mortgage Loans and the Related Security;
- (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.

**Personal Information**

has the meaning given to it in the Privacy Act.

**Post-Enforcement  
Priority of Payments**

has the meaning given to it in the section "*Cashflows – Post-Enforcement Priority of Payments*" of this Prospectus.

**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.

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| <b>Potential Covered Bond Guarantor Event of Default</b> | 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.                                                                                                                                                                                                 |
| <b>PPSA</b>                                              | means the Personal Property Securities Act 2009 (Cth).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>PPS Law</b>                                           | means: <ul style="list-style-type: none"> <li>(a) the PPSA;</li> <li>(b) any regulations made at any time under the PPSA;</li> <li>(c) any provision of the PPSA or regulations referred to in paragraph (b) above; or</li> <li>(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.</li> </ul>                                                                                                                                                     |
| <b>PPSR</b>                                              | means the Personal Property Securities Register established under section 147 of the PPSA.                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Pre-Acceleration Principal Priority of Payments</b>   | has the meaning given to it in the section " <i>Cashflows – Pre-Acceleration Principal Priority of Payments</i> " of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Pre-Acceleration Priority of Payments</b>             | means the Pre-Acceleration Principal Priority of Payments and the Pre-Acceleration Revenue Priority of Payments.                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Pre-Acceleration Revenue Priority of Payments</b>     | has the meaning given to it in the section " <i>Cashflows – Pre-Acceleration Revenue Priority of Payments</i> " of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Preceding Business Day Convention</b>                 | has the meaning given to it in Condition 4(b) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Pre-Maturity Demand Note Funding</b>                  | means, in relation to when on a Pre-Maturity Test Date there is a breach of the Pre-Maturity Test, where: <ul style="list-style-type: none"> <li>(a) the Covered Bond Guarantor may request the Demand Note Subscriber either subscribe for the Demand Note; or</li> <li>(b) if the Demand Note has previously been Issued, fund an Increase in the Demand Note (as applicable) in a principal amount (determined by the Trust Manager) not exceeding the amount necessary to rectify such breach of the Pre-Maturity Test.</li> </ul> |
| <b>Pre-Maturity Ledger</b>                               | 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.                                                                                                                                                                       |

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| <b>Pre-Maturity Test</b>            | has the meaning given to it in the section " <i>Credit Structure – Pre-Maturity Test</i> " of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Pre-Maturity Test Date</b>       | means 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.                                                                                                                                                                                                                                                                                                                                                                                               |
| <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 (such agency agreement as amended and/or supplemented and/or restated from time to time) and made between the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee, the Principal Paying Agent, the N Covered Bond Paying Agent, the Exchange Agent, the Transfer Agent, the Registrar and the N Covered Bond Registrar.                                                                                                                                                                            |
| <b>Principal Amount Outstanding</b> | has the meaning given to it in Condition 4(a) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.4 of the relevant N Covered Bond Conditions (if applicable).                                                                                                                                                                                                                                                                                                                                                                |
| <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 Mortgage Loan Principal Receipts and the other amounts described in paragraph (b) of the definition of Available Principal Receipts in accordance with the terms of the Establishment Deed.                                                                                                                                                                                                                                |
| <b>Principal Paying Agent</b>       | means Deutsche Bank AG, London 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-Acceleration Revenue Priority of Payments;</li> <li>(b) the Pre-Acceleration 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> .                                                                                            |

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| <b>Privacy Act</b>          | means the Privacy Act 1988 (Cth).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Privacy Laws</b>         | means: <ul style="list-style-type: none"> <li>(a) the Privacy Act;</li> <li>(b) any approved privacy code (as defined in the Privacy Act) which binds any of the parties to the Programme Documents or the transactions contemplated by them; and</li> <li>(c) any other law, code, guideline or policy relating to the collection, use, disclosure or storage of, or granting of access rights to, Personal Information which binds any of the parties to the Programme Documents or the transactions contemplated by them.</li> </ul>                 |
| <b>Product Switch</b>       | means a variation, from time to time, in the Mortgage Conditions applicable to a Borrower's Mortgage Loan and/or moving a Borrower to an alternative mortgage product which, in either case, means that the Mortgage Loan would no longer be a Qualifying Mortgage Loan.                                                                                                                                                                                                                                                                                |
| <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 the Programme Date, entered into by the Issuer, the Covered Bond Guarantor, the Trust Manager, the Seller, the Co-Arranger and the Dealers to agree a basis upon which the Dealer(s) may from time to time agree to purchase Covered Bonds, as amended, restated, supplemented, replaced or novated from time to time.                                                                                                                                                                                                     |
| <b>Programme Conditions</b> | means the terms and conditions of the Covered Bonds (as set out in schedule 1 of the Bond Trust Deed) as completed 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.                                                                                                                                                                                                                                                             |
| <b>Programme Date</b>       | means 15 November 2011.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Programme Documents</b>  | means the following documents: <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 each New Mortgage Loan Portfolio) 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> </ul> |

- (h) Interest Rate Swap Agreement;
- (i) each Covered Bond Swap Agreement;
- (j) Account Bank Agreement;
- (k) Security Deed (and any documents entered into pursuant to the Security Deed, including each Deed of Accession);
- (l) Bond Trust Deed;
- (m) Programme Agreement;
- (n) each Agency Agreement;
- (o) each Subscription Agreement;
- (p) Seller's Power of Attorney;
- (q) Definitions Schedule; and
- (r) Deed of Amendment in relation to the Establishment Deed, the Definitions Schedule and the Security Deed,

and each document, agreement or deed ancillary or supplemental to any of such documents and each a **Programme Document**.

|                             |                                                                                                                                                                                                                                          |
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| <b>Programme Limit</b>      | means U.S.\$30 billion, subject to increase as provided in the Programme Agreement.                                                                                                                                                      |
| <b>Programme Resolution</b> | has the meaning given to it in Condition 14 of the Programme Conditions.                                                                                                                                                                 |
| <b>Property</b>             | means Land which is subject to a Mortgage.                                                                                                                                                                                               |
| <b>Prospectus</b>           | means this prospectus.                                                                                                                                                                                                                   |
| <b>Prospectus Directive</b> | means Directive 2003/71/EC, as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in the relevant Member State of the European Economic Area).                 |
| <b>Purchase Price</b>       | means, in relation to a New Mortgage Loan Portfolio being sold by the Seller to the Covered Bond Guarantor, an amount equal to the aggregate of the Current Principal Balances of the Mortgage Loans in the New Mortgage Loan Portfolio. |
| <b>Purchaser</b>            | means the Seller or any third party to whom the Covered Bond Guarantor offers to sell Selected Mortgage Loans.                                                                                                                           |
| <b>Put Notice</b>           | has the meaning given to it in Condition 6(d) of the Programme Conditions.                                                                                                                                                               |
| <b>QIB</b>                  | has the meaning given to it in Condition 2(i) of the Programme Conditions.                                                                                                                                                               |

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| <b>Qualified Institution</b>     | <p>means an ADI:</p> <ul style="list-style-type: none"> <li>(a) which pays any relevant interest in the ordinary course of its business; and</li> <li>(b) whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's, or F1 by Fitch (or, if Fitch has placed the ADI on credit ratings watch negative at the relevant time, F1+ by Fitch); and</li> <li>(c) whose long term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A by Fitch (or, if Fitch has placed the ADI on credit ratings watch negative at the relevant time, A+ by Fitch).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Qualifying Borrower</b>       | means a Borrower which is not a Borrower in respect of a Defaulted Mortgage Loan and any other person which, notwithstanding this definition, the Covered Bond Guarantor approves and notifies in writing to the Seller as being a "Qualifying Borrower".                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Qualifying Mortgage Loan</b>  | has the meaning given to it in the section " <i>Overview of the Principal Documents – Mortgage Sale Agreement – Qualifying Mortgage Loans</i> " of this Prospectus.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Rate of Interest</b>          | has the meaning given to it in Condition 5(j) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.1 of the relevant N Covered Bond Conditions (if applicable).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Rating Affirmation Notice</b> | <p>means in relation to an event or circumstance, a notice in writing from the Issuer to the Covered Bond Guarantor confirming that it has notified the Rating Agencies of the event or circumstance and that:</p> <ul style="list-style-type: none"> <li>(a) the Issuer is satisfied, for the purposes of the Programme Documents, following discussions with the Rating Agencies, that the event or circumstance, as applicable, will not result in a reduction, qualification or withdrawal of the credit ratings then assigned by the Rating Agencies; or</li> <li>(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, it does not consider such confirmation necessary. In such a case, 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 or withdrawn by such Rating Agency as a result of such event or circumstance.</li> </ul> |
| <b>Rating Agencies</b>           | means Moody's and Fitch or their successors, to the extent they provide credit ratings in respect of the Covered Bonds, and each a Rating Agency.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>RBA</b>                       | means the Reserve Bank of Australia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

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| <b>RBA Bond Basis</b>                     | has the meaning given to it in Condition 4(a)(iii) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                  |
| <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>Record Date</b>                        | has the meaning given to it in Condition 5(d) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in the relevant Condition of the relevant N Covered Bond Conditions (if applicable).                                                                                                                                                                                 |
| <b>Redeemed Covered Bonds</b>             | has the meaning given to it in Condition 6(c) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                       |
| <b>Redenomination Date</b>                | has the meaning given to it in Condition 5(j) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                       |
| <b>Redraw</b>                             | means either a Cash Redraw or a Non-Cash Redraw.                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Reference Banks</b>                    | means nab, Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, Westpac Banking Corporation and/or such other ADI as determined by the Trust Manager from time to time.                                                                                                                                                                                                              |
| <b>Reference Price</b>                    | in respect of a Zero Coupon Covered Bond, has the meaning given in the Applicable Final Terms.                                                                                                                                                                                                                                                                                                                   |
| <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 and N 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 Programme Conditions.                                                                                                                                                                                                                                                                                                                                                         |
| <b>Registered Global Covered Bond</b>     | has the meaning given to it in Condition 2(a) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                       |
| <b>Registrar</b>                          | means Deutsche Bank Trust Company Americas, or any other person from time to time appointed to perform the role of registrar under the Principal Agency Agreement.                                                                                                                                                                                                                                               |
| <b>Regulated Market</b>                   | means the regulated market of the Luxembourg Stock Exchange.                                                                                                                                                                                                                                                                                                                                                     |
| <b>Regulation S</b>                       | means Regulation S under the Securities Act.                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Regulation S Global Covered Bond</b>   | has the meaning given to it in the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                         |
| <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.

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| <b>Related Entity</b>                            | has the meaning given to it in the Corporations Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Related Security</b>                          | means in relation to a Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage and all other documents, matters and things related thereto and which constitute all or part of the security for the payment of all sums due in respect of the Mortgage Loan, including, for the avoidance of doubt, guarantees, security over life policies, and any replacement security for a Mortgage Loan that is transferred to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement, and with respect to any Related Security that constitutes an All Moneys Mortgage, the beneficial interest of the Covered Bond Guarantor in the Seller Trust declared in respect of that Mortgage. |
| <b>Relevant Acquired Covered Bonds</b>           | means Covered Bonds which, having been purchased or otherwise acquired by the Covered Bond Guarantor, are cancelled in accordance with Condition 6(h) or Condition 6(i) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in the relevant Condition of the relevant N Covered Bond Conditions (if applicable).                                                                                                                                                                                                                                                                                                                                                                                    |
| <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 of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 7.1 of the relevant N Covered Bond Conditions (if applicable).                                                                                                                                                                          |
| <b>Representations and Warranties</b>            | means the representations and warranties made by the Seller in relation to the Mortgage Loans and the Related Security set out in schedule 2 of the Mortgage Sale Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <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 Loans</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:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

$$A \times \left( 1 + \left( B \times \frac{C}{365} \right) \right)$$

where,

**A** = the Principal Amount Outstanding of the relevant Series of Covered Bonds;

**B** = the Negative Carry Factor; and

**C** = days to maturity of the relevant Series of Covered Bonds.

**Reserve Fund**

means the reserve fund that the Covered Bond Guarantor will be required to establish in the GIC Account which will be credited with the proceeds of Available Revenue Receipts or proceeds from the issue of the Intercompany Note up to an amount equal to the Reserve Fund Required Amount.

**Reserve Fund Required Amount**

means:

- (a) if, and for so long as, the Issuer's credit ratings are equal to or higher than the Moody's Specified Rating and the Fitch Specified Rating, nil or such other amount as the Issuer will direct the Covered Bond Guarantor from time to time; or
- (b) if, and for so long as, the Issuer's credit ratings are less than the Moody's Specified Rating but are higher than or equal to the Fitch Specified Rating, an amount equal to the Australian Dollar Equivalent of amounts of: (i) in relation to each Series of Covered Bonds where a Covered Bond Swap is in place, the aggregate amounts due to each relevant Covered Bond Swap Provider in the immediately following month; and/or (ii) in relation to each Series of Covered Bonds where a Covered Bond Swap is not in place, the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following month; and (iii) an amount equal to one quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (d), and if applicable (e), of the Pre-Acceleration Revenue Priority of Payments provided that in determining the amount of the Reserve Fund Required Amount where any amount in respect of the Covered Bonds or the Covered Bond Swaps is by reference to a floating rate, the rate will be at the then current floating rate as at the date on which the amount is calculated; or
- (c) if, and for so long as, the Issuer's credit ratings are less than the Fitch Specified Rating but are equal to or higher than the Moody's Specified Rating, an amount equal to the Australian Dollar Equivalent of: (i) in relation to each Series of Covered Bonds where a Covered Bond Swap is in place and is provided by a party other than the Issuer (or a related party), the aggregate amounts due to each relevant Covered Bond Swap Provider in the immediately following three months; and/or (ii) in relation to each Series of Covered Bonds where a Covered Bond Swap is not in place and/or is provided by the Issuer (or a related party) or is guaranteed by a third party with an appropriate credit rating, the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following three months; and, the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following three months; and (b) 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-Acceleration Revenue Priority of Payments provided that in determining the amount of the

Reserve Fund Required Amount where any amount in respect of the Covered Bonds or the Covered Bond Swaps is by reference to a floating rate, the rate will be at the then current floating rate as at the date on which the amount is calculated; or

- (d) if, and for so long as, the Issuer's credit ratings are less than both the Moody's Specified Rating and the Fitch Specified Rating, the higher of the amounts determined in accordance with paragraphs (b) and (c) above.

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| <b>Reserve Ledger</b>                    | means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement, to record the crediting of Mortgage Loan Revenue Receipts to the Reserve Fund and the debiting of such Reserve Fund in accordance with the terms of the Establishment Deed.                                                                                                                                                                                       |
| <b>Residual Capital Unit</b>             | means a Unit in the Trust which is designated as a "Residual Capital Unit" in the Instrument Register.                                                                                                                                                                                                                                                                                                                                                                |
| <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 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>Residual Income Unitholder Ledger</b> | means the ledger of such name maintained by the Trust Manager in accordance with the Management Agreement.                                                                                                                                                                                                                                                                                                                                                            |
| <b>Revenue Ledger</b>                    | means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record credits and debits of Mortgage Loan Revenue Receipts and the other amounts described in paragraph (b) of the definition of Available Revenue Receipts in accordance with the terms of the Establishment Deed.                                                                                                                                            |
| <b>Rule 144A</b>                         | means Rule 144A under the Securities Act.                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Rule 144A Global Covered Bond</b>     | has the meaning given to it in the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Sale Proceeds</b>                     | means the cash proceeds realised from the sale of Selected Mortgage Loans and the Related Security.                                                                                                                                                                                                                                                                                                                                                                   |
| <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 mortgagor 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 of the Programme Conditions and Condition 6.2 of the N Covered Bond Conditions (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 as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 of the Programme Conditions or Condition 7 of the N Covered Bond Conditions.

**Scheduled Payment Date** means in relation to payments under the Covered Bond Guarantee, each Interest Payment Date or the Final Maturity Date as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date.

**Scheduled Principal** means an amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on each Interest Payment Date or the Final Maturity Date (as the case may be) as specified in Condition 6(a) and Condition 6(e) of the Programme Conditions and Condition 4.1 of the N Covered Bond Conditions (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest (**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 unless any additional amounts the issuer would be obliged to pay as a result of any gross-up due to any withholding or deduction made under the circumstances set out in Condition 7 of the Programme Conditions or Condition 7 of the N Covered Bond Conditions.

**SEC** means the United States Securities and Exchange Commission.

**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 include references to any of them but exclude Liability Payments.

This definition applies:

- (i) irrespective of the capacity in which the Covered Bond Guarantor, the Security Trustee or any Secured Creditor became entitled or is liable in respect of the amount concerned;
- (ii) whether the Covered Bond Guarantor, the Security Trustee or any Secured Creditor is liable as principal debtor or surety or otherwise;
- (iii) whether the Covered Bond Guarantor is liable alone or jointly, or jointly and severally with another person;
- (iv) whether the Security Trustee or any Secured Creditor is the original obligee or an assignee or a transferee of the Secured Obligations and whether or not:
  - (A) the assignment or transfer took place before or after the delivery of the Security Deed; or
  - (B) the Covered Bond Guarantor consented to or was aware of the assignment or transfer; or
  - (C) the assigned or transferred obligation was secured; or
- (v) whether the Security Trustee or any Secured Creditor is the original Security Trustee or an original Secured Creditor or an assignee or a transferee of the original Security Trustee or an original Secured Creditor, and whether or not the Covered Bond Guarantor consented to

or was aware of the assignment or transfer.

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                    |
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| <b>Securities Act</b>                               | means the United States Securities Act of 1933, as amended.                                                                                                                                                                                                                                                                                                                                        |
| <b>Security</b>                                     | means the Security Interests over the Charged Property granted pursuant to the Security Deed.                                                                                                                                                                                                                                                                                                      |
| <b>Security Deed</b>                                | means the security deed dated on 10 November 2011 (such security deed as amended and/or supplemented and/or restated from time to time) and made between, among others, the Covered Bond Guarantor, the Trust Manager and the Security Trustee.                                                                                                                                                    |
| <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). |
| <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 from the Covered Bond Guarantor served on the Seller offering to extinguish its interest in, or transfer, Selected Mortgage Loans and the Related Security in favour of, or to, the Seller.                                                                                                                                                                                         |
| <b>Selected Mortgage Loans</b>                      | means Mortgage Loans and the Related Security 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) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                         |
| <b>Seller</b>                                       | means nab in its capacity as seller pursuant to the Mortgage Sale Agreement.                                                                                                                                                                                                                                                                                                                       |
| <b>Seller's Power 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 Loans to the Covered Bond Guarantor</i> " in this Prospectus.                                                                                                                                                                                    |
| <b>Seller Trust</b>                                 | has the meaning given to it in the section " <i>Overview of the Principal Documents – Mortgage Sale Agreement – Seller Trust</i> " of this Prospectus.                                                                                                                                                                                                                                             |
| <b>Seller Trust Assets</b>                          | has the meaning given to it in the section " <i>Overview of the Principal Documents – Mortgage Sale Agreement – Seller Trust</i> " of this Prospectus.                                                                                                                                                                                                                                             |
| <b>Seller Trustee</b>                               | means, in respect of a Seller Trust, the Covered Bond Guarantor as bare trustee of that Seller Trust.                                                                                                                                                                                                                                                                                              |
| <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.                                                                                                                                                                                                                                                 |

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| <b>Series</b>                     | <p>means (i) with respect to N Covered Bonds, each N Covered Bond made out in the name of a Specific N Covered Bondholder and (ii) in any other case, a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are:</p> <p>(a) expressed to be consolidated and form a single series; and</p> <p>(b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.</p> |
| <b>Series Reserved Matter</b>     | has the meaning given to it in Condition 14 of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Servicer</b>                   | means nab, or any other person from time to time appointed to perform the role of servicer under the Servicing Agreement.                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Servicer Termination Event</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 which the Servicer agrees to provide in accordance with the Servicing Agreement.                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Servicing Agreement</b>        | means the servicing agreement entered into on 11 November 2011, between the Covered Bond Guarantor, the Trust Manager, the Servicer and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.                                                                                                                                                                                                                                                      |
| <b>Servicing Procedures</b>       | means the guidelines relating to the servicing and collection procedures (including enforcement) as agreed by the Trust Manager, the Seller and the Servicer and provided to the Covered Bond Guarantor (as such guidelines may be amended by the Trust Manager and Servicer from time to time in accordance with the Servicing Agreement).                                                                                                                                                   |
| <b>SIBOR</b>                      | has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                          |
| <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>Specified Time</b>             | means 11.00 am (London time, in the case of determination of LIBOR or Brussels time, in the case of determination of EURIBOR or Hong Kong time, in the case of determination of HIBOR, or Singapore time, in the case of determination SIBOR), 10.30 a.m. (Sydney time, in the case of determination of BBSW), 10.00 a.m. (Toronto time in the case of determination BA-CDOR), 10.45 a.m. (Auckland time in the case of determination of BKBM) or as at                                       |

12.00 a.m. (Oslo time in the case of determination of NIBOR) or as specified in the Applicable Final Terms.

**Stock Exchange**

means the Luxembourg Stock Exchange or any other or further stock exchange(s) on which any Covered Bonds may from time to time be listed or admitted to trading and references to the relevant Stock Exchange will, in relation to any Covered Bonds, be references to the Stock Exchange on which such Covered Bonds are, from time to time, or are intended to be, listed or admitted to trading.

**Subsidiary**

has the meaning given in the Corporations Act.

**Substitute Servicer**

at any given time means the entity then appointed as Servicer in accordance with the Servicing Agreement.

**Substituted Debtor**

has the meaning given to it in Condition 14 of the Programme Conditions.

**Substitution Assets**

means:

- (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 nab and satisfy the requirements for eligible assets that may collateralise covered bonds in accordance with RBA repo eligibility requirements (if any);
- (b) Australian Dollar at call deposits held with a Qualified Institution and convertible into cash within two AU Business Days;
- (c) Australian Dollar denominated bonds, notes, debentures or other instruments issued or guaranteed by the Commonwealth of Australia or an Australian state or territory provided that such investments have certain minimum long-term and short-term credit ratings which will be at least:
  - (i) for so long as Moody's is rating the Covered Bonds, A2 or P-1 for exposures maturing within 30 days, Aa3 and P-1 for exposures maturing between 30 days and 365 days and Aaa and P-1 for exposures maturing after 365 days; and
  - (ii) for so long as Fitch is rating the Covered Bonds, AA- or F1+ for exposures maturing within 365 days and AAA (or the highest credit rating of the Covered Bonds then on issue) for exposures maturing after 365 days; and
- (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.

**sub-unit**

has the meaning given to it in Condition 4(a) of the Programme Conditions.



|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| <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 the Interest Rate Swap Agreement and the Covered Bond Swap Agreements and each, a <b>Swap Agreement</b> .                                                                                                                                                                                                                                                                                                                                         |
| <b>Swap Collateral</b>                        | means at any time, an amount of cash 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.                                                                                                      |
| <b>Swap Collateral Account Mandate</b>        | means the resolutions, instructions and signature authorities relating to the 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 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 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 each 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 credit ratings downgrade provisions set out in such Swap Agreement.                                                                                                                                                              |
| <b>Swap Providers</b>                         | means the Interest Rate Swap Provider and the Covered Bond Swap Providers, and each, a <b>Swap Provider</b> .                                                                                                                                                                                                                                                                                                                                           |
| <b>Swaps</b>                                  | means the Interest Rate Swap and the Covered Bond Swaps and each, a <b>Swap</b> .                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Talons</b>                                 | means, if indicated in the Applicable Final Terms, talons for further Coupons                                                                                                                                                                                                                                                                                                                                                                           |

on interest-bearing Bearer Definitive Covered Bonds.

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
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| <b>TARGET2 System</b>                       | has the meaning given to it in Condition 4(b)(i) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.4 of the relevant N Covered Bond Conditions (if applicable).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Tax Act</b>                              | means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <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 <b>Tax</b> or <b>Taxation</b> is to be construed accordingly.                                                                                                                                                             |
| <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 including the Australian Taxation Office.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Tax Resident in Australia</b>            | means resident in Australia for the purposes of the Tax Act.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Temporary Bearer Global Covered Bond</b> | 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.                                                                                                                                 |
| <b>Third Party Amounts</b>                  | <p>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:</p> <ul style="list-style-type: none"><li>(a) payments by a Borrower of any fees (including Early Repayment Charges) and other charges which are due to the Seller; and</li><li>(b) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to any of that Borrower or the Seller or the Covered Bond Guarantor,</li></ul> <p>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.</p> |
| <b>Title Documents</b>                      | <p>in respect of a Mortgage Loan, includes the original of:</p> <ul style="list-style-type: none"><li>(a) the certificate or other indicia of title (if any) in respect of the relevant Property;</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

- (b) any valuation report obtained in connection with the Mortgage Loan;
  - (c) any deed of priority or similar document entered into in connection with that Mortgage Loan;
  - (d) the relevant Mortgage Conditions;
  - (e) all other documents required to evidence the interest of the lender of record in the relevant Property;
  - (f) all other documents specified as such in the relevant New Mortgage Loan Portfolio Notice,
- as applicable.

**Title Penalty Payment** in relation to a Mortgage Loan and Related Security 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 Related Security 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.

**Title Perfection Event** has the meaning given to it in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Transfer of Title to the Mortgage Loans to the Covered Bond Guarantor*" of this Prospectus.

**Total Demand Note Commitment** means an amount as set out in the Demand Note Subscription Agreement, as may be increased or decreased from time to time in accordance with the Demand Note Subscription Agreement.

**Total Intercompany Note Commitment** means an amount as set out in the Intercompany Note Subscription Agreement, as may be increased or decreased from time to time in accordance with the Intercompany Note Subscription Agreement.

**Tranche** means Covered Bonds (other than N Covered Bonds) which are identical in all respects (including as to listing).

**Transaction Accounts** means the accounts (other than the GIC Account) as may for the time being be in place with the prior consent of the Security Trustee and designated as such and **Transaction Account** will denote any one of the Transaction Accounts.

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| <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 Trust Company Americas, or any other person from time to time appointed to perform the role of transfer agent under the Principal Agency Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Transfer Certificate</b>            | has the meaning given to it in Condition 2(f) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Transfer Date</b>                   | means the date on which the Seller, subject to the fulfilment of certain conditions, sells a New Mortgage Loan Portfolio to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Treaty</b>                          | has the meaning given to it in Condition 5(j) of the Programme Conditions.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Trust</b>                           | means the trust known as the "nab Covered Bond Trust" formed under the Establishment Deed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Trust Accounts</b>                  | means each of the Transaction Accounts, the GIC Account, 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>       | has the meaning given to it in the Management Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Trust Manager</b>                   | means nab, or any other person from time to time appointed to perform the role of trust manager under the Management Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Trust Manager Termination Event</b> | means an the occurrence of any of the following events: <ul style="list-style-type: none"> <li>(a) the Trust Manager fails to make any payment it is required to make (including on behalf of the Covered Bond Guarantor) under the Management Agreement or any of the other Programme Documents and such failure is not remedied within a period of five AU Business Days after the date on which the Trust Manager is notified, or otherwise becomes aware, of the failure;</li> <li>(b) the Trust Manager fails to comply with any of its other obligations under the Management Agreement or any of the other Programme Documents, which the Security Trustee considers acting on the directions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors, is materially prejudicial to the Covered Bondholders and such failure is not remedied or waived within a period of 20 AU Business Days after the Trust Manager is notified, or otherwise becomes aware, of the failure; or</li> <li>(c) an Insolvency Event occurs in relation to the Trust Manager.</li> </ul> |

|                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
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| <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 Transfer Date in the case of the first Trust Payment Period) to (but excluding) the next Trust Payment Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Unit</b>                      | means, in respect of the Trust, the Residual Income Unit and each Residual Capital Unit in that Trust.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Unitholder</b>                | means each person registered as the holder of a Unit in the Trust in the Instrument Register.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Unlegended Covered Bonds</b>  | means those of the Registered Covered Bonds which are not Legended Covered Bonds.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Unpaid Interest</b>           | means in relation to an Offset Mortgage Loan, the amount of interest which would, but for the offset arrangement in the Offset Mortgage Loan, have been payable in respect of the relevant Mortgage Loan on the relevant Scheduled Payment Date for such Mortgage Loan.                                                                                                                                                                                                                                                                                                                                                                              |
| <b>U.S.\$ or U.S. dollars</b>    | means the lawful currency for the time being of the United States of America.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>U.S. Paying Agent</b>         | means Deutsche Bank Trust Company Americas or any other person from time to time appointed to perform the role of U.S. paying agent under the Principal Agency Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <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 in 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Zero Coupon Covered Bonds</b> | means Covered Bonds which will be offered and sold at a discount to their nominal amount and which will not bear interest.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

**ISSUER**

**National Australia Bank Limited**

Level 1  
800 Bourke Street  
Docklands Victoria 3008  
Australia

**COVERED BOND GUARANTOR**

**Perpetual Corporate Trust Limited**

Level 18  
123 Pitt Street  
Sydney NSW 2000  
Australia

**TRUST MANAGER**

**National Australia Bank Limited**

Level 36  
500 Bourke Street  
Melbourne Victoria 3000  
Australia

**CO-ARRANGERS**

**National Australia Bank Limited**

Level 29  
500 Bourke Street  
Melbourne Victoria 3000  
Australia

**Deutsche Bank Aktiengesellschaft**

Grosse Gallusstrasse 10-14  
60272 Frankfurt am Main  
Germany

**DEALERS**

**National Australia Bank Limited**

88 Wood Street  
London EC2V 7QQ  
United Kingdom

**Deutsche Bank Aktiengesellschaft**

Grosse Gallusstrasse 10-14  
60272 Frankfurt am Main  
Germany

**nabSecurities, LLC**

28th Floor, 245 Park Avenue  
New York, New York 10167  
United States

**Citigroup Global Markets Inc.**  
388 Greenwich Street  
New York, New York 10013  
United States

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
London E14 5LB  
United Kingdom

**Credit Suisse Securities (Europe) Limited**  
One Cabot Square  
London E14 4QJ  
United Kingdom

**Credit Suisse Securities (USA) LLC**  
Eleven Madison Avenue  
New York, NY 10010-3629  
United States

**Goldman Sachs International**  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**Goldman, Sachs & Co.**  
200 West Street  
New York, New York 10282  
United States

**HSBC France**  
103, avenue des Champs Elysees  
75008 Paris  
France

**HSBC Securities (USA) Inc.**  
452 Fifth Avenue  
New York, NY 10018  
United States

**J.P. Morgan Securities plc**  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

**Merrill Lynch International**  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**Merrill Lynch, Pierce, Fenner & Smith  
Incorporated**  
One Bryant Park  
New York, New York 10036  
United States

**Morgan Stanley & Co. International plc**  
25 Cabot Square  
Canary Wharf  
London E14 4QA  
United Kingdom

**Morgan Stanley & Co. LLC**  
1585 Broadway  
New York, New York 10036  
United States

**RBC Europe Limited**  
Riverbank House  
2 Swan Lane  
London EC4R 3BF  
United Kingdom

**RBC Capital Markets, LLC**  
Three World Financial Center  
200 Vesey Street, 8th Floor  
New York, New York 10281-8098  
United States

**UBS Limited**  
5 Broadgate  
London EC2M 2QS  
United Kingdom

**UBS Securities LLC**  
1285 Avenue of the Americas  
New York, New York 10019  
United States

**SECURITY TRUSTEE**

**P.T. Limited**  
 Level 18  
 123 Pitt Street  
 Sydney NSW 2000  
 Australia

**BOND TRUSTEE**

**Deutsche Trustee Company Limited**  
 Winchester House  
 1 Great Winchester Street  
 London EC2N 2DB  
 United Kingdom

**LISTING AGENT**

**Deutsche Bank Luxembourg S.A.**  
 2 Boulevard Konrad Adenauer  
 L-115 Luxembourg

**REGISTRAR AND TRANSFER AGENT**

**Deutsche Bank Trust Company Americas**

60 Wall Street  
 16th Floor  
 New York  
 NY 10005  
 United States

**A\$ REGISTRAR**

**Austraclear Services Limited**

20 Bridge Street  
 Sydney NSW 2000  
 Australia

**N COVERED BOND PAYING AGENT AND N COVERED BOND REGISTRAR**

**Deutsche Bank AG, Frankfurt**

Taunusanlage 12, 60325,  
 Frankfurt am Main,  
 Germany

**PRINCIPAL PAYING AGENT AND EXCHANGE AGENT**

**Deutsche Bank AG, London Branch**

Winchester House  
 1 Great Winchester Street  
 London EC2N 2DB  
 United Kingdom

**COVER POOL MONITOR**

**Ernst & Young**  
 Ernst & Young Building  
 8 Exhibition Street  
 Melbourne VIC 3000  
 Australia



## LEGAL ADVISERS

*To the Issuer as to English Law*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD  
United Kingdom

*To the Issuer as to Australian law*

**Allen & Overy**  
Level 25, 85 Castlereagh Street  
Sydney NSW 2000  
Australia

*To the Issuer as to U.S. Law*

**Sullivan & Cromwell**  
Level 32, 101 Collins Street  
Melbourne Victoria 3000  
Australia

*To the Covered Bond Guarantor and the Security Trustee as to  
Australian law*

**Ashurst Australia**  
Level 11  
5 Martin Place  
Sydney NSW 2000  
Australia

*To the Bond Trustee as to English law*

**Linklaters LLP**  
One Silk Street  
London EC2Y 8HQ  
United Kingdom

*To the Co-Arrangers as to English law*

**Linklaters LLP**  
One Silk Street  
London EC2Y 8HQ  
United Kingdom

*To the Co-Arrangers as to U.S. Law*

**Linklaters LLP**  
1345 Avenue of The Americas  
New York  
New York 10105  
United States of America

## AUDITORS

**Ernst & Young**  
Ernst & Young Building  
8 Exhibition Street  
Melbourne Victoria 3008  
Australia

**EXECUTION COPY**

**NAB COVERED BOND TRUST**

**EIGHTH DEED OF AMENDMENT**

**NATIONAL AUSTRALIA BANK LIMITED**  
as Issuer, Seller, Servicer, Trust Manager, Account Bank,  
Intercompany Note Subscriber, Demand Note Subscriber, Swap  
Provider, and beneficiary of the Seller Trust

**PERPETUAL CORPORATE TRUST LIMITED**  
(as trustee of the nab Covered Bond Trust)  
as Covered Bond Guarantor and Seller Trustee

**DEUTSCHE TRUSTEE COMPANY LIMITED**  
as Bond Trustee

**P.T. LIMITED**  
as Security Trustee

**ALLEN & OVERY**

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**THIS AMENDMENT DEED** is made on 17 November 2016

**BETWEEN:**

- (1) **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937**, in its capacities as Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber, Swap Provider and beneficiary of the Seller Trust having its registered office at 800 Bourke Street, Docklands, Victoria 3008, Australia (**Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber, Swap Provider and beneficiary of the Seller Trust**);
- (2) **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533**, in its capacity as trustee of the nab Covered Bond Trust, acting as Covered Bond Guarantor (the **Covered Bond Guarantor**) and in its capacity as trustee of the Seller Trust (the **Seller Trustee**) having its registered office at Level 12, 123 Pitt Street, Sydney, NSW 2000, Australia;
- (3) **DEUTSCHE TRUSTEE COMPANY LIMITED**, having its registered office at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, in its capacity as the Bond Trustee for the Covered Bondholders and the Couponholders (the **Bond Trustee** which expression, wherever the context so admits, includes such company and all other persons or companies for the time being the bond trustee or bond trustees under this Bond Trust Deed); and
- (4) **P.T. LIMITED ABN 67 004 454 666**, in its capacity as trustee of the Security Trust, having its registered office at Level 12, 123 Pitt Street, Sydney, NSW 2000, Australia (the **Security Trustee**).

**WHEREAS:**

- (A) On 15 November 2011 the Issuer, Trust Manager, Covered Bond Guarantor and the Bond Trustee entered into the Bond Trust Deed (as defined below), as amended by a deed of amendment dated 20 September 2012 (the **NAB Covered Bond Trust Third Deed of Amendment**), as further amended by a deed of amendment dated 23 November 2012 (the **NAB Covered Bond Trust Fourth Deed of Amendment**), as further amended by a deed of amendment dated 20 November 2013 (the **NAB Covered Bond Trust Fifth Deed of Amendment**) and as further amended by a deed of amendment dated 19 November 2014 (the **NAB Covered Bond Trust Sixth Deed of Amendment**), relating to the Programme established by the Issuer.
- (B) Pursuant to condition 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*) of the Conditions, Annex 1 to each N Covered Bond Agreement and clause 21.1 of the Bond Trust Deed, the Bond Trustee may without the consent or sanction of any of the Covered Bondholders of any Series and without the consent or sanction of the other Secured Creditors (other than any Secured Creditor that is a party to the relevant documents) and/or the Couponholders at any time and from time to time concur with the Issuer and the Covered Bond Guarantor (acting on the direction of the Trust Manager) and any other party in making any modification to the Definitions Schedule which in the opinion of the Bond Trustee will not be materially prejudicial to the interests of any of the Covered Bondholders of any Series.
- (C) In connection with the annual update of the Programme, the Issuer wishes to make certain amendments to the Definitions Schedule and the Bond Trust Deed in the manner set out in this document.

- (D) The Issuer and the Covered Bond Guarantor (acting on the direction of the Trust Manager) have requested the Bond Trustee to concur in making the amendments to the Definitions Schedule and the Bond Trust Deed as referred to in Clause 3 below.
- (E) Any Covered Bonds issued under the Programme on or after the date of this document shall be issued pursuant to this document.

**IT IS AGREED:**

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this document:

**Bond Trust Deed** means the NAB Covered Bond Trust Bond Trust Deed dated 15 November 2011 between the Issuer, Trust Manager, Covered Bond Guarantor and the Bond Trustee, as amended by the NAB Covered Bond Trust Third Deed of Amendment, the NAB Covered Bond Trust Fourth Deed of Amendment, the NAB Covered Bond Trust Fifth Deed of Amendment and the NAB Covered Bond Trust Sixth Deed of Amendment, and as amended and restated pursuant to this Deed.

**Definitions Schedule** means the NAB Covered Bond Trust Definitions Schedule dated 10 November 2011 between the Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber, Swap Provider, Covered Bond Guarantor, Seller Trustee and Security Trustee, as amended and supplemented from time to time.

**Effective Date** means the date of execution of this document.

**1.2 Bond Trust Deed**

Unless defined in this document, words and phrases defined in the Bond Trust Deed have the same meaning in this document. Where there is any inconsistency in a definition between this document and the Bond Trust Deed, this document shall prevail.

**1.3 Rules of interpretation**

- (a) This document will be construed in accordance with the interpretation provisions set out in clause 1 of the Bond Trust Deed.
- (b) Each of Annex 1 and Annex 2 to this document forms part of this document.

**2. PROGRAMME DOCUMENT**

This document is a "Programme Document" for the purposes of the Definitions Schedule.

**3. AMENDMENTS**

**3.1 Amendment and restatement**

- (a) With effect from the Effective Date the Definitions Schedule and the Bond Trust Deed are amended so that their terms are as stated in Annex 1 and Annex 2 to this document, respectively. Each of the Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber, Swap Provider, the beneficiary of the Seller Trust, Covered Bond Guarantor, Seller Trustee and Security Trustee hereby acknowledges that the Definitions Schedule is amended by this document and a new

Definitions Schedule is not created by this document. Each of the Issuer, Trust Manager, Covered Bond Guarantor and Bond Trustee hereby acknowledges that the Bond Trust Deed is amended by this document and a new Bond Trust Deed is not created by this document.

- (b) For the avoidance of doubt, the Bond Trust Deed as amended by this NAB Covered Bond Trust Eighth Deed of Amendment shall have effect in relation to any Covered Bonds issued on or following the date of this document, the Bond Trust Deed as amended by the NAB Covered Bond Trust Sixth Deed of Amendment shall have effect in relation to any Bonds issued on or following 19 November 2014 and up to (but excluding) the date of this Deed, the Bond Trust Deed as amended by the NAB Covered Bond Trust Fifth Deed of Amendment shall have effect in relation to any Bonds issued on or following 20 November 2013 and up to (but excluding) 19 November 2014, the Bond Trust Deed as amended by the NAB Covered Bond Trust Fourth Deed of Amendment shall have effect in relation to any Bonds issued on or following 23 November 2012 and up to (but excluding) 20 November 2013, the Bond Trust Deed as amended by the NAB Covered Bond Trust Third Deed of Amendment shall have effect in relation to any Bonds issued on or following 20 September 2012 and up to (but excluding) 23 November 2012 and the Bond Trust Deed as originally executed on 15 November 2011 shall have effect in relation to any Bonds issued prior to (but excluding) 20 September 2012.

### **3.2 Effect of amendments**

- (a) The amendments to the Definitions Schedule and the Bond Trust Deed do not affect:
  - (i) the validity or enforceability of the Definitions Schedule or the Bond Trust Deed; or
  - (ii) any accrued rights or liabilities of any party under the Definitions Schedule or the Bond Trust Deed.
- (b) Each party to this document is bound by the Definitions Schedule as amended by this document and each of the Issuer, Trust Manager, Covered Bond Guarantor and Bond Trustee is bound by the Bond Trust Deed as amended by this document.

## **4. ISSUER CONFIRMATION AND COVERED BOND GUARANTOR DIRECTION**

### **4.1 Issuer Confirmation**

In accordance with clause 24.1 of the Security Deed and clause 21.1 of the Bond Trust Deed, the Issuer confirms that:

- (a) it has provided the certificate contemplated by clause 21.1(d) of the Bond Trust Deed to the Bond Trustee; and
- (b) it has issued a Rating Affirmation Notice in respect of the amendments to the Definitions Schedule and the Bond Trust Deed effected pursuant to this document.

### **4.2 Bond Trustee and Security Trustee confirmations**

- (a) Based on the certificate and the Rating Affirmation Notice referred to in clauses 4.1(a) and (b), respectively, the Bond Trustee is of the opinion that the amendments to the Definitions Schedule and the Bond Trust Deed effected pursuant to this document are either not materially prejudicial to the interests of the Covered Bondholder of any Series or of a formal, minor or technical nature.

- (b) The Bond Trustee hereby concurs with the Issuer and the other parties in making the modifications to the Definitions Schedule and the Bond Trust Deed effected pursuant to this document and hereby directs the Security Trustee to concur with the parties in accordance with clause 21.1 of the Bond Trust Deed and enter into this document in accordance with clause 24.1(a) of the Security Deed.
- (c) The Security Trustee enters into this document on the direction of the Bond Trustee referred to in this Clause 4.2 in accordance with clause 24.1 of the Security Deed.

#### **4.3 Direction**

- (a) The Trust Manager directs the Covered Bond Guarantor to enter into this document and the Covered Bond Guarantor enters into this document on the basis of that direction.
- (b) The Trust Manager instructs and confirms to the Covered Bond Guarantor that:
  - (i) all consents, conditions and all other requirements under the Programme Documents for the Covered Bond Guarantor to enter into this document have been or will be satisfied, obtained or complied with on or before the Effective Date; and
  - (ii) in connection with the amendments to be effected in accordance with this document, the Covered Bond Guarantor will not be in breach of any of its obligations under the Programme Documents by entering into or complying with its obligations under this document.

#### **4.4 Acknowledgement**

The parties acknowledge that the Covered Bond Guarantor enters into this document in reliance on the confirmations, approval and direction in Clauses 4.3 and 4.5 of this document and that the Security Trustee enters into this document in reliance on the confirmations, approval and direction in Clauses 4.2 and 4.5 of this document.

#### **4.5 Approval or consent**

Wherever, under the terms of the Definitions Schedule, the Bond Trust Deed or any other Programme Document or any transaction or action contemplated by this document requires the approval, consent or instruction of any party (acting in any capacity), then that party acting in any such capacity is taken, by its execution of this document, to have given such approval, consent or instruction.

### **5. SELLER TRUSTEE DIRECTION**

#### **5.1 Direction**

- (a) The Seller directs the Seller Trustee to enter into this document, and the Seller Trustee enters into this document on the basis of that direction.
- (b) The Seller instructs and confirms to the Seller Trustee that:
  - (i) all consents, conditions and all other requirements under the Programme Documents for the Seller Trustee to enter into this document have been or will be satisfied, obtained or complied with on or before the Effective Date; and

- (ii) in connection with the amendments to be effected in accordance with this document, the Seller Trustee will not be in breach of any of its obligations under the Programme Documents by entering into or complying with its obligations under this document.

## **5.2 Acknowledgement**

The parties acknowledge that the Seller Trustee enters into this document in reliance on the confirmations, approval and direction in Clauses 4.1 and 5.1 of this document.

## **6. MISCELLANEOUS**

### **6.1 Limited recourse to the Covered Bond Guarantor**

Clause 37 (*Limited Recourse*) of the Establishment Deed shall be deemed to be incorporated by reference into this document *mutatis mutandis*.

### **6.2 Limited recourse to the Security Trustee**

Notwithstanding any other provisions of the Programme Documents, each party to this document (other than the Security Trustee) agrees and acknowledges to the Security Trustee that the Security Trustee enters into this 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 Clause 6.2 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.

### **6.3 Limited recourse to the Seller Trustee**

The Seller Trustee enters into this document solely in its capacity as trustee of the Seller Trust. A liability arising under or in connection with this document and the Seller Trust is limited to and can be enforced against the Seller Trustee only to the extent to which it can be satisfied out of the Seller Trust Assets out of which the Seller Trustee is actually indemnified for the liability. This clause will not apply to any obligation or liability of the Seller Trustee in respect of the Seller Trust to the extent that it is not satisfied because, under this document or by operation of law, there is a reduction in the extent of the Seller Trustee's indemnification out of the Seller Trust Assets as a result of the Seller Trustee's fraud, negligence or wilful default.

### **6.4 Capacity of the Covered Bond Guarantor**

It is acknowledged and agreed by all parties to this document that the Covered Bond Guarantor enters into this document solely in its capacity as trustee of the Trust and in no other capacities.

### **6.5 Amendments**

This document may only be amended in writing and where such amendment is signed by all the parties.



## **6.6 Execution in Counterparts and Severability**

- (a) This document may be executed in any number of counterparts and all of such counterparts taken together will be deemed to constitute one and the same instrument.
- (b) In the event that any provision of this document is prohibited or unenforceable in any jurisdiction such provision will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this document affecting the validity or enforceability of such provision in any other jurisdiction.

## **6.7 Governing Law and Jurisdiction**

- (a) This document and any non-contractual obligations arising out of or in connection with it, other than Clauses 6.1 to 6.3 of this document, shall be governed by, and construed in accordance with, English law. Clauses 6.1 to 6.3 of this document will be governed by and construed in accordance with the law applying in the State of New South Wales, Australia.
- (b) Each party to this document hereby irrevocably submits to the exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this document (including a dispute relating to any non-contractual obligations arising out of or relating to this document) and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party to this document hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English courts are an inconvenient forum for the maintenance or hearing of such action or proceeding. The Bond Trustee, the Security Trustee, the Covered Bondholders and the Couponholders may not take any suit, action or proceeding arising out of or in connection with this document (including any proceedings relating to any non-contractual obligations arising out of or in connection with this document) against any of the Issuer or the Covered Bond Guarantor in any other court of competent jurisdiction and concurrent proceedings in any number of jurisdictions.

**IN WITNESS** whereof this document has been executed as a deed and delivered on the date first stated on page 1.

**SIGNATORIES**

**EXECUTED AS A DEED**

**Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber, Swap Provider, and the beneficiary of the Seller Trust**

**EXECUTED** for and on behalf of **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937** by its Attorney under a Power of Attorney dated

and the Attorney declares that the Attorney has not received any notice of the revocation of such Power of Attorney, in the presence of:

PoA dated: 10 November 2016

\_\_\_\_\_  
Signature of Witness

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

NICK DUDLEY  
\_\_\_\_\_  
Name of Witness

Alicia Bell  
\_\_\_\_\_  
Name of Attorney

**Covered Bond Guarantor and Seller Trustee**

**EXECUTED** for and on behalf of **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533** by its Attorneys

and

under a Power of Attorney dated

and the Attorneys declare that the Attorneys have not received any notice of the revocation of such Power of Attorney, in the presence of:

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

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

\_\_\_\_\_  
Name of Attorney

\_\_\_\_\_  
Name of Attorney

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name of Witness

## SIGNATORIES

### EXECUTED AS A DEED

Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber, Swap Provider, and the beneficiary of the Seller Trust

EXECUTED for and on behalf of NATIONAL  
AUSTRALIA BANK LIMITED ABN 12 004 044  
937 by its Attorney under a Power of Attorney dated

and the Attorney declares that the Attorney has not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:

\_\_\_\_\_  
Signature of Witness

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

\_\_\_\_\_  
Name of Witness

\_\_\_\_\_  
Name of Attorney

### Covered Bond Guarantor and Seller Trustee

EXECUTED for and on behalf of PERPETUAL  
CORPORATE TRUST LIMITED ABN 99 000  
341 533 by its Attorneys

and **Mark Dickenson** **Eugene Tee**  
**Senior Manager** **Manager**

under a Power of Attorney dated 16/9/2014

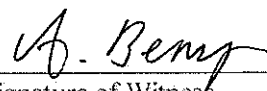
and the Attorneys declare that the Attorneys have not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:



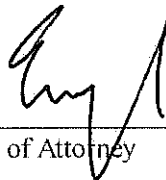
\_\_\_\_\_  
Signature of Attorney

**Mark Dickenson**  
**Senior Manager**

\_\_\_\_\_  
Name of Attorney



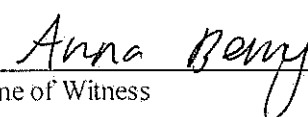
\_\_\_\_\_  
Signature of Witness



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

**Eugene Tee**  
**Manager**

\_\_\_\_\_  
Name of Attorney



\_\_\_\_\_  
Name of Witness

**Bond Trustee**

The **COMMON SEAL** of  
**DEUTSCHE TRUSTEE COMPANY LIMITED**  
was affixed to this deed in the presence of:



A handwritten signature in blue ink, appearing to be 'FR', written over a horizontal line.

Signature of Associate Director

Françoise Rivière  
Associate Director

Name of Associate Director

A handwritten signature in blue ink, appearing to be 'SR', written over a horizontal line.

Signature of Associate Director

Susan Rose  
Associate Director

Name of Associate Director

**Security Trustee**

**EXECUTED** for and on behalf of **P.T. LIMITED**  
**ABN 67 004 454 666** by its Attorneys

and

under a Power of Attorney dated

and the Attorneys declare that the Attorneys have  
not received any notice of the revocation of such  
Power of Attorney, in the presence of:

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

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

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name of Witness in full

The COMMON SEAL of  
DEUTSCHE TRUSTEE COMPANY LIMITED  
was affixed to this deed in the presence of:

Signature of Associate Director

Name of Associate Director

Signature of Attorney

Signature of Attorney

Signature of Attorney

Signature of Attorney

Signature of Witness

Name of Witness in full

## **ANNEX 1**

### **AMENDED AND RESTATED DEFINITIONS SCHEDULE**

**NAB COVERED BOND TRUST  
AMENDED AND RESTATED DEFINITIONS SCHEDULE**

**NATIONAL AUSTRALIA BANK LIMITED**  
**Issuer, Seller, Servicer, Trust Manager, Account Bank**  
**Intercompany Note Subscriber, Demand Note Subscriber, Swap**  
**Provider and beneficiary of the Seller Trust**

**PERPETUAL CORPORATE TRUST LIMITED**  
**Covered Bond Guarantor and Seller Trustee**

**and**

**P.T. LIMITED**  
**Security Trustee**

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**AGREEMENT** dated 10 November 2011, as amended and restated on 15 November 2011, 29 November 2011, 20 September 2012, 23 November 2012, 19 November 2015 and 17 November 2016

**BETWEEN:**

- (1) **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937**, in its capacities as Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber, Swap Provider and beneficiary of the Seller Trust, having its registered office at 800 Bourke Street, Docklands, Victoria 3008, Australia (**Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber and Swap Provider**);
- (2) **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533**, in its capacities as Covered Bond Guarantor and Seller Trustee, having its registered office at Level 12, 123 Pitt Street, Sydney, NSW 2000, Australia (**Covered Bond Guarantor and Seller Trustee**); and
- (3) **P.T. LIMITED ABN 67 004 454 666**, in its capacity as Security Trustee, having its registered office at Level 12, 123 Pitt Street, Sydney, NSW 2000, Australia (**Security Trustee**).

**IT IS AGREED:**

**1. DEFINITIONS**

Words and expressions used in any document which incorporates this Definitions Schedule and/or expressions defined in it have the same meanings as are set out in this Definitions Schedule except so far as the context requires otherwise.

**A\$ Record Date** has the meaning given to it in Condition 2(c) of the Programme Conditions.

**A\$ Register** means the register of holders of the A\$ Registered Covered Bonds maintained by the A\$ Registrar.

**A\$ Registered Covered Bonds** means covered bonds denominated in A\$ issued in registered form by entry in the Register maintained by the A\$ Registrar.

**A\$ Registrar** means Austraclear Services Limited ABN 28 003 284 419 or any other person appointed by the Issuer 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.

**A\$ Registry Agreement** means The ASX Austraclear Registry and IPA Services Agreement entered into on or about the date of this deed, between the Issuer, the A\$ Registrar, the Covered Bond Guarantor and the Bond Trustee and as otherwise amended, restated, supplemented, replaced or novated from time to time.

**Account Bank** means nab 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.

**Account Bank Agreement** means the account bank agreement entered into on or about the date of this deed between the Covered Bond Guarantor, the Seller Trustee, the Trust Manager, the Account Bank and the Security Trustee, as amended and restated on 19 November 2014 and as otherwise amended, restated, supplemented, replaced or novated from time to time.

**Account Bank Mandates** has the meaning given to it in clause 2.1 of the Account Bank Agreement.

**Accrued Interest** means in respect of a Mortgage Loan in the Mortgage Loan Portfolio as at any date, the aggregate of all interest accrued but not yet due and payable on the Mortgage Loan from (and including) the Mortgage Loan Scheduled Payment Date immediately preceding the relevant date to (but excluding) the relevant date.

**Accrued Interest Adjustment** means, with respect to a Mortgage Loan, the Accrued Interest in respect of that Mortgage Loan, as calculated by the Servicer, for the period up to (but not including) the relevant Transfer Date.

**Acquisition Demand Note Funding** has the meaning given to it in clause 5.1 of the Demand Note Subscription Agreement.

**Additional Business Centre** means, in relation to a Series of Covered Bonds, the Additional Business Centre as specified in the Applicable Final Terms.

**Additional Mortgage Loan** has the meaning given to it in clause 12.7 of the Establishment Deed.

**Adjusted Aggregate Mortgage Loan Amount** has the meaning given to it in clause 12.1(c) of the Establishment Deed.

**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 Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); plus or minus;
- (c) the Australian Dollar Equivalent of any swap termination amounts payable to or by the Covered Bond Guarantor under any Interest Rate Swap.

**Agency Agreements** means the Principal Agency Agreement and the A\$ Registry Agreement, and each an **Agency Agreement**.

**Agents** means the Paying Agents, each Exchange Agent, each Registrar, each Transfer Agent, the A\$ Registrar and the N Covered Bond Registrar, and each an **Agent**.

**All Moneys Mortgage** means a Mortgage that secures or purports to secure the repayment of Associated Debt as well as a Mortgage Loan.

**Amortisation Test** has the meaning given to it in clause 13.1 of the Establishment Deed.

**Amortisation Test Aggregate Mortgage Loan Amount** has the meaning given to it in clause 13.2 of the Establishment Deed.

**Amortisation Test Current Principal Balance** has the meaning given to it in clause 13.2 of the Establishment Deed.

**Annual Accounting Date** means in respect of the Trust, 30 September in each year or such other date as the Covered Bond Guarantor (acting on the directions of the Trust Manager) may determine.

**Applicable Final Terms** means, in relation to a Series or Tranche of Covered Bonds, the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Covered Bonds comprising that Series or Tranche.

**Appointee** 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.

**APRA** means the Australian Prudential Regulation Authority.

**Arrears of Interest** means, as at any date in respect of any Mortgage Loan in the Mortgage Loan Portfolio, interest (other than interest that is capitalised as Capitalised Arrears or interest that is Accrued Interest) on that Mortgage Loan which is currently due and payable and unpaid on that date.

**ASIC** means the Australian Securities and Investments Commission.

**Asset Coverage Reports** means the monthly reports in a form agreed from time to time between the parties to the Management Agreement, and each an **Asset Coverage Report**.

**Asset Coverage Test** has the meaning given to it in clause 12.1(a) of the Establishment Deed.

**Asset Coverage Test Breach Notice** means the notice required to be served by the Bond Trustee on the Covered Bond Guarantor pursuant to clause 12.2(b) of the Establishment Deed indicating that the Asset Coverage Test has not been satisfied on two consecutive Calculation Dates.

**Asset Coverage Test Demand Note Funding** has the meaning given to it in clause 5.2 of the Demand Note Subscription Agreement.

**Asset Percentage** has the meaning given to it in clause 12.3 of the Establishment Deed.

**Asset Percentage Adjusted Mortgage Loan Balance Amount** has the meaning given to in it clause 12.1(c) of the Establishment Deed.

**Asset Pool** means the pool of assets owned at any time by the Covered Bond Guarantor which back the payment of claims attached to the Covered Bonds and may comprise the following items:

- (a) the Mortgage Loan Portfolio held by the Covered Bond Guarantor;
- (b) Authorised Investments;
- (c) Substitution Assets;
- (d) the rights of the Covered Bond Guarantor in the Programme Documents and the Trust Accounts;
- (e) the benefit of all representations, warranties, undertakings, covenants, indemnities and promises made by any party in favour of the Covered Bond Guarantor under the Programme Documents; and

- (f) amounts derived or accrued from any of the assets referred to in the preceding paragraphs of this definition.

**Associated Debt** means the indebtedness which a Borrower owes or may owe to the Seller from time to time which is not a Mortgage Loan in the Mortgage Loan Portfolio.

**Attorney** means any attorney appointed under the Security Deed.

**AU Business Day** means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney and Melbourne and on which the Austraclear System is operating.

**Auditors** means the auditors for the time being of the Issuer or, as the case may be, the Trust (or any replacement auditor of the Trust appointed in accordance with clause 31 of the Establishment Deed), and each an **Auditor**.

**Austraclear** means Austraclear Ltd ABN 94 002 060 773.

**Austraclear Regulations** means the regulations established by Austraclear to govern the use of the Austraclear System.

**Austraclear System** means the clearance and settlement system operated by Austraclear.

**Australian Banking Act** means the Banking Act 1959 (Cth).

**Australian Bureau of Statistics Index** means the quarterly index of increases or decreases in established house prices (determined on the basis of the weighted average of house prices in 8 capital cities), issued by the Australian Bureau of Statistics, Australia's official statistical organisation, in relation to established house prices in Australia or, if this index is unavailable, a suitably widely recognised property price index selected by the Trust Manager (in its sole discretion).

**Australian Bureau of Statistics Indexed Valuation** means in relation to any Property at any date the Latest Valuation of that 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.

**Australian Dollar Equivalent** means in relation to an amount which is denominated in:

- (a) a currency other than Australian Dollars, the Australian Dollar equivalent of such amount ascertained using the relevant Covered Bond Swap Rate; and
- (b) Australian Dollars, the applicable amount in Australian Dollars.

**Australian Dollar Transaction Account** means the Australian Dollar account designated as the Transaction 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 Security Deed.

**Australian Dollar Transaction Account Mandate** means the resolutions, instructions and signature authorities relating to the Australian Dollar Transaction substantially in the form set out in schedule 1 to the Account Bank Agreement.

**Authorised Deposit Taking Institution** means an authorised deposit-taking institution as defined in the Australian Banking Act.

**Authorised Investments** means Australian Dollar demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) (which may include deposits into any account which earns a rate of interest related to the Bank Bill Rate) provided that in all cases such investments have a maturity date of 30 days or less and mature on or before the next following Trust Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an Authorised Deposit Taking Institution) are rated at least equal to "P-1" by Moody's and "F1" by Fitch (or if Fitch has placed the Issuer on ratings watch negative at the relevant time, F1+ by Fitch) or which are otherwise acceptable to the Rating Agencies (if they are notified in advance) to maintain the then current rating of the Covered Bonds.

**Authorised Signatory** in relation to a Transaction Party, means an officer of the Transaction Party, or such other person appointed by the Transaction Party to act as its authorised signatory and notified to the other Transaction Parties.

**Available Principal Receipts** means on a Calculation Date, an amount equal to the aggregate of (without double counting):

- (a) the amount of Mortgage Loan Principal Receipts received during the immediately preceding Calculation Period and credited to the Principal Ledger;
- (b) any other amount standing to the credit of the Principal Ledger including:
  - (i) the proceeds of issue of, or increase in the principal amount outstanding of, the Demand Note (where such proceeds have not been applied to acquire New Mortgage Loan Portfolios or to invest in Substitution Assets or Authorised Investments); and
  - (ii) the proceeds from any sale of Selected Mortgage Loans pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement but excluding any amount of principal received under the Swap Agreements which is otherwise applied by the Covered Bond Guarantor in accordance with the Establishment Deed; and
  - (iii) any Excess Proceeds; and
- (c) 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 clause 14.11 of the Establishment Deed);

*excluding*

- (d) any Swap Collateral Excluded Amounts which will be applied in accordance with the terms of the relevant Swap Agreements and
- (e) all amounts applied towards the acquisition of any New Mortgage Loan Portfolio during the immediately preceding Calculation Period.

**Available Revenue Receipts** means on a relevant Calculation Date, an amount equal to the aggregate of:

- (a) the amount of Mortgage Loan Revenue Receipts received during the immediately preceding Calculation Period and credited to the Revenue Ledger;
- (b) other net income of the Covered Bond Guarantor received during the immediately preceding Calculation Period, including all amounts of interest received on the Trust Accounts, the

Substitution Assets and Authorised Investments, the amount paid to the Covered Bond Guarantor under clause 5.3 of the Servicing Agreement, the amount equal to Unpaid Interest paid to the Covered Bond Guarantor under clause 7.6 of the Mortgage Sale Agreement, the proceeds from any sale of Mortgage Loans (including, but not limited to, Selected Mortgage Loans) pursuant to the terms of the Establishment Deed and the Mortgage Sale Agreement to the extent that such proceeds comprise Accrued Interest and Arrears of Interest or other interest amounts and any Interest Rate Shortfall Demand Note Funding received by the Covered Bond Guarantor which has been deposited into the GIC Account in accordance with clause 5.4(b) of the Demand Note Subscription Agreement but excluding, subject to clauses 18 and 19 of the Establishment Deed, amounts received by the Covered Bond Guarantor under the Covered Bond Swap Agreements;

- (c) 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;
- (d) 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;
- (e) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement for the relevant terminated Swap;
- (f) any premium received from a replacement Swap Provider in respect of a replacement Swap; and
- (g) any other revenue receipts not referred to in paragraphs (a) to (f) (inclusive) above received during previous Calculation Periods and standing to the credit of the Revenue Ledger,

*excluding*

- (h) Third Party Amounts, which will be paid on receipt in cleared funds to the Seller; and
- (i) any Swap Collateral Excluded Amounts which will be applied in accordance with the terms of the relevant Swap Agreements.

**BA-CDOR** has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.

**Bank Bill Rate** means in relation to any period:

- (a) the rate for prime bank eligible securities (expressed as a percentage rate per annum) which is designated as the “AVG MID” (rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards) as displayed at or about 10.15 a.m. on the first day of that period on the Reuters Monitor Screen BBSW Page (or its successor page) for Australian Dollar denominated bank-accepted bills of exchange having a term approximately equal to that period; or
- (b) if the rate cannot be determined pursuant to paragraph (a) above, the rate per annum reasonably determined by the Trust Manager (other than for the purpose of the Account Bank Agreement, in which case such determination is to be made by the Account Bank).

**Base Prospectus** means the prospectus dated on or about the Programme Date in relation to the Programme.

**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 Mortgage Loan Portfolio that do not bear interest at a fixed rate and the Interest Rate Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.

**BBSW** has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.

**Bearer Covered Bonds** means Covered Bonds in bearer form.

**Bearer Definitive Covered Bonds** has the meaning given to it in the Programme Conditions.

**Bearer Global Covered Bonds** means together, the Temporary Bearer Global Covered Bond and the Permanent Bearer Global Covered Bond, and Bearer Global Covered Bond means either one of them.

**BKBM** has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.

**Block Voting Instruction** has the meaning given to such term in schedule 4 to the Bond Trust Deed.

**Bond Trust Deed** means the trust deed entered into on or about the date of this deed, between the Issuer, the Covered Bond Guarantor, the Trust Manager, and the Bond Trustee, each of the schedules thereto and each as amended and restated on 20 September 2012, 23 November 2012, 20 November 2013, 19 November 2014 and 17 November 2016 and as otherwise amended, restated, supplemented, replaced or novated from time to time.

**Bond Trustee** means Deutsche Trustee Company Limited, in its capacity as bond trustee under the Bond Trust Deed together with any additional or replacement bond trustee appointed from time to time in accordance with the terms of the Bond Trust Deed.

**Borrower** means in relation to a Mortgage Loan, the person or persons specified as such in the relevant Mortgage together with the person or persons (if any) from time to time assuming an obligation to repay such Mortgage Loan or any part of it.

**Buildings Policies** means all buildings insurance policies relating to Properties which have been taken out in the name of the relevant Borrower or in the name of the Borrower and the Seller or in the name of the Borrower with the interest of the Seller noted, in accordance with the applicable Mortgage Conditions.

**Business Day** means:

- (a) **in the case of Covered Bonds which are not N Covered Bonds, any day (other than a Saturday, Sunday or public holiday) which is:**
  - (i) 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, Melbourne and any Additional Business Centre specified in the Applicable Final Terms; and
  - (ii) in the case of any sum payable, either:
    - (A) 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, Melbourne and any Additional Business Centre specified in the Applicable Final Terms); or

(B) 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 payment system (the **TARGET2**) is open; or

(b) in the case of an N Covered Bond, the meaning given to it in Condition 4.4 of the relevant N Covered Bond Conditions.

**Calculation Agency Agreement** means the agreement in substantially the form set out in schedule 1 of the Principal Agency Agreement.

**Calculation Agent** means in relation to all or any Series of the Covered Bonds, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer and the Covered Bond Guarantor pursuant to the relevant Agency Agreement or such other person specified in the Applicable Final Terms or, if applicable, any successor or separately appointed calculation agent in relation to all or any Series of the Covered Bonds.

**Calculation Date** means the date which is 5 AU Business Days prior to a Trust Payment Date.

**Calculation Management Services** has the meaning given to it in clause 3.1 of the Management Agreement.

**Calculation Period** means the period from (and including) the first day of the calendar month immediately preceding the relevant Calculation Date (or the First Transfer Date in the case of the first Calculation Period) up to (and including) the last day of the calendar month immediately preceding the next Calculation Date.

**Capitalised Arrears** means for any Mortgage Loan in the Mortgage Loan Portfolio at any date, interest or other amounts which are overdue in respect of that Mortgage Loan and which as at that date have been added to the Current Principal Balance of that Mortgage Loan in accordance with the Mortgage Conditions or interest that is capitalised by agreement from time to time with the relevant Borrower (excluding for the avoidance of doubt any Arrears of Interest which have not been so capitalised on that date).

**Capitalised Expenses** means for any Mortgage Loan in the Mortgage Loan Portfolio at any date, fees and expenses in respect of that Mortgage Loan and which as at that date have been added to the Current Principal Balance of that Mortgage Loan in accordance with the Mortgage Conditions or fees and expenses that are capitalised by agreement from time to time with the relevant Borrower.

**Cash Redraws** means, in respect of a Mortgage Loan in the Mortgage Loan Portfolio, a re-advance by the Seller of some or all of the Overpayments that the Borrower has made under the Mortgage Loan, and each a **Cash Redraw**.

**Charged Property** means the assets of the Trust held by the Covered Bond Guarantor from time to time.

**Clearstream, Luxembourg** has the meaning given to it in Condition 1 of the Programme Conditions.



**Co-Arranger** has the meaning given to it in clause 1.1 of the Programme Agreement.

**Companies Act** means the Companies Act 2006 (UK) and any regulations made pursuant to the relevant Act).

**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.

**Conditions** means the Programme Conditions and the N Covered Bond Conditions, as applicable.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Couponholders** has the meaning given to it in the relevant Programme Conditions.

**Coupons** has the meaning given to it in the relevant Programme Conditions.

**Cover Pool Monitor** means Ernst & Young whose office is at 8 Exhibition Street, Melbourne VIC 3000, Australia or any successor or replacement cover pool monitor appointed from time to time in accordance with the terms of the Cover Pool Monitor Agreement.

**Cover Pool Monitor Agreement** means the cover pool monitor agreement entered into on or about the date of this deed, between the Cover Pool Monitor, the Covered Bond Guarantor, the Trust Manager, the Issuer, the Seller, the Bond Trustee and the Security Trustee.

**Cover Pool Monitor Fee** has the meaning given to it in clause 6.1 of the Cover Pool Monitor Agreement.

**Cover Pool Monitor Report** 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, the form of which is set out in Schedule 2 of the Cover Pool Monitor Agreement.

**Covered Bond Guarantee** means the unconditional and irrevocable guarantee by the Covered Bond Guarantor under clause 7.2 of the Bond Trust Deed for the payment of an amount equal to the Guaranteed Amounts in respect of the Covered Bonds.

**Covered Bond Guarantee Acceleration Notice** 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.

**Covered Bond Guarantor** means Perpetual Corporate Trust Limited ABN 99 000 341 533, solely in its capacity as trustee of the Trust.

**Covered Bond Guarantor Event of Default** has the meaning given to it in Condition 9(b) of the Programme Conditions.

**Covered Bondholders** means the holders of the Covered Bonds and, for the avoidance of doubt, the N Covered Bonds from time to time.

**Covered Bonds** 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 and including each N Covered Bond provided that the relevant N Covered Bondholder has entered into and delivered to the Issuer the related N Covered Bond Agreement or agreed to be bound by the terms of the related N Covered Bond Agreement by way of an N Covered Bond Assignment Agreement), which covered bonds may be represented by a Global Covered Bond or any Definitive Covered Bond (and, in the case of N Covered Bonds, are represented by an N Covered Bond Certificate) and includes any replacements or a Covered Bond issued pursuant to Condition 10 of the Programme Conditions or Condition 10 of the N Covered Bond Conditions (as applicable), and each a **Covered Bond**.

**Covered Bond Swap** means each currency and/or basis swap 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.

**Covered Bond Swap Agreement** means a Covered Bond Swap Master Agreement, together with one or more confirmations thereunder, each evidencing a Covered Bond Swap.

**Covered Bond Swap Master Agreement** means a Swap Master Agreement entered into between the Covered Bond Guarantor, the Trust Manager, the Security Trustee and a Covered Bond Swap Provider, relating to one or more Covered Bond Swaps, as otherwise amended, restated, supplemented, replaced or novated from time to time.

**Covered Bond Swap Provider** means, in relation to a Covered Bond Swap, the party appointed as covered bond swap provider from time to time under such Covered Bond Swaps together with any transferee or successor thereto.

**Covered Bond Swap Rate** means in relation to a Covered Bond or a Series or Tranche of Covered Bonds, the exchange rate specified as being the "Swap Rate" 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.

**Current Principal Balance** means in relation to any Mortgage Loan in the Mortgage Loan Portfolio as at any given date, the principal balance of that Mortgage Loan to which the Seller applies the relevant interest rate to and at which interest on that Mortgage Loan accrues interest, and is the aggregate (but avoiding double counting) of:

- (a) the original principal amount advanced to the relevant Borrower and any further amount advanced on or before any given date to the relevant Borrower under that Mortgage Loan secured or intended to be secured by the Related Security; and
- (b) the amount of any Cash Redraws and Further Advances secured or purported to be secured by the Related Security; and
- (c) any Capitalised Arrears or Capitalised Expenses,

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.

**Dealer** and **Dealers** have the meanings given to them in the Programme Agreement.

**Deed of Accession** 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 of the Security Deed.

**Defaulted Mortgage Loan** means any Mortgage Loan in the Mortgage Loan Portfolio 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 Mortgage Conditions.

**Definitions Schedule** means this definitions schedule.

**Definitive Covered Bond** means a Bearer Definitive Covered Bond and/or, as the context may require, a Registered Definitive Covered Bond.

**Demand Note** means the note issued or to be issued by the Covered Bond Guarantor to the Demand Note Subscriber pursuant to the Demand Note Subscription Agreement.

**Demand Note Facility** has the meaning given to it in clause 2.1 of the Demand Note Subscription Agreement.

**Demand Noteholder** means at any given time the person then appearing in the Instrument Register as the holder of the Demand Note.

**Demand Note Funding Date** means, in relation to a Demand Note, the date specified in the Demand Note Funding Request.

**Demand Note Funding Request** means a request substantially in the form of schedule 2 to the Demand Note Subscription Agreement.

**Demand Note Interest Period** means a period determined in accordance with clause 9.1 of the Demand Note Subscription Agreement.

**Demand Note Subscriber** means nab.

**Demand Note Subscription Agreement** means the demand note subscription agreement entered into on or about the date of this Deed 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.

**Designated Account** has the meaning given to it in Condition 5(d) of the Programme Conditions and Condition 5.1 of the N Covered Bond Conditions.

**Designated Bank** has the meaning given to it in Condition 5(d) of the Programme Conditions.

**Determination Period** has the meaning given to it in Condition 4(a) of the Programme Conditions.

**Disclosure Documents** has the meaning given to it in the Programme Agreement.

**Distribution Compliance Period** has the meaning given to it in Condition 2(i) of the Programme Conditions.

**DTC** has the meaning given to it in Condition 1 of the Programme Conditions.

**Due for Payment** means the requirement by the Covered Bond Guarantor to pay any Guaranteed Amount following the delivery of a Notice to Pay on the Covered Bond Guarantor:

- (a) prior to the occurrence of a Covered Bond Guarantor Event of Default and the service of a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor:
  - (i) (if paragraph (ii) does not apply) on the date of the Original Due for Payment Date; and
  - (ii) in relation to any Guaranteed Amounts in respect of the Final Redemption Amount payable on the Final Maturity Date for a Series of Covered Bonds only, on the Extended Due for Payment Date, but only:
    - (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
    - (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:
      - (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) of the Programme Conditions) under the terms of the Covered Bond Guarantee; or
      - (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** in relation to a Series of Covered Bonds, means the early redemption amount determined in accordance with Condition 6(f) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given in the relevant N Covered Bond Conditions (if applicable).

**Early Repayment Charges** means any charge or fee which a Borrower is required to pay in accordance with the Mortgage Conditions applicable to a Mortgage Loan in the event that the Borrower repays all or part of the relevant Mortgage Loan before a specified date.

**Established Rate** has the meaning given to it in Condition 5(j) of the Programme Conditions.

**Establishment Deed** means the trust deed entered into on or about the date of this Deed, between the Covered Bond Guarantor, the Issuer, the Trust Manager, the Seller and the Servicer, as amended and restated on 15 November 2011 and as otherwise amended, restated, supplemented, replaced or novated from time to time.

**EURIBOR** has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.

**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 state of European economic and monetary union pursuant to the Treaty.

**Eurobond Basis** has the meaning given to it in Condition 4(b)(iv)(F) of the Programme Conditions.

**Euroclear** has the meaning given to it in Condition 1 of the Programme Conditions.

**Euro Equivalent** means in relation to an amount which is denominated in a currency other than Euro, the euro equivalent of such amount ascertained using the relevant Covered Bond Swap Rate.

**Excess Proceeds** 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.

**Exchange Agent** means Deutsche Trustee Company Limited, or any other person from time to time appointed to perform the role of exchange agent under the Principal Agency Agreement.

**Exchange Date** means on or after the date which is 40 days after a Temporary Bearer Global Covered Bond is issued.

**Exchange Notice** has the meaning given to it in Condition 5(i)(iv) of the Programme Conditions.

**Excluded Scheduled Interest Amounts** and **Excluded Scheduled Principal Amounts** have the meanings given to them in the definitions of **Scheduled Interest** and **Scheduled Principal** respectively in this Definitions Schedule.

**Excluded Swap Termination Amount** means in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable:

- (a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider and such Swap Agreement; or
- (b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider and such Swap Agreement.

**Existing Covered Bonds** means, at any time, the Covered Bonds of all Series outstanding at such time.

**Extended Due for Payment Date** has the meaning given to it in Condition 6(a) of the Programme Conditions and/or, in the case of an N Covered Bond and if applicable, as set out in the relevant N Covered Bond Conditions.

**Extension Determination Date** has the meaning given to it in Condition 6(a) of the Programme Conditions and/or, in the case of an N Covered Bond and if applicable, as set out in the relevant N Covered Bond Conditions.

**Extinguishment Amount** means, in respect of a Mortgage Loan the subject of a Mortgage Loan Extinguishment Notice:

- (a) the Current Principal Balance of the Mortgage Loan together with all Accrued Interest and Arrears of Interest under the Mortgage Conditions relating to the Mortgage Loan as at the Extinguishment Date, provided that in relation to a Mortgage Loan the subject of a Mortgage Loan Extinguishment Notice as a result of a Product Switch of such Mortgage Loan enabling the Borrower to "offset" mortgage payments against other amounts on deposit with the Seller all Accrued Interest and Arrears of Interest of such Mortgage Loan must be calculated on the basis that no offset occurred for so long as the Mortgage Loan was in the Mortgage Loan Portfolio; or
- (b) in the case of a Mortgage Loan that is a Selected Mortgage Loan, an amount not less than the amount required by clause 21.3 of the Establishment Deed.

**Extinguishment Date** means each date specified as such in a Mortgage Loan Extinguishment Notice and on which the Seller pays the relevant Extinguishment Amount.

**Extinguished Mortgage Loan Rights** has the meaning given in clause 15.1 of the Mortgage Sale Agreement

**Extraordinary Resolution** has the meaning given to it in schedule 4 of the Bond Trust Deed.

**FATCA Withholding Tax** means any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended (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.

**FFI** means a "foreign financial institution", as that term is defined under Section 1471 of the Code.

**Final Maturity Date** 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 Programme Conditions and/or, in the case of an N Covered Bond, the N Covered Bond Conditions.

**Final Redemption Amount** means, in relation to a Series of Covered Bonds, the meaning given in the Applicable Final Terms and/or, in the case of an N Covered Bond, Condition 6.1 of the N Covered Bond Conditions.

**Final Terms** means:

- (a) the final terms prepared in relation to each Series or Tranche of Covered Bonds (substantially in the applicable form set out in schedule 5 to the Bond Trust Deed); and

- (b) with respect to any N Covered Bond, means (taken together) the N Covered Bond Conditions applicable to the N Covered Bond and the related N Covered Bond Agreement.

**Fiscal Period** means a period beginning on 1 October in each year and ending on and including the next following Annual Accounting Date, except for the first Fiscal Period which is the period beginning on the date upon which the Trust is established and ending on the Annual Accounting Date falling on 30 September 2012.

**Fitch** means Fitch Australia Pty Ltd. and includes any successor to its ratings business.

**Fitch Specified Rating** means a credit rating of short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least F1+ by Fitch.

**Fixed Coupon Amount** has the meaning given to it in Condition 4(a) of the Programme Conditions.

**Fixed Interest Period** has the meaning given to it in Condition 4(a) of the Programme Conditions.

**Fixed Rate Mortgage Loans** 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.

**Fixed Rate Swap** 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 to the Interest Rate Swap Provider an amount in respect of Fixed Rate Mortgage Loans forming part of the Mortgage Loan Portfolio and the Interest Rate Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.

**Floating Rate Convention** has the meaning given to it in Condition 4(b) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable).

**Following Business Day Convention** has the meaning given to it in Condition 4(b)(C) of the Programme Conditions.

**Further Advances** means in relation to a Mortgage Loan in the Mortgage Loan Portfolio, any advances of further money to the relevant Borrower following the making of the initial advance of moneys in respect of such Mortgage Loan (**Initial Advance**) which is secured by the same Mortgage as the Initial Advance but does not include any Cash Redraw, and each a **Further Advance**.

**GIC Account** means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the Security Deed 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 and the Security Deed.

**GIC Account Mandate** means the resolutions, instructions and signature authorities relating to the GIC Account substantially in the form set out in schedule 1 to the Account Bank Agreement.

**GIC Balance** has the meaning given to it in clause 14.1 of the Account Bank Agreement.

**GIC Rate** has the meaning given to it in clause 14.1 of the Account Bank Agreement.

**Global Covered Bond** has the meaning given to it in the relevant Programme Conditions.

**Governmental Authority** means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in any relevant jurisdiction.

**Group Tax Liability** in relation to a Tax Consolidated Group means the tax-related liability of the head company of that Tax Consolidated Group (as defined in section 721-10 (as replaced or amended) of the Tax Act).

**GST** has the meaning given to it in A New Tax System (Goods and Services Tax) Act 1999 (Cth).

**Guarantee Priority of Payments** has the meaning given to it in clause 17.5 of the Establishment Deed.

**Guaranteed Amounts** means:

- (a) prior to the service of a Covered Bond Guarantee Acceleration Notice, with respect to any Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, the sum of Scheduled Interest and Scheduled Principal, in each case, payable on that Original Due for Payment Date or, if applicable, any Extended Due for Payment Date; or
- (b) after service of a Covered Bond Guarantee Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the relevant Programme Conditions and/or, in the case of an N Covered Bond, the relevant N Covered Bond Conditions (if applicable) or, if applicable, the relevant Final Terms plus all accrued and unpaid interest and at other amounts due and payable in respect of the Covered Bonds, including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the Covered Bond Guarantor under the Bond Trust Deed.

**Hard Bullet Covered Bonds** means a Series of Covered Bonds which is scheduled to be redeemed in full on the Final Maturity Date for such Covered Bonds and without any provision for scheduled redemption other than on the Final Maturity Date.

**HIBOR** has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.

**Higher Redemption Amount** means the amount (if any) specified in the Applicable Final Terms.

**In Specie Failure** 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 Security to the Demand Noteholder as an in specie distribution in satisfaction of the Demand Note.

**In Specie Mortgage Loans** means any Mortgage Loans (together with the Related Securities in relation to such Mortgage Loans) identified by the Trust Manager for the purposes of an in specie distribution to the Demand Noteholder in accordance with the applicable Priorities of Payments.

**Increase** means the funding of an increase in the principal amount outstanding of the Demand Note previously issued to the Demand Note Subscriber.

**Indexed Valuation** means at any date in relation to any Mortgage Loan secured over any Property:

- (a) where the Latest Valuation of that 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



- (b) where the Latest Valuation of that Property is less than the Australian Bureau of Statistics Indexed Valuation as at that date, the Latest Valuation plus 85% of the difference between the Latest Valuation and the Australian Bureau of Statistics Indexed Valuation.

**Initial Advance** has the meaning given to it in the definition of **Further Advance** in this Definitions Schedule.

**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;
  - (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; or
  - (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) (inclusive) or having substantially similar effect, occurs with respect to the Relevant Entity;
- (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);
- (vii) anything analogous or having a substantially similar effect to any of the events specified above happens under the laws of any applicable jurisdiction.

**Instructing Party** means:

- (a) at any time prior to the service of a Notice to Pay on the Covered Bond Guarantor:
  - (i) if the Trust Manager has notified the Covered Bond Guarantor that it will be the Instructing Party for the purposes of the Account Bank and for so long as the Trust Manager's authority has not been revoked by the Covered Bond Guarantor in accordance with clause 6.4 of the Account Bank Agreement, the Trust Manager; or
  - (ii) otherwise, the Covered Bond Guarantor (acting at the direction of the Trust Manager); or
- (b) at any time upon or following the service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor (acting at the direction of the Trust Manager).

**Instrument Holder** means a Unitholder, Intercompany Noteholder and Demand Noteholder.

**Instrument Register** means the register of Instrument Holders in the Trust established and maintained in accordance with clause 8 of the Establishment Deed.

**Instruments** means the Units, Intercompany Notes and Demand Notes.

**Insurance Policies** means:

- (a) the Buildings Policies; and

(b) the Lender's Mortgage Insurance Policies,

and each an **Insurance Policy**.

**Intercompany Note** 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.

**Intercompany Note Facility** has the meaning given to it in clause 2.1 of the Intercompany Note Subscription Agreement.

**Intercompany Noteholder** means at any given time the person then appearing in the Instrument Register as the holder of an Intercompany Note.

**Intercompany Note Interest Payment Date** means, unless otherwise specified in the relevant Intercompany Note Notice, each date on which interest is payable on the relevant Covered Bonds to which the Intercompany Note is referable.

**Intercompany Note Interest Period** means a period determined in accordance with clause 7.1 of the Intercompany Note Subscription Agreement.

**Intercompany Note Issue Date** 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.

**Intercompany Note Notice** means an intercompany note notice substantially in the form of schedule 2 to the Intercompany Note Subscription Agreement.

**Intercompany Note Subscriber** means nab.

**Intercompany Note Subscription Agreement** means the intercompany note subscription agreement dated on or about the date of this deed, 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.

**Intercompany Note Subscription Request** means a request substantially in the form of schedule 3 to the Intercompany Note Subscription Agreement.

**Interest Amount** has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable).

**Interest Commencement Date** has the meaning given to it in Condition 4(a) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.1 of the relevant N Covered Bond Conditions (if applicable).

**Interest Payment Date** has the meaning given to it in Condition 4(b)(B) and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.2 of the relevant N Covered Bond Conditions (if applicable).

**Interest Period** has the meaning given to it in Condition 4(b)(i) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.4 of the relevant N Covered Bond Conditions (if applicable).

**Interest Rate Shortfall** has the meaning given to it in clause 4.1 of the Servicing Agreement.

**Interest Rate Shortfall Demand Note Funding** has the meaning given to it in clause 5.4 of the Demand Note Subscription Agreement.

**Interest Rate Shortfall Test** has the meaning given to it in clause 4.1 of the Servicing Agreement.

**Interest Rate Swap Agreement** means the Interest Rate Swap Master Agreement, together with the confirmations thereunder evidencing the Interest Rate Swaps.

**Interest Rate Swap Master Agreement** means a Swap Master Agreement entered into on or about the date of this deed between the Covered Bond Guarantor, the Trust Manager and the Interest Rate Swap Provider, relating to the Interest Rate Swaps, as amended, restated, supplemented, replaced or novated from time to time.

**Interest Rate Swap Provider** means nab or such other party so appointed in its capacity as interest rate swap provider under the Interest Rate Swap Agreement together with any transferee or successor thereto.

**Interest Rate Swap** means the Basis Swap and/or the Fixed Rate Swap.

**Intra-period Calculation Date** has the meaning given to it in clause 12.1(b) of the Establishment Deed.

**ISDA** means the International Swaps and Derivatives Association, Inc.

**ISDA 1995 Credit Support Annex** means the ISDA 1995 credit support annex (Bilateral Form - Transfer) as published by ISDA.

**ISDA Master Agreement** means the 2002 ISDA master agreement, as published by ISDA.

**ISDA Rate** has the meaning given to it in Condition 4(b)(ii)(A) of the Programme Conditions.

**Issue Date** means a date on which the Issuer issues Covered Bonds under the Programme.

**Issue Price** means, in relation to a Series or Tranche (as applicable) of Covered Bonds, the price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which the Covered Bonds will be issued and which is specified in the Applicable Final Terms.

**Issuer** means nab.

**Issuer Acceleration Notice** has the meaning given to it in Condition 9(a) of the Programme Conditions.

**Issuer Event of Default** has the meaning given to it in Condition 9(a) of the Programme Conditions.

**Land** means

- (a) land (including tenements and hereditaments corporeal and incorporeal and every estate and interest in it whether vested or contingent, freehold or Crown leasehold, the term of which lease is expressed to expire not earlier than 5 years after the maturity of the relevant Mortgage, and whether at law or in equity) situated in Australia and including any fixtures to land; and
- (b) any parcel and any lot, common property and land comprising a parcel within the meaning of the Strata Schemes (Freehold Development) Act 1973 (New South Wales) or the

Community Land Development Act 1989 (New South Wales) or any equivalent legislation in any other Australian jurisdiction.

**Land Title Act** means the Land Title Act 1994 (Qld).

**Latest Valuation** means, in relation to a Property, the value:

- (a) given to the Property by the most recent valuation report held by the Seller; or
- (b) in the absence of such a valuation report, the value of the Property most recently determined by the Seller or the Servicer in accordance with its credit policies.

**Lead Manager** has the meaning given to it in the Programme Agreement.

**Ledgers** means each of the following ledgers established and maintained by the Covered Bond Guarantor or the Trust Manager on its behalf:

- (a) the Principal Ledger;
- (b) the Revenue Ledger;
- (c) the Pre-Maturity Ledger; and
- (d) the Reserve Ledger.

**Legended Covered Bonds** means the Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bonds) sold in private transactions to QIBs in accordance with the requirements of Rule 144A.

**Lender's Mortgage Insurance Policies** means all insurance policies in favour of the Seller in respect of a Mortgage Loan to protect (subject to certain applicable exclusions) the Seller against any shortfall between the net sale proceeds of any Property the subject of a Mortgage and the total amount owing by the relevant Borrower to the Seller under the Mortgage Loan.

**Liabilities** means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including properly incurred legal fees and penalties incurred by that person, and **Liability** is to be construed accordingly.

**LIBOR** has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.

**Long Maturity Covered Bond** has the meaning given to it in Condition 5(b) of the Programme Conditions.

**Losses** means the realised losses on the Mortgage Loans which are in the Mortgage Loan Portfolio.

**LVR** in relation to a Mortgage Loan means, at any time, the ratio of the then Current Principal Balance for that Mortgage Loan to Latest Valuation for the Property which secures that Mortgage Loan.

**LVR Adjusted Mortgage Loan Balance Amount** has the meaning given to it in clause 12.1(c) of the Establishment Deed.

**Majority Secured Creditors** means Secured Creditors whose Secured Obligations amount in aggregate to more than 66% of the total Secured Obligations.

**Management Agreement** means the management agreement entered into on or about the date of this deed, 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.

**Minimum Redemption Amount** means the amount (if any) specified in the Applicable Final Terms.

**Modified Following Business Day Convention** has the meaning given to it in Condition 4(b)(i)(C) of the Programme Conditions.

**Moody's** means Moody's Investors Service Pty Limited and includes any successor to its rating business.

**Moody's Specified Rating** means a credit rating of short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least P-1 by Moody's.

**Mortgage** means a registered mortgage over Land situated in Australia, which creates, or is intended to create a Security Interest, securing the repayment of the principal amount of a Mortgage Loan and all other moneys payable under the Mortgage Loan, notwithstanding that by its terms the mortgage may also secure other liabilities of the mortgagor.

**Mortgage Account** means as the context requires:

- (a) all Mortgage Loans secured on the same Property and thereby forming a single mortgage account; or
- (b) an account maintained by the Servicer in respect of a particular Mortgage Loan to record all amounts due in respect of that Mortgage Loan (whether by way of principal, interest or otherwise) and all amounts received in respect thereof.

**Mortgage Conditions** means all the terms and conditions applicable to a Mortgage Loan at any time.

**Mortgage Guarantor** means, in relation to a Mortgage Loan in the Mortgage Loan Portfolio, a guarantor of that Mortgage Loan.

**Mortgage Loan** means, unless otherwise specified, a mortgage loan originated, or acquired, by the Seller referenced by its mortgage loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other moneys due or owing with respect to that mortgage loan under the relevant Mortgage Conditions by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same but excluding, for the avoidance of doubt, any Associated Debt.

**Mortgage Loan Extinguishment Notice** means a notice served on the Covered Bond Guarantor by the Seller (copied to the Trust Manager and the Security Trustee) offering to facilitate the extinguishment, in favour of the Seller, of the Covered Bond Guarantor's interest in the Mortgage Loans and the Related Security specified in the notice, in the form set in schedule 6 to the Mortgage Sale Agreement.

**Mortgage Loan Files** means the file or files relating to each Mortgage Loan and the Related Security in the Mortgage Loan Portfolio (including files kept in microfiche or scanned format or similar electronic data retrieval system) containing, amongst other things the mortgage

documentation applicable to the Mortgage Loan and the Related Security, each letter of offer for that Mortgage Loan and, the Title Documents relating to that Mortgage Loan and the Related Security.

**Mortgage Loan Portfolio** means on any particular date, each New Mortgage Loan Portfolio sold to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement prior to such date, after taking account of, among other things, amortisation of the Mortgage Loans and the addition and/or removal of Mortgage Loans and the Related Security to or from the Mortgage Loan Portfolio since the first Transfer Date including in connection with the extinguishment of the Covered Bond Guarantor's interest in accordance with clause 15 of the Mortgage Sale Agreement.

**Mortgage Loan Principal Receipts** means any payment in respect of principal received from time to time in respect of any Mortgage Loan in the Mortgage Loan Portfolio (including whether as all or part of a Mortgage Loan Scheduled Payment by a Borrower 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)).

**Mortgage Loan Revenue Receipts** means any payment received from time to time in respect of any Mortgage Loan which is not a Mortgage Loan Principal Receipt (whether as all or part of a Mortgage Loan Scheduled Payment by a Borrower 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)).

**Mortgage Loan Scheduled Payment** means in respect of a Mortgage Loan, the amount which the applicable Mortgage Conditions require a Borrower to pay on a Mortgage Loan Scheduled Payment Date in respect of such Mortgage Loan.

**Mortgage Loan Scheduled Payment Date** means, in relation to any Mortgage Loan, the day on which a Borrower is required to make a payment of interest and, if applicable, principal in accordance with the Mortgage Conditions applicable to such Mortgage Loan.

**Mortgage Sale Agreement** means the mortgage sale agreement to be entered into on or about the date of this deed, between the Seller, the Covered Bond Guarantor, the Trust Manager and the Security Trustee as amended and restated on 23 November 2012 and as otherwise amended and/or supplemented and/or restated from time to time.

**Mortgage Transfer** 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 clause 15.3 of the Mortgage Sale Agreement, the Seller.

**N Covered Bond** means a Registered Covered Bond in definitive form made out in the name of a specified N Covered Bondholder issued or to be issued by the Issuer in accordance with the Principal Agency Agreement and in accordance with, and constituted by, the Bond Trust Deed, in the form of a German “*Namenschuldverschreibung*” substantially in the form set out in schedule 6 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee, the N Covered Bond Paying Agent, the N Covered Bond Registrar and the relevant N Covered Bondholder and having the N Covered Bond Conditions applicable to it annexed thereto and subject to the provisions of the N Covered Bond Agreement relating thereto.

**N Covered Bondholder** means the registered holder of an N Covered Bond.

**N Covered Bond Agreement** means an agreement relating to an N Covered Bond incorporating, inter alia, certain provisions of the Bond Trust Deed and made between the initial N Covered

Bondholder, the Covered Bond Guarantor, the Issuer and the Bond Trustee substantially in the form set out in schedule 6 part 2 of the Bond Trust Deed.

**N Covered Bond Assignment Agreement** means, the assignment agreement attached to each N Covered Bond, substantially in the form set out in schedule 6 part 1 to the Bond Trust Deed.

**N Covered Bond Certificate** means the N covered bond certificate representing the N Covered Bond, substantially in the form set out in schedule 6 part 1 to the Bond Trust Deed.

**N Covered Bond Conditions** means the terms and conditions of each N Covered Bond annexed thereto, as set out in schedule 6 part 1 to the Bond Trust Deed, as modified and/or supplemented by the provisions of the relevant N Covered Bond Agreement.

**N Covered Bond Paying Agent** means Deutsche Bank AG, Frankfurt or any other person from time to time appointed to perform the role of the paying agent in relation to the N Covered Bonds under the Principal Agency Agreement, including any successor or additional paying agent, or, if so specified in the applicable N Covered Bond Conditions of a Series of N Covered Bonds, any other person appointed by the Issuer under a supplemental agency agreement to perform the duties of the paying agent in relation to such Series of N Covered Bonds.

**N Covered Bond Registrar** means Deutsche Bank AG, Frankfurt or any other person from time to time appointed to perform the role of the registrar in relation to the N Covered Bonds under the Principal Agency Agreement, including any successor registrar, or, if so specified in the applicable N Covered Bond Conditions of a Series of N Covered Bonds, any other person appointed by the Issuer under a supplemental agency agreement to perform the duties of the registrar in relation to such Series of N Covered Bonds.

**N Covered Bond Register** means the register of holders of the N Covered Bonds maintained by the N Covered Bond Registrar.

**nab** means National Australia Bank Limited ABN 12 004 044 937.

**NAB Covered Bond Trust Deed of Amendment** means the deed of amendment dated 15 November 2011 between the Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber, Swap Provider, Covered Bond Guarantor, Seller Trustee and Security Trustee.

**NAB Covered Bond Trust Second Deed of Amendment** means the deed of amendment dated 29 November 2011 between the Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber, Swap Provider, beneficiary of the Seller Trust, Covered Bond Guarantor, Seller Trustee, Security Trustee, Bond Trustee, Principal Paying Agent, Exchange Agent, Registrar, Transfer Agent, U.S. Paying Agent and Covered Pool Monitor.

**NAB Covered Bond Trust Third Deed of Amendment** means the deed of amendment dated 20 September 2012 between the Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber, Swap Provider, beneficiary of the Seller Trust, Covered Bond Guarantor, Seller Trustee, Security Trustee, Bond Trustee, Principal Paying Agent, Exchange Agent, Registrar, Transfer Agent, U.S. Paying Agent, N Covered Bond Paying Agent and N Covered Bond Registrar.

**nab Group** means nab and the group of companies of which it is the parent company.

**National Consumer Credit Protection Laws** means:



- (a) the National Consumer Credit Protection Act 2009 (Cth) (including the National Credit Code set out in schedule 1 to that Act);
- (b) the National Consumer Credit Protection (Fees) Act 2009 (Cth);
- (c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth) (**Transitional Act**);
- (d) regulations made under any of the legislation described at paragraphs (a) through (c) above; and
- (e) Division 2 of Part 2 of the Australian Securities and Investment Commission Act 2001 (Cth), so far as it relates to obligations 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.

**Negative Carry Factor** has the meaning given in clause 12.1(c) of the Establishment Deed.

**Net Taxable Income** means, in respect of a Fiscal Period of the Trust, the "net income" (as defined in Section 95(l) of the Tax Act) of the Trust for that Fiscal Period.

**Net Trust Income** means, in respect of a Fiscal Period of the Trust the income of the Trust for that Fiscal Period as determined by the Trust Manager under clause 10.2 of the Establishment Deed.

**New Mortgage Loan Portfolio** means a portfolio of Mortgage Loans and the Related Security (other than any Mortgage Loans and the Related Security included in such portfolio which have been redeemed in full prior to the relevant Transfer Date in respect of such portfolio), particulars of which are set out in, or attached to, a New Mortgage Loan Portfolio Notice, and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (f) (inclusive) below:

- (a) all sums of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Expenses and Capitalised Arrears) and any other sum due or to become due under or in respect of such Mortgage Loans and the Related Security on or after the Transfer Date in respect of such Mortgage Loans and including the right to demand, sue for, recover and give receipts for all such principal, interest or other amounts, the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Conditions;
- (b) the benefit of all other securities for such principal, interest and other sums payable (including any interest of the Seller in any life policy), any guarantee in respect of such Mortgage Loans or any other collateral security for the repayment of the relevant Mortgage Loans secured by the Related Security;
- (c) the right to exercise all the powers of the Seller in relation thereto subject to and in accordance with the relevant Mortgage Conditions;
- (d) all the estate, title and interest in the Properties in relation thereto vested in the Seller;
- (e) to the extent they are assignable or capable of being put into trust, each certificate of title and valuation report and any right of action of the Seller against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any such Mortgage Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Mortgage Loans or part thereof;

- (f) the benefit of certain Insurance Policies, in each case so far as they relate to such Mortgage Loans comprised in that portfolio of Mortgage Loans and the Related Security, including the right to receive the proceeds of all claims made or to be made by or on behalf of the Seller or to which the Seller is or may become entitled; and
- (g) any Associated Debt secured by any All Moneys Mortgage that relates to such Mortgage Loans.

**New Mortgage Loan Portfolio Notice** means a notice in the form set out in schedule 4 to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement.

**New Secured Creditor** 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.

**NIBOR** has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.

**Non-Cash Redraw** means a Payment Holiday under a Mortgage Loan included in the Mortgage Loan Portfolio.

**Notice to Pay** 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.

**Note Certificate** means a certificate issued by the Covered Bond Guarantor to the Noteholder recorded in the Instrument Register in relation to an Intercompany Note or a Demand Note.

**Offset Mortgage Loan** means a Mortgage Loan which allows the relevant Borrower to link the Mortgage Loan with certain deposit and/or current accounts that are held by the Seller for the purpose of offsetting interest.

**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.

**Outstanding** or **outstanding** means, in relation to the Covered Bonds of all or any Series, all the Covered Bonds of such Series issued other than:

- (a) those Covered Bonds which have been redeemed in full and cancelled pursuant to the Bond Trust Deed and/or the Programme Conditions and/or, in the case of an N Covered Bond, the N Covered Bond Conditions;
- (b) those Covered Bonds in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the Programme Conditions and/or, in the case of an N Covered Bond, the N Covered Bond Conditions (if applicable) has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent or, as the case may be, the N Covered Bond 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 of the Programme Conditions and/or Condition 13 of the N Covered Bond Conditions) and remain available for payment against presentation of the relevant Covered Bonds and/or Coupons;

- (c) those Covered Bonds which have been purchased and cancelled in accordance with Conditions 6(h) and 6(i) of the Programme Conditions and any equivalent provision in the N Covered Bond Conditions;
- (d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case under Condition 8 of the Programme Conditions and/or Condition 8 of the N Covered Bond Conditions;
- (e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 10 of the Programme Conditions and/or, in the case of an N Covered Bond, Condition 10 of the N Covered Bond Conditions;
- (f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Covered Bonds outstanding and without prejudice to the status for any other purpose of the relevant Covered Bonds) those Covered Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 10 of the Programme Conditions and/or, in the case of an N Covered Bond, Condition 10 of the N Covered Bond Conditions;
- (g) any Global Covered Bond to the extent that it has been exchanged for definitive Covered Bonds or another Global Covered Bond pursuant to its provisions, the provisions of the Bond Trust Deed and the Agency Agreement; and
- (h) those Legended Covered Bonds which have been exchanged for Unlegended Covered Bonds and those Unlegended Covered Bonds which have been exchanged for Legended Covered Bonds, in each case pursuant to their provisions, the provisions of the Bond Trust Deed and the Principal 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 of clause 10 of the Bond Trust Deed, Conditions 9 and 14 of the Programme Conditions 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,

(A) those Covered Bonds of the relevant Series (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer or the Covered Bond Guarantor, any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company, in each case as beneficial owner; and (B) those N Covered Bonds held by an N Covered Bondholder who has not entered into and delivered to the Issuer the related N Covered Bond Agreement or agreed to be bound by the related N Covered Bond Agreement by way of an N Covered Bond Assignment Agreement, will (unless and until ceasing to be so held) be deemed not to remain outstanding except in the case of the Issuer or the Covered Bond Guarantor, any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company (each a **Relevant Person**) holding, by itself or together with any other Relevant Person, all of the Covered Bonds then outstanding or, in respect of a Series of Covered Bonds holds all Covered Bond of such Series.

**Overpayment** means in respect of a Mortgage Loan in the Mortgage Loan Portfolio, any additional amounts of Mortgage Loan Principal Receipts received above the regular Mortgage Loan Scheduled Payments due in respect of such Mortgage Loan, paid by the relevant Borrower which:

- (a) is permitted by the terms of such Mortgage Loan or by agreement with the Borrower; and
- (b) reduces the Current Principal Balance of such Mortgage Loan.

**Partial Portfolio** has the meaning given to it in clause 21.6 of the Establishment Deed.

**Paying Agents** means the Principal Paying Agent, the N Covered Bond 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) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 5.3 of the relevant N Covered Bond Conditions (if applicable).

**Payment Holiday** means the right of a Borrower, under the applicable Mortgage Conditions, to not make a monthly payment for one or more months in certain circumstances and, in respect of any Mortgage Loan in the Mortgage Loan Portfolio, a period of one or more scheduled payment dates under the Mortgage Loan when the relevant Borrower is permitted by the Seller in accordance with the relevant Mortgage Conditions not to make the payments due on such scheduled payments dates.

**Penalty Payment** means:

- (a) any amount (including any civil or criminal penalty, for which the Covered Bond Guarantor is liable under the Consumer Credit Code or the National Consumer Credit Protection Laws and legal costs and other expenses payable or incurred by the Covered Bond Guarantor in relation to such liability;
- (b) any other liability payable by the Covered Bond Guarantor, or legal costs or other expenses payable or incurred by the Covered Bond Guarantor, in relation to such liability;
- (c) any amount which the Covered Bond Guarantor agrees to pay to a Borrower, a Mortgage Guarantor or other person in settlement of any liability or alleged liability or application for an order under the Consumer Credit Code or the National Consumer Credit Protection Laws;
- (d) any legal costs or other costs and expenses payable or incurred by the Covered Bond Guarantor in relation to that application or settlement; and

- (e) any other losses incurred by the Covered Bond Guarantor as a result of any breach of the Consumer Credit Code or the National Consumer Credit Protection Laws,

to the extent to which a person can be indemnified for that liability, money or amount under the Consumer Credit Code or the National Consumer Credit Protection Laws and includes all amounts ordered by a court or other judicial, regulatory or administrative body to be paid by the Covered Bond Guarantor in connection with paragraphs (a) through (e) above.

**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.

**Permitted Investments** means:

- (a) Mortgage Loans and the Related Security;
- (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.

**Personal Information** has the meaning given to it in the Privacy Act.

**Post-Enforcement Priority of Payments** has the meaning given to it in clause 8.2 of the Security Deed.

**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.

**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.

**Pre-Acceleration Principal Priority of Payments** has the meaning given to it in clause 16.4 of the Establishment Deed.

**Pre-Acceleration Priority of Payments** means the Pre-Acceleration Principal Priority of Payments and the Pre-Acceleration Revenue Priority of Payments.

**Pre-Acceleration Revenue Priority of Payments** has the meaning given to it in clause 15.4 of the Establishment Deed.

**Preceding Business Day Convention** has the meaning given to it in Condition 4(b)(i)(D) of the Programme Conditions.

**Pre-Maturity Demand Note Funding** has the meaning given to it in clause 5.3 of the Demand Note Subscription Agreement.

**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 clause 14.3 of the Establishment Deed.

**Pre-Maturity Test Date** has the meaning given to it in clause 14.2 of the Establishment Deed.

**Pre-Maturity Test Period** means, in relation to a Series of Hard Bullet Covered Bonds, in respect of:

- (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
- (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.

**Principal Agency Agreement** means the agency agreement dated on or about the date of this deed (such agency agreement as amended and restated on 20 September 2012 and 23 November 2012 and as otherwise amended and/or supplemented and/or restated from time to time) and made between the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee, the Principal Paying Agent, N Covered Bond Paying Agent, the Exchange Agent, the Transfer Agent, the Registrar and the N Covered Bond Registrar.

**Principal Amount Outstanding** has the meaning given to it in Condition 4(a) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.4 of the relevant N Covered Bond Conditions (if applicable).

**Principal Ledger** 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 Mortgage Loan

Principal Receipts and the other amounts described in paragraph (b) of the definition of Available Principal Receipts in accordance with the terms of the Establishment Deed.

**Principal Paying Agent** means Deutsche Bank AG, London Branch, or any other person from time to time appointed to perform the role of principal paying agent under the Principal Agency Agreement.

**Priorities of Payments** means the orders of priority for the allocation and distribution of amounts standing to the credit of the Trust Accounts in different circumstances, including:

- (a) the Pre-Acceleration Revenue Priority of Payments;
- (b) the Pre-Acceleration Principal Priority of Payments;
- (c) the Post-Enforcement Priority of Payments; and
- (d) the Guarantee Priority of Payments,

each a **Priority of Payments**.

**Privacy Act** means the Privacy Act 1988 (Cth).

**Privacy Commissioner** means the Federal Privacy Commissioner appointed under the Privacy Act.

**Privacy Laws** means:

- (a) the Privacy Act;
- (b) any approved privacy code (as defined in the Privacy Act) which binds any of the parties to the Programme Documents or the transactions contemplated by them; and
- (c) any other law, code, guideline or policy relating to the collection, use, disclosure or storage of, or granting of access rights to, Personal Information which binds any of the parties to the Programme Documents or the transactions contemplated by them.

**Product Switch** means a variation, from time to time, in the Mortgage Conditions applicable to a Borrower's Mortgage Loan and/or moving a Borrower to an alternative mortgage product which, in either case, means that the Mortgage Loan would no longer be a Qualifying Mortgage Loan.

**Programme** means the covered bond programme established by the Issuer pursuant to the Programme Agreement.

**Programme Agreement** means the agreement dated the Programme Date (such programme agreement as amended and restated on 23 November 2012 and as otherwise amended and/or supplemented and/or restated from time to time), 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 subscribe for, offer or place Covered Bonds.

**Programme Conditions** means the terms and conditions of the Covered Bonds (as set out in schedule 1 of 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.

**Programme Date** means the date as set out in the Base Prospectus.

**Programme Documents** means the following documents:

- (a) Mortgage Sale Agreement (and any documents entered into (including but not limited to any document setting out particulars of each New Mortgage Loan Portfolio pursuant to the Mortgage Sale Agreement);
- (b) Servicing Agreement;
- (c) Cover Pool Monitor Agreement;
- (d) Intercompany Note Subscription Agreement;
- (e) Demand Note Subscription Agreement;
- (f) Establishment Deed;
- (g) Management Agreement;
- (h) Interest Rate Swap Agreement;
- (i) each Covered Bond Swap Agreement;
- (j) Account Bank Agreement;
- (k) Security Deed (and any documents entered into pursuant to the Security Deed, including each Deed of Accession);
- (l) Bond Trust Deed;
- (m) Programme Agreement;
- (n) each Agency Agreement;
- (o) each Subscription Agreement;
- (p) Seller's Power of Attorney;
- (q) Definitions Schedule; and
- (r) any other document, agreement or deed designated by the Issuer, 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** has the meaning given to such term in the Bond Trust Deed.

**Programme Resolution** has the meaning given to it in Condition 14 of the Programme Conditions.

**Property** means Land which is subject to a Mortgage.

**Prospectus** means, at any time, the most recent published information memorandum, offering circular or Base Prospectus, including any supplement thereto, issued by the Issuer in relation to the Programme.



**Purchase Price** means, in relation to a New Mortgage Loan Portfolio being sold by the Seller to the Covered Bond Guarantor an amount equal to the aggregate of the Current Principal Balances of the Mortgage Loans in the New Mortgage Loan Portfolio.

**Purchaser** means the Seller or any third party to whom the Covered Bond Guarantor offers to sell Selected Mortgage Loans.

**Put Notice** has the meaning given to it in Condition 6(d) of the Programme Conditions.

**QIB** has the meaning given to it in Condition 2(i) of the Programme Conditions.

**Qualified Institution** means an Authorised Deposit Taking Institution:

- (a) which pays any relevant interest in the ordinary course of its business; and
- (b) whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's, or F1 by Fitch (or, if Fitch has placed the Authorised Deposit Taking Institution on ratings watch negative at the relevant time, F1+ by Fitch); and
- (c) whose long term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A by Fitch (or, if Fitch has placed the Authorised Deposit Taking Institution on ratings watch negative at the relevant time, A+ by Fitch).

**Qualifying Borrower** means a Borrower which is not a Borrower in respect of a Defaulted Mortgage Loan and any other person which, notwithstanding this definition, the Covered Bond Guarantor approves and notifies in writing to the Seller as being a "Qualifying Borrower".

**Qualifying Mortgage Loan** means a Mortgage Loan which satisfies the qualifying mortgage loan eligibility criteria set out in schedule 1 of the Mortgage Sale Agreement.

**Rate of Interest** has the meaning given to it in Condition 5(j) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.1 of the relevant N Covered Bond Conditions (if applicable).

**Rating Agencies** means Moody's and Fitch or their successors, to the extent they provide ratings in respect of the Covered Bonds, and each a **Rating Agency**.

**Rating Affirmation Notice** means, in relation to an event or circumstances, 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 circumstances, 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, 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.

**RBA** means the Reserve Bank of Australia.

**RBA Bond Basis** has the meaning given to it in Condition 4(a)(iii) of the Programme Conditions.

**Receiver** means any person or persons appointed (and any additional person or persons appointed or substituted pursuant thereto) by the Security Trustee as a receiver, receiver, manager, or receiver and manager of the property charged or secured under the Security Deed.

**Redeemed Covered Bonds** has the meaning given to it in Condition 6(c) of the Programme Conditions.

**Redenomination Date** has the meaning given to it in Condition 5(j) of the Programme Conditions.

**Redraw** means either of a Cash Redraw or a Non-Cash Redraw.

**Reference Banks** means nab, Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, Westpac Banking Corporation and/or such other ADI as determined by the Trust Manager from time to time.

**Reference Price** in respect of a Zero Coupon Covered Bond, has the meaning given in the Applicable Final Terms.

**Register** means the register of holders of the Registered Covered Bonds maintained by the Registrar.

**Registered Covered Bonds** means Covered Bonds (other than A\$ Registered Covered Bonds and N Covered Bonds) issued in registered form (being Registered Global Covered Bonds and/or Registered Definitive Covered Bonds, as the case may be).

**Registered Definitive Covered Bond** has the meaning given to it in the Programme Conditions.

**Registered Global Covered Bond** has the meaning given to it in Condition 2(a) of the Programme Conditions.

**Registrar** means Deutsche Bank Trust Company Americas, or any other person from time to time appointed to perform the role of registrar under the Principal Agency Agreement.

**Regulatory Event** means that the value of assets in cover pools securing covered bonds issued by the Issuer exceeds 8%, 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.

**Regulated Market** means the regulated market of the Luxembourg Stock Exchange.

**Regulation S** means Regulation S under the Securities Act.

**Regulation S Global Covered Bond** has the meaning given to it in the Programme Conditions.

**Related Body Corporate** has the meaning given to it in the Corporations Act.

**Related Entity** has the meaning given to it in the Corporations Act.

**Related Security** means in relation to a Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage and all other documents, matters and things related thereto and which constitute all or part of the security for the payment of all sums due in respect of the Mortgage Loan, including for the avoidance of doubt, guarantees, security over life policies, and any replacement security for a Mortgage Loan that is transferred to the Covered Bond Guarantor in

accordance with the Mortgage Sale Agreement, and with respect to any Related Security that constitutes an All Moneys Mortgage, the beneficial interest of the Covered Bond Guarantor in the Seller Trust declared in respect of that Mortgage.

**Relevant Acquired Covered Bonds** has the meaning given to it in clause 8.3 of the Intercompany Note Subscription Agreement.

**Relevant Covered Bonds** has the meaning given to it in clause 8.4 of the Intercompany Note Subscription Agreement.

**Relevant Mortgage Loan** has the meaning given to it in clause 12.7 of the Establishment Deed.

**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 (*Notices*) of the Programme Conditions and/or, in the case of an N Covered Bond, **Relevant Date** has the meaning given to it in Condition 7.1 of the N Covered Bond Conditions.

**Representations and Warranties** means the representations and warranties made by the Seller in relation to the Mortgage Loans and the Related Security set out in schedule 2 of the Mortgage Sale Agreement.

**Required Current Principal Balance Amount** has the meaning given to it in of clause 21.2 of the Establishment Deed.

**Required Redemption Amount** means, in respect of a Series of Covered Bonds, the amount calculated in accordance with the following formula:

$$A \times \left( 1 + \left( B \times \frac{C}{365} \right) \right)$$

where,

A=the Principal Amount Outstanding of the relevant Series of Covered Bonds;

B=the Negative Carry Factor; and

C=days to maturity of the relevant Series of Covered Bonds.

**Reserve Fund** means the reserve fund that the Covered Bond Guarantor will be required to establish in the GIC Account which will be credited with the proceeds of Available Revenue Receipts or proceeds from the issue of an Intercompany Note up to an amount equal to the Reserve Fund Required Amount.

**Reserve Fund Required Amount** means:

- (a) if, and for so long as, the Issuer's credit ratings are equal to or higher than the Moody's Specified Rating and the Fitch Specified Rating, nil or such other amount as the Issuer will direct the Covered Bond Guarantor from time to time; or
- (b) the higher of:

- (i) if, and for as long as, the Issuer's credit ratings are less than the Moody's Specified Rating but are higher than or equal to the Fitch Specified Rating, an amount equal to greater of 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 month; 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 month; and/or
  - (C) an amount equal to one quarter of the anticipated aggregate annual amount payable in respect of the items specified in clause 15.4(a) to (d), and if applicable (e), of the Establishment Deed 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;
- (ii) if, and for so long as, the Issuer's credit rating are less than the Fitch Specified Rating 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 a Covered Bond Swap 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 one quarter of the anticipated aggregate annual amount payable in respect of the items specified in clause 15.4(a) to (d), and if applicable (e), of the Establishment Deed 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) if, and for so long as, the Issuer's credit ratings are less than both the Moody's Specified Rating and the Fitch Specified Rating, the higher of the amounts determined in accordance with paragraphs (i) and (ii) above.

**Reserve Ledger** means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement, to record the crediting of Mortgage Loan Revenue Receipts to the Reserve Fund and the debiting of such Reserve Fund in accordance with the terms of the Establishment Deed.

**Residual Capital Unit** means a Unit in the Trust which is designated as a "Residual Capital Unit" in the Instrument Register.

**Residual Capital Unitholder** means a person registered as the holder of a Residual Capital Unit in the Trust in the Instrument Register.

**Residual Income Unit** means the Unit in the Trust which is designated as the "Residual Income Unit" in the Instrument Register.

**Residual Income Unitholder** means the person registered as the holder of the Residual Income Unit in the Trust in the Instrument Register.

**Retention Account** has the meaning given to it in clause 7.7 of the Security Deed.

**Revenue Ledger** means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record credits and debits of Mortgage Loan Revenue Receipts and the other amounts described in paragraph (b) of the definition of Available Revenue Receipts in accordance with the terms of the Establishment Deed.

**Rule 144A** means Rule 144A under the Securities Act.

**Rule 144A Global Covered Bond** has the meaning given to it in the Programme Conditions.

**Sale Proceeds** means the cash proceeds realised from the sale of Selected Mortgage Loans and the Related Security.

**Scheduled Balance** in relation to a Mortgage Loan means the amount that would be owing on that Mortgage Loan at the date of determination if the mortgagor had made prior to that date the minimum payments required on that Mortgage Loan.

**Scheduled Interest** means an amount equal to the amount in respect of interest which would have been due and payable under the Covered Bonds on each Interest Payment Date as specified in Condition 4 of the Programme Conditions and Condition 6.2 of the N Covered Bond Conditions (but excluding any additional amounts relating to premiums, default interest or interest upon interest (**Excluded Scheduled Interest 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 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 as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 of the Programme Conditions or Condition 7 of the N Covered Bond Conditions.

**Scheduled Payment Date** means in relation to payments under the Covered Bond Guarantee, each Interest Payment Date or the Final Maturity Date as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date.

**Scheduled Principal** means an amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on each Interest Payment Date or the Final Maturity Date (as the case may be) as specified in Condition 6(a) and Condition 6(e) of the Programme Conditions and Condition 4.1 of the N Covered Bond Conditions (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest (**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; or
- (B) the Covered Bond Guarantor consented to or was aware of the assignment or transfer; or
- (C) the assigned or transferred obligation was secured; or
- (v) whether the Security Trustee or any Secured Creditor is the original Security Trustee or an original Secured Creditor or an assignee or a transferee of the original Security Trustee or an original Secured Creditor, and whether or not the Covered Bond Guarantor consented to or was aware of the assignment or transfer.

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

**Security** means the Security Interests over the Charged Property granted pursuant to the Security Deed.

**Security Deed** means the security deed dated on or about the date of this deed (such security deed amended and restated on 15 November 2011 and as otherwise amended and/or supplemented and/or restated from time to time) and made between, among others, the Covered Bond Guarantor, the Trust Manager and the Security Trustee.

**Security Interest** means any mortgage, security interest, charge, encumbrance, pledge, lien, hypothecation, assignment by way of security or other security interest or title retention arrangement and any agreement, trust or arrangement having substantially the same economic or financial effect as any of the foregoing (other than a lien arising in the ordinary course of business or by operation of law).

**Security Trust** means the trust formed under the Security Deed.

**Security Trustee** means P.T. Limited ABN 67 004 454 666, in its capacity as security trustee 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.

**Selected Mortgage Loan Extinguishment Notice** means a notice substantially in the form of schedule 7 of the Mortgage Sale Agreement from the Covered Bond Guarantor served on the Seller offering to extinguish its interest in, or transfer, Selected Mortgage Loans and the Related Security in favour of, or to, the Seller.

**Selected Mortgage Loans** means Mortgage Loans and the Related Security 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.

**Selection Date** has the meaning given to it in Condition 6(c) of the Programme Conditions.

**Seller** means nab in its capacity as seller pursuant to the Mortgage Sale Agreement.

**Seller's Power of Attorney** means the Seller Power of Attorney in favour of the Covered Bond Guarantor in substantially the form set out at schedule 5 to the Mortgage Sale Agreement.

**Seller Trust** means, in respect of an All Moneys Mortgage, the trust established or, as the case may be, to be established pursuant to the Mortgage Sale Agreement on the date that such All Moneys Mortgage is sold by the Seller to the Covered Bond Guarantor.

**Seller Trustee** means, in respect of a Seller Trust, the Covered Bond Guarantor as bare trustee of that Seller Trust.

**Seller Trust Assets** means the right, title and interest of the Covered Bond Guarantor in the assets referred to in clause 18.2 of the Mortgage Sale Agreement from time to time.

**Series** means:

- (a) with respect to N Covered Bonds, each N Covered Bond made out in the name of a specific N Covered Bondholder; and
- (b) in any other case, 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) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

**Series Reserved Matter** has the meaning given to it in Condition 14 of the Programme Conditions.

**Servicer** means nab, or any other person from time to time appointed to perform the role of servicer under the Servicing Agreement.

**Servicer Termination Event** has the meaning given to it in clause 12.1 of the Servicing Agreement.

**Services** has the meaning given to it in clause 2.1(b) of the Servicing Agreement.

**Servicing Agreement** means the servicing agreement entered into on or about the date of this deed, 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.

**Servicing Procedures** means the guidelines relating to the servicing and collection procedures (including enforcement) as agreed by the Trust Manager, the Seller and the Servicer and provided to the Covered Bond Guarantor (as such guidelines may be amended by the Manager and Servicer from time to time in accordance with clause 9 of the Servicing Agreement).

**Servicing Statement** has the meaning given in paragraph 9 of schedule 1 of the Servicing Agreement.

**Settlement Amount** means \$10.

**Settlor** means nab.

**SIBOR** has the meaning given to it in Condition 4(b)(ii)(A)(3) of the Programme Conditions.

**Specified Currency** 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.



**Specified Denomination** means in respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds specified in the Applicable Final Terms.

**Specified Time** means 11.00 a.m. (London time, in the case of determination of LIBOR or Brussels time, in the case of determination of EURIBOR or Hong Kong time, in the case of determination of HIBOR, or Singapore time, in the case of determination SIBOR), 10.30 a.m. (Sydney time, in the case of determination of BBSW), 10.00 a.m. (Toronto time in the case of determination BA-CDOR), 10.45 a.m. (Auckland time in the case of determination of BKBM) or as at 12.00 a.m. (Oslo time in the case of determination of NIBOR) or as specified in the Applicable Final Terms.

**Stock Exchange** means the Luxembourg Stock Exchange or any other or further stock exchange(s) on which any Covered Bonds may from time to time be listed or admitted to trading and references to the relevant Stock Exchange will, in relation to any Covered Bonds, be references to the Stock Exchange on which such Covered Bonds are, from time to time, or are intended to be, listed or admitted to trading.

**Subsidiary** has the meaning given in the Corporations Act.

**Substitute Servicer** has the meaning in clause 12.3(a) of the Servicing Agreement.

**Substituted Debtor** has the meaning given to it in Condition 14 of the Programme Conditions.

**Substitution Assets** means:

- (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 nab and satisfy the requirements for eligible assets that may collateralise covered bonds in accordance with RBA repo eligibility requirements (if any);
- (b) Australian Dollar at call deposits held with a Qualified Institution and convertible into cash within 2 AU Business Days;
- (c) Australian Dollar denominated bonds, notes, debentures or other instruments issued or guaranteed by the Commonwealth of Australia or an Australian state or territory provided that such investments will have certain minimum long-term and short-term ratings which will be at least:
  - (i) for so long as Moody's is rating the Covered Bonds, A2 or P-1 for exposures maturing within 30 days, Aa3 and P-1 for exposures maturing between 30 days and 365 days and Aaa and P-1 for exposures maturing after 365 days; and
  - (ii) for so long as Fitch is rating the Covered Bonds, AA- or F1+ for exposures maturing within 365 days and AAA (or the highest rating of the Covered Bonds then on issue) for exposures maturing after 365 days; and
- (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.

**Swap Agreement Credit Support Document** 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) to the ISDA Master Agreement.

**Swap Agreements** means the Interest Rate Swap Agreement and the Covered Bond Swap Agreements and each, a **Swap Agreement**.

**Swap Collateral** means at any time, an amount of cash 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.

**Swap Collateral Account Mandate** means the resolutions, instructions and signature authorities relating to the Swap Collateral Cash Accounts.

**Swap Collateral Available Amounts** means, at any time, the amount of Swap Collateral which, under the terms of the relevant Swap Agreement may be applied at that time in satisfaction of the relevant Swap Provider's obligations to the Covered Bond Guarantor following termination of the Swap Agreement to the extent that such obligations relate to payments to be made in connection with the Pre-Acceleration Priority of Payments or the Guarantee Priority of Payments.

**Swap Collateral Cash Account** means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the relevant Swap Agreement Credit Support 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.

**Swap Collateral Excluded Amounts** means at any time, the amount of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Covered Bond Guarantor, including Swap Collateral, which is to be returned 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.

**Swap Master Agreement** means each 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.

**Swap Provider Default** 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.

**Swap Provider Downgrade Event** 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.

**Swap Providers** means the Interest Rate Swap Provider and the Covered Bond Swap Providers, and each a **Swap Provider**.

**Swaps** means the Interest Rate Swaps and the Covered Bond Swaps and each, a **Swap**.

**Talons** means, if indicated in the Applicable Final Terms, talons for further Coupons on interest-bearing Bearer Definitive Covered Bonds.

**TARGET2 System** has the meaning given to it in Condition 4(b)(i) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.4 of the relevant N Covered Bond Conditions (if applicable).

**Taxes** 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 Act** means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as applicable.

**Tax Authority** means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world including the Australian Taxation Office.

**Tax Consolidated Group** means a consolidated group or an MEC group (each as defined in the Tax Act).

**Tax Sharing Agreement** means a tax sharing agreement which complies with the requirements set out in Part 3-90 of the Tax Act and any relevant regulations, and which is in accordance with any guidelines published by the Commissioner of Taxation concerning what is a reasonable allocation of the total amount of the Group Tax Liability of a Tax Consolidated Group among certain members of that group, or is otherwise accepted by the Commissioner of Taxation as being such a reasonable allocation.

**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 (Form of Temporary Bearer Global Covered Bond) 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.

**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 a Borrower of any fees (including Early Repayment Charges) and other charges which are due to the Seller; and
- (b) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to any of that Borrower 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 Documents**, in respect of a Mortgage Loan, includes the original of:

- (a) the certificate or other indicia of title (if any) in respect of the relevant Property;
- (b) any valuation report obtained in connection with the Mortgage Loan;
- (c) any deed of priority or similar document entered into in connection with that Mortgage Loan;
- (d) the relevant Mortgage Conditions;
- (e) all other documents required to evidence the interest of the lender of record in the relevant Property;
- (f) all other documents specified as such in the relevant New Mortgage Loan Portfolio Notice, as applicable.

**Title Penalty Payment** in relation to a Mortgage Loan and Related Security 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 Related Security 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.

**Title Perfection Event** has the meaning given to it in clause 17.1 of the Mortgage Sale Agreement.

**Total Demand Note Commitment** means A\$ an amount as set out in the Demand Note Subscription Agreement, as may be increased or decreased from time to time in accordance with clause 3.2 of the Demand Note Subscription Agreement.

**Total Intercompany Note Commitment** means an amount as set out in the Intercompany Note Subscription Agreement, as increased or decreased from time to time in accordance with clause 2.4 of the Intercompany Note Subscription Agreement.

**Tranche** means Covered Bonds (other than N Covered Bonds), which are identical in all respects (including as to listing).

**Transaction Accounts** means the accounts (other than the GIC Account) as may for the time being be in place with the prior consent of the Security Trustee and designated as such and **Transaction Account** will denote any one of the Transaction Accounts;

**Transaction Party** means any person who is a party to a Programme Document and **Transaction Parties** means some or all of them.

**Transfer Agent** means Deutsche Bank Trust Company Americas, or any other person from time to time appointed to perform the role of transfer agent under the Principal Agency Agreement.

**Transfer Certificate** has the meaning given to it in Condition 2(f) of the Programme Conditions.

**Transfer Date** means the date on which the Seller, subject to the fulfilment of certain conditions, sells a New Mortgage Loan Portfolio to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement.

**Transferee** has the meaning given to it in Clause 18.5(b) of the Mortgage Sale Agreement.

**Treaty** has the meaning given to it in Condition 5(j) of the Programme Conditions.

**Trust** means the trust known as the "nab Covered Bond Trust" formed under the Establishment Deed.

**Trust Accounts** means each of the Transaction Accounts, the GIC Account, the Swap Collateral Cash Account or any other applicable currency transaction account held by the Covered Bond Guarantor with the Account Bank.

**Trust Corporation** 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.

**Trust Manager** means nab, or any other person from time to time appointed to perform the role of trust manager under the Management Agreement.

**Trust Manager Termination Event** has the meaning given to it in clause 12.1 of the Management Agreement.

**Trust Management Services** has the meaning given to it in clause 3.1 of the Management Agreement.

**Trust Payment Date** means the 15th day of each calendar month or, if such day is not a Business Day, the next Business Day.

**Trust Payment Period** means the period from (and including) a Trust Payment Date (or the first Transfer Date in the case of the first Trust Payment Period) to (but excluding) the next Trust Payment Date.

**Trustee Acts** means the Trustee Act 1925 (UK) and the Trustee Act 2000 (UK).

**UK FSA Client Money Rules** means the rules relating to use of client money as set out in the FSA Handbook correct as at the date of this Definitions Schedule.

**Unit** means, in respect of the Trust, the Residual Income Unit and each Residual Capital Unit in that Trust.

**Unitholder** means each person registered as the holder of a Unit in the Trust in the Instrument Register.

**Unlegended Covered Bonds** means those of the Registered Covered Bonds which are not Legended Covered Bonds.

**Unpaid Interest** means in relation to an Offset Mortgage Loan, the amount of interest which would, but for the offset arrangement in the Offset Mortgage Loan, have been payable in respect of the relevant Mortgage Loan on the relevant Scheduled Payment Date for such Mortgage Loan.

**U.S. Paying Agent** means Deutsche Bank Trust Company Americas or any other person from time to time appointed to perform the role of U.S. paying agent under the Principal Agency Agreement.

**Vesting Date** means, in relation to the Trust, the earliest of:

- (a) the day preceding the eightieth anniversary of the date upon which the Trust was established;
- (b) the date upon which the Trust terminates by operation of law or in accordance with the Establishment Deed; and
- (c) following the occurrence of a Covered Bond Guarantor Event of Default, the date on which the Security Trustee has notified the Covered Bond Guarantor in writing that it has enforced the Security and has distributed all of the amounts which it is required to distribute under the Security Deed.

**Written Resolution** means a written resolution of Covered Bondholders passed as such under the terms of the Bond Trust Deed.

**Yield Shortfall** has the meaning given to in clause 4.2 of the Servicing Agreement.

**Yield Shortfall Test** has the meaning given to it in clause 4.2 of the Servicing Agreement.

**Zero Coupon Covered Bonds** means Covered Bonds which will be offered and sold at a discount to their nominal amount and which will not bear interest.

## 2. INTERPRETATION AND CONSTRUCTION

- (a) Any reference in this Definitions Schedule or any Programme Document to:

**after-tax basis** means a basis such that the amount required to be paid or credited to the person entitled thereto (the **payee**) will be such amount as, after taking into account all federal, national, local and state income and withholding taxes resulting from the receipt or accrual of the payment or credit or the event giving rise to such payment or credit and all tax reliefs and other benefits (including tax credits) resulting from the receipt of or accrual of such payment or credit or the event giving rise to such payment or credit, leaves the payee in the same after-tax position as it would have been in had the event giving rise to such payment or credit not occurred and such payment or credit not been subject to such taxes.

**agreed form** means, in relation to any document, the draft of that document the form of which has been agreed between the parties thereto (or if such document is delivered pursuant to another Programme Document, between the parties to such Programme Document) and initialled on their behalf for the purpose of identification.

the **assets** of any person will be construed as a reference to the whole or any part of its business, undertakings, property, intellectual property, shares, securities, debts, accounts, revenues (including any right to receive revenues), goodwill, shareholdings and uncalled capital including premium whether now or hereafter acquired and any other assets whatsoever.

**disposal** will be construed as any sale, lease, transfer, conveyance, assignment, assignation, licence, sublicence or other disposal and "dispose" will be construed accordingly.

a **guarantee** means any guarantee, bond, indemnity, letter of credit, third party security or other legally binding assurance against financial loss granted by one person in respect of any indebtedness

of another person, or any agreement to assume any indebtedness of any other person or to supply funds or to invest in any manner whatsoever in such other person by reason of, or otherwise in relation to, indebtedness of such other person.

**holding company** has the meaning given to that term in the Corporations Act.

**includes** and **including** and similar expressions are not expressions of limitation.

**indebtedness** will be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent.

a **month** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month save that, where any such period would otherwise end on a day which is not a Business Day, it will end on the next Business Day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it will end on the preceding Business Day, provided that, if a period starts on the last Business Day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period will end on the last Business Day in that later month (and references to "months" will be construed accordingly).

**party** will be construed as a party to a particular agreement, as the case may be.

**set-off** will be construed so as to include equivalent or analogous rights under the laws of jurisdictions other than New South Wales.

**subsidiary** has the meaning given to that term in the Corporations Act.

a **wholly-owned subsidiary** of a company or corporation will be construed as a reference to any company or corporation which has no other members except that other company or corporation and that other company's or corporation's wholly-owned subsidiaries or persons acting on behalf of that other company or corporation or its wholly-owned subsidiaries.

the **winding-up or administration** of an entity will be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such entity is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, bankruptcy, reorganisation, dissolution, administration, appointment of a controller or statutory manager, arrangement, adjustment, protection or relief of debtors.

**wilful default** in respect of the Covered Bond Guarantor or the Security Trustee means any intentional failure to comply, or intentional breach, by the defaulting party any of its obligations under the Programme Documents, other than a failure or breach which:

- (a) is in accordance with a lawful court order or direction or otherwise required by law; or
- (b) 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
- (c) 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.

**\$, AUD, Australian Dollar, dollars or Dollars** denotes the lawful currency for the time being of Australia.

**£, sterling, Sterling or pounds sterling** denotes the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland; **Yen** denotes the lawful currency for the time being of Japan; **US\$ or U.S. dollars** denotes the lawful currency for the time being of the United States of America; **€, euro, EUR or Euro** denotes 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 Monetary Union pursuant to the Treaty of Rome of 25 March 1957 establishing the European Community as amended from time to time and as amended by, inter alia, the Treaty of European Union of 7 February 1992.

- (b) In this Definitions Schedule and in any of the Programme Documents in which this Definitions Schedule is expressed to be incorporated or to which this Definitions Schedule is expressed to apply:
- (i) words denoting the singular number only will include the plural number also and vice versa;
  - (ii) words denoting one gender only will include the other genders;
  - (iii) words denoting persons only will include firms and corporations and vice versa;
  - (iv) references to any statutory provision will be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment;
  - (v) references to any agreement or other document (including any of the Programme Documents) will be deemed also to refer to such agreement or document as amended, amended and restated, varied, supplemented or novated from time to time;
  - (vi) references to the Security Deed will include all documents entered into pursuant to the Security Deed;
  - (vii) clause, paragraph and schedule headings are for ease of reference only;
  - (viii) reference to a statute will be construed as a reference to such statute as the same may have been, or may from time to time be, amended or re-enacted to the extent such amendment or re-enactment is substantially to the same effect as such statute on the date hereof;
  - (ix) unless stated otherwise reference to a time of day will be construed as a reference to Melbourne time;
  - (x) references to any person will include references to that person's successors, transferees and assigns and any person deriving title under or through that person; and
  - (xi) a reference to the **fraud, negligence or wilful default** of the Covered Bond Guarantor, the Security Trustee or the Seller Trustee means the fraud, negligence or wilful default of the Covered Bond Guarantor, the Security Trustee, or the Seller Trustee, as the case may be, and of its officers, employees, agents and any other person where the Covered Bond Guarantor, the Security Trustee or the Seller Trustee is liable for the acts or omissions of such other person under the terms of the relevant Programme Document.
- (c) Any requirement in any Programme Document for any action to be taken according to the standards of a "reasonable, prudent mortgage lender" will be satisfied by the relevant party taking the relevant action in accordance with the Servicing Procedures from time to time.



- (d) Save as provided otherwise, where any obligation in a Programme Document is owed to more than one party that obligation is owed to each of them separately and may be enforced by any of them.
- (e) Any reference to a document (including a Programme Document) will be construed as a reference to that document as the same may have been, or may from time to time be, amended, amended and restated, varied, novated, replaced or supplemented in accordance with the terms of the Programme Documents.
- (f) In each Programme Document, except where expressly provided to the contrary:
  - (i) a reference to:
    - (A) the Covered Bond Guarantor is a reference to Covered Bond Guarantor in its capacity as trustee of the Trust only; and
    - (B) the Security Trustee is a reference to the Security Trustee in its capacity as trustee of the Security Trust only; and
  - (ii) a reference to the undertaking, assets, business, money or any other thing of or in relation to:
    - (A) the Covered Bond Guarantor is a reference to such undertaking, assets, business, money or other thing of or in relation to the Covered Bond Guarantor only in its capacity as trustee of the Trust; and
    - (B) the Security Trustee is a reference to such undertaking, assets, business, money or other thing of or in relation to the Security Trustee only in its capacity as trustee of the Security Trust.

### **3. EXECUTION IN COUNTERPARTS AND SEVERABILITY**

#### **3.1 Counterparts**

This Definitions Schedule may be executed in any number of counterparts and by different parties to this Definitions Schedule in separate counterparts, each of which when so executed will be deemed to be an original and all of which when taken together will constitute one and the same instrument.

#### **3.2 Severability**

Where any provision in or obligation under this Definitions Schedule is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Definitions Schedule, or of such provision or obligation in any other jurisdiction, will not be affected or impaired thereby.

### **4. GOVERNING LAW AND JURISDICTION**

#### **4.1 Governing Law**

This Definitions Schedule is governed by, and must be construed in accordance with, the law applying in the State of New South Wales, Australia.

#### **4.2 Submission to jurisdiction**

Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the State of New South Wales, Australia. Each party waives any right it has to object to an action

being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

Each of the Principal Paying Agent, the Exchange Agent, the Bond Trustee, the Registrar and the Transfer Agent irrevocably and unconditionally appoints Deutsche Bank AG, Sydney Branch, Level 16, Deutsche Bank Place, Cnr Hunter and Phillip Streets, Sydney NSW 2000, for the time being and in the event of its ceasing so to act will appoint such other person as the Issuer may approve, for the purpose to accept service of process on its behalf in State of New South Wales, Australia in respect of any proceedings brought in relation to this Definitions Schedule. Each of the Principal Paying Agent, the Exchange Agent, the Bond Trustee, the Registrar and the Transfer Agent:

- (a) agrees to procure that, so long as any of the Covered Bonds remains liable to prescription, there will be in force an appointment of such a person approved by the Issuer with an office in Sydney with authority to accept service as aforesaid;
- (b) agrees that a failure by any such person to give notice of such service or process to the Principal Paying Agent, the Exchange Agent, the Bond Trustee, the Registrar or the Transfer Agent will not impair the validity of such service or of any judgment based thereon;
- (c) consents to the service of process in respect of any proceedings in accordance with clause 35 of the Establishment Deed and/or clause 31 of the Principal Agency Agreement; and
- (d) agrees that nothing in this Definitions Schedule will affect the right to serve process in any other manner permitted by law.

## SIGNATORIES

**EXECUTED as a deed.**

**Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber and Swap Provider**

**EXECUTED** for and on behalf of **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937** by its Attorney

under a Power of Attorney dated  
and the Attorney declares that the Attorney has not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:

Signature of Witness in full

Signature of Attorney

Name of Witness in full

### **Covered Bond Guarantor and Seller Trustee**

**EXECUTED** for and on behalf of **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533** by its Attorneys

and

Signature of Attorney

under a Power of Attorney dated  
and the Attorneys declare that the Attorneys have  
not received any notice of the revocation of such  
Power of Attorney, in the presence of:

Signature of Witness

Signature of Attorney

Name of Witness in full

**Security Trustee**

**EXECUTED** for and on behalf of **P.T. LIMITED**  
**ABN 67 004 454 666** by its Attorneys

and

Signature of Attorney

under a Power of Attorney dated  
and the Attorneys declare that the Attorneys have  
not received any notice of the revocation of such  
Power of Attorney, in the presence of:

Signature of Witness

Signature of Attorney

Name of Witness in full

**ANNEX 2**  
**AMENDED AND RESTATED BOND TRUST DEED**

**EXECUTION VERSION**

**NAB COVERED BOND TRUST  
AMENDED AND RESTATED BOND TRUST DEED**

**NATIONAL AUSTRALIA BANK LIMITED  
as Issuer and Trust Manager**

**and**

**PERPETUAL CORPORATE TRUST LIMITED  
(as trustee of the nab Covered Bond Trust)  
as Covered Bond Guarantor**

**and**

**DEUTSCHE TRUSTEE COMPANY LIMITED  
as Bond Trustee**

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**THIS BOND TRUST DEED** is made on 15 November 2011 and amended and restated on 20 September 2012, on 23 November 2012, on 20 November 2013, on 19 November 2014 and on 17 November 2016

**BETWEEN:**

- (4) **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937** as issuer of the Covered Bonds and trust manager, having its registered office at 800 Bourke Street, Docklands, Victoria 3008, Australia (in such capacity, the **Issuer** and **Trust Manager**);
- (5) **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533**, in its capacity as trustee of the nab Covered Bond Trust, acting as Covered Bond Guarantee having its registered office at Level 12, 123 Pitt Street, Sydney, NSW 2000, Australia (in such capacity, the **Covered Bond Guarantor**); and
- (6) **DEUTSCHE TRUSTEE COMPANY LIMITED**, having its registered office at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, in its capacity as the Bond Trustee for the Covered Bondholders and the Couponholders (the **Bond Trustee** which expression, wherever the context so admits, includes such company and all other persons or companies for the time being the bond trustee or bond trustees under this Bond Trust Deed).

**INTRODUCTION:**

- (A) By resolutions of delegates of the board of directors of the Issuer on 25 October 2011, the Issuer has resolved to establish a Programme pursuant to which it may from time to time issue Covered Bonds as set out in this Bond Trust Deed. Covered Bonds up to a maximum nominal amount (calculated in accordance with clause 3 of the Programme Agreement) from time to time outstanding of US\$30 billion (subject to increase as provided in the Programme Agreement) (the **Programme Limit**) may be issued pursuant to the Programme.
- (B) The Covered Bond Guarantor has agreed to guarantee all Covered Bonds issued under the Programme and certain other amounts payable by the Issuer under this Bond Trust Deed in the circumstances described in this Bond Trust Deed.
- (C) The Bond Trustee has agreed to act as bond trustee for the benefit of the Covered Bondholders and the Couponholders upon and subject to the terms and conditions of this Bond Trust Deed.

**NOW THIS BOND TRUST DEED WITNESSES AND IT IS AGREED AND DECLARED** as follows:

**5. DEFINITIONS AND INTERPRETATION**

- 5.1 (a) All references in this Bond Trust Deed to principal and/or principal amount and/or interest in respect of the Covered Bonds or to any moneys payable by the Issuer or the Covered Bond Guarantor under this Bond Trust Deed will, unless the context otherwise requires, be construed in accordance with Condition 5(h) of the Programme Conditions or, as the case may be, Condition 4 of the N Covered Bond Conditions.
- (b) All references in this Bond Trust Deed to any action, remedy or method of proceeding for the enforcement of the rights of creditors will be deemed to include, in respect of any jurisdiction other than England, references to such action, remedy or method of proceeding for the enforcement of the rights of creditors available and reasonably appropriate in such

jurisdiction as most nearly approximates to such action, remedy or method of proceeding described or referred to in this Bond Trust Deed.

- (c) All references in this Bond Trust Deed to Euroclear and/or Clearstream, Luxembourg and/or the Austraclear System and/or DTC will, whenever the context so permits, be deemed to include references to any additional or alternative clearing system as is approved by the Issuer, the Principal Paying Agent (other than for A\$ Registered Covered Bonds) and the Bond Trustee or as may otherwise be specified in the applicable Final Terms.
- (d) Unless the context otherwise requires words or expressions used in this Bond Trust Deed will bear the same meanings as in the Companies Act.
- (e) All references in this Bond Trust Deed to the **records** of Euroclear, Clearstream, Luxembourg, the Austraclear System or DTC or to any additional or alternative clearing system referred to in Clause 5.1(c) above will be to the records that each of Euroclear, Clearstream, Luxembourg, the Austraclear System or DTC or that additional or alternative clearing system, as applicable, holds for its customers which reflect the amount of such customers' interest in the Covered Bonds (and, in the case of Austraclear, includes any such records maintained by the A\$ Registrar).
- (f) In this Bond Trust Deed references to Schedules, Clauses, paragraphs and sub-paragraphs will be construed as references to the Schedules to this Bond Trust Deed and to the Clauses, paragraphs and sub-paragraphs of this Bond Trust Deed respectively.
- (g) A reference in this Bond Trust Deed or the Programme Documents to a **direction** or **directs** or **directed in writing** in respect of the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Covered Bonds will (except in relation to any matter which the Conditions or the Programme Documents contemplate may be sanctioned or directed by a Programme Resolution) mean:
  - (i) in relation to a matter which, in the opinion of the Bond Trustee affects the Covered Bonds of only one Series, a single direction of the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Covered Bonds of that Series then outstanding;
  - (ii) in relation to a matter which, in the opinion of the Bond Trustee affects the Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected, a single direction of the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Covered Bonds of all the Series so affected then outstanding; and
  - (iii) in relation to a matter which, in the opinion of the Bond Trustee affects the Covered Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected, directions of the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of each Series or group of Series so affected then outstanding,

and, in each case for this purpose, if the nominal amount of the Covered Bonds is not denominated in Australian Dollars, the Principal Amount Outstanding to be considered as if it were converted into Australian Dollars at the relevant Covered Bond Swap Rate.

(h) A reference to **approval not to be unreasonably withheld or delayed** or like references means, when used in this Bond Trust Deed, in relation to the Bond Trustee that, in determining whether to give consent, the Bond Trustee must have regard to the interests of Covered Bondholders and any determination as to whether or not its approval is unreasonably withheld or delayed will be made on that basis.

- 5.2 The nab Covered Bond Trust Definitions Schedule made between, amongst others, the parties to this Bond Trust Deed on or about the date hereof (as the same may be amended, varied and/or supplemented from time to time with the consent of the parties thereto) (**Definitions Schedule**) is expressly and specifically incorporated into this Bond Trust Deed and, accordingly, the expressions defined in the Definitions Schedule (as so amended, varied and/or supplemented) will, except where the context otherwise requires and where otherwise defined in this Bond Trust Deed, have the same meanings in this Bond Trust Deed, including the Introduction and this Bond Trust Deed will be construed in accordance with the interpretation provisions set out in clause 2 of the Definitions Schedule. In the event of any inconsistency between the Definitions Schedule and this Bond Trust Deed, this Bond Trust Deed will prevail.
- 5.3 To the extent not defined in the Definitions Schedule, capitalised terms used in this Bond Trust Deed have the meanings given to them in the Conditions.
- 5.4 All references in this Bond Trust Deed to the **relevant currency** will be construed as references to the currency in which payments in respect of the Covered Bonds and/or Coupons of the relevant Series are to be made as indicated in the applicable Final Terms.
- 5.5 All references in this Bond Trust Deed to Covered Bonds having a **listing** or being **listed**, and all related references, will mean that such Covered Bonds have been listed and admitted to trading on the regulated market of the Luxembourg Stock Exchange and all references in this Bond Trust Deed to listing and listed will include references to quotation and quoted respectively.
- 5.6 All references in this Bond Trust Deed to the (a) **Principal Paying Agent** will mean, in relation to a Tranche or Series of Covered Bonds, the Principal Paying Agent or such other principal paying agent as the Final Terms for that Tranche or Series may specify, (b) **Registrar** will mean, in relation to a Tranche or Series of Registered Covered Bonds, the Registrar, or such other registrar as the Final Terms for that Tranche or Series may specify, (c) **A\$ Registrar**, will mean the A\$ Registrar or such other registrar as the Final Terms for that Tranche or Series of A\$ Registered Covered Bonds may specify; (d) **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; (e) **Exchange Agent** will mean, in relation to a Tranche or Series of Covered Bonds, the Exchange Agent or such other transfer agent as the Final Terms for that Tranche or Series may specify; (f) **N Covered Bond Paying Agent** will mean, in relation to a Series of N Covered Bonds, the N Covered Bond Paying Agent or such other paying agent as the N Covered Bond Conditions for that Series may specify and (g) **N Covered Bond Registrar** will mean, in relation to a Series of N Covered Bonds, the N Covered Bond Registrar or such other registrar as the N Covered Bond Conditions for that Series may specify.
- 5.7 Save for the purposes of the proviso to the definition of **outstanding** (other than in relation to any A\$ Registered Covered Bond and any N Covered Bond), the Bond Trustee may rely on the records of Euroclear and Clearstream, Luxembourg and DTC and of any additional or alternative clearing system referred to in Clause 5.1(c) above in relation to any determination of the principal amount outstanding of each Global Covered Bond.

- 5.8 Save for the purposes of the proviso to the definition of **outstanding**, in relation to any A\$ Registered Covered Bond, the Bond Trustee may rely on the records of the Austraclear System or of any additional or alternative clearing system referred to in Clause 5.1(c) above and the A\$ Register and the records maintained by the A\$ Registrar.
- 5.9 Save for the purposes of the proviso to the definition of **outstanding** in relation to any N Covered Bond, the Bond Trustee may rely on the N Covered Bond Register maintained by the N Covered Bond Registrar.
- 5.10 Any notice, letter or other communication that, pursuant to the terms of this Bond Trust Deed is required to be delivered by nab (acting in one capacity) solely to nab (acting in a different capacity), will be deemed to be complied with by nab without a formal notice, letter or other communication being issued or received provided that, at the relevant time, it maintains a written record of the subject matter of the relevant notice, letter or other communication.
- 5.11 The Trust Manager will only be considered to have knowledge or notice of, or awareness of, any matter or thing if the Trust Manager has knowledge, notice or awareness of that matter or thing by virtue of the actual knowledge, notice or awareness of the officers or employees of the Trust Manager who have day to day responsibility for the administration of the Trust Manager's obligations under this agreement or any other Programme Document.
- 5.12 Clause 39 of the Establishment Deed is incorporated into this Bond Trust Deed as if set out here in full with any necessary amendments to clause references and references to applicable documents except that any reference to "this deed" is taken to be a reference to this Bond Trust Deed.
- 5.13 Clause 27.8 of the Establishment Deed is incorporated into this deed as if set out here in full with any necessary amendments to clause references and references to applicable documents except that any reference to "this deed" is taken to be a reference to this Bond Trust Deed.

## **6. AMOUNT AND ISSUE OF THE COVERED BONDS**

### **6.1 Amount of the Covered Bonds**

The Covered Bonds will be issued in Series in an aggregate nominal amount from time to time outstanding not exceeding the Programme Limit from time to time and for the purpose of determining such aggregate nominal amount clause 3 of the Programme Agreement will apply.

### **6.2 Conditions Precedent to Issue**

In the case of all Covered Bonds (other than N Covered Bonds), by not later than 2.00 p.m. (London time) on the second Business Day preceding each proposed Issue Date, the Issuer must:

- (a) deliver or cause to be delivered to the Bond Trustee a copy of the applicable Final Terms (with any amendments to the pro-forma Final Terms upon which the applicable Final Terms were based being brought to the attention of the Bond Trustee) and drafts of all (if any) legal opinions (such legal opinions being given only upon the issuance of the applicable Final Terms) to be given in relation to the relevant issue; and
- (b) notify the Bond Trustee in writing without delay of the relevant Issue Date and the nominal amount of the Covered Bonds to be issued.

Upon the issue of the relevant Covered Bonds (other than A\$ Registered Covered Bonds and N Covered Bonds), such Covered Bonds will become constituted by this Bond Trust Deed without further formality. The A\$ Registered Covered Bonds will be issued in accordance with Clause 3.5 and upon entry in the A\$ Register, such A\$ Registered Covered Bonds will become constituted without further formality. The N Covered Bonds will be issued in accordance with Clause 3.4 and, following execution of an N Covered Bond Agreement, such N Covered Bonds will become constituted without further formality.

### **6.3 Legal Opinions**

On or before the first Issue Date of Covered Bonds occurring, each subsequent Issue Date, the date of each annual update of the Base Prospectus and on such other occasions as the Bond Trustee so requests (on the basis that the Bond Trustee considers it necessary in view of a change (or proposed change) in English law or Australian law materially affecting the Issuer or the Covered Bond Guarantor (as the case may be), this Bond Trust Deed, the Programme Agreement, the Principal Agency Agreement, the A\$ Registry Agreement or the Security Deed of which the Bond Trustee is aware or the Bond Trustee has other reasonable grounds which may not include the mere lapse of time), the Issuer (at the cost of, and in relation to such issues to the extent they affect, the Issuer) or the Trust Manager (at the cost of, and in relation to such issues to the extent they affect, the Covered Bond Guarantor) will procure that further legal opinion(s) (relating, if applicable, to any such change or proposed change) in such form and with such content as the Bond Trustee may reasonably require from the legal advisers specified in the Programme Agreement or such other legal advisers in the relevant jurisdiction as the Bond Trustee approves is/are delivered to the Bond Trustee. Whenever such a request is made with respect to any Covered Bonds to be issued, the receipt of such opinion(s) in a form satisfactory to the Bond Trustee will be a further condition precedent to the issue of those Covered Bonds.

### **6.4 Covenant to repay principal and to pay interest**

The Issuer covenants with the Bond Trustee that it will, as and when the Covered Bonds of any Series or any of them or any instalment of principal in respect thereof becomes due to be redeemed, or on such earlier date as the same or any part thereof may become due and repayable thereunder, in accordance with, and subject to, the Conditions, unconditionally pay or procure to be paid to or to the order of the Bond Trustee in the relevant currency in immediately available funds the Principal Amount Outstanding in respect of the Covered Bonds of such Series or the amount of such instalment becoming due for redemption on that date and (except in the case of Zero Coupon Covered Bonds) will in the meantime and until redemption in full of the Covered Bonds of such Series (both before and after any decree, judgment or other order of a court of competent jurisdiction) unconditionally pay or procure to be paid to or to the order of the Bond Trustee as aforesaid interest (which will accrue from day to day) on the Principal Amount Outstanding of the Covered Bonds outstanding of such Series at rates and/or in amounts calculated from time to time in accordance with, or specified in, and on the dates provided for in, the Conditions (subject to Clause 6.6 below), provided that:

- (a) subject to Clause 6.5(a)(ii), except for Excess Proceeds, every payment (whether by the Issuer or the Covered Bond Guarantor) of principal or interest or other sum due in respect of the Covered Bonds made to or to the order of:
  - (i) other than in the case of A\$ Registered Covered Bonds, the Principal Paying Agent or, in the case of N Covered Bonds, the N Covered Bond Paying Agent in the manner provided in the relevant Agency Agreement; or

- (ii) in the case of A\$ Registered Covered Bonds, the relevant Covered Bondholders, will be in satisfaction *pro tanto* of the relevant covenant by the Issuer contained in this Clause 6.4 or the Covered Bond Guarantor under the Covered Bond Guarantee in relation to the Covered Bonds of such Series except to the extent that there is a default in the subsequent payment thereof in accordance with the Conditions to the relevant Covered Bondholders or Couponholders (as the case may be);
- (b) every payment of Excess Proceeds in accordance with the Conditions and Clause 11.2 to or to the order of the Bond Trustee will be in satisfaction (for the benefit of the Issuer only and not the Covered Bond Guarantor) *pro tanto* of the relevant covenant by the Issuer in this Clause 6.4 in respect of the Excess Proceeds which are due and payable in relation to the Covered Bonds of such Series, subject to restitution of the same if such Excess Proceeds are required to be repaid by the Covered Bond Guarantor (but as provided in Clause 11.2, will be deemed not to have done so for the purposes of the subrogation rights of the Covered Bond Guarantor contemplated by Clause 11.9 and will not reduce or discharge any obligations of the Covered Bond Guarantor);
- (c) in the case of any payment of principal which is not made to the Bond Trustee, (other than in the case of the A\$ Registered Covered Bonds and N Covered Bonds) the Principal Paying Agent or, in the case of N Covered Bonds, the N Covered Bond Paying Agent or, in the case of the A\$ Registered Covered Bonds, the relevant Covered Bondholders on or before the due date or which is made on or after accelerated maturity following an Issuer Event of Default or Covered Bond Guarantor Event of Default, interest will continue to accrue on the Principal Amount Outstanding of the relevant Covered Bonds (except in the case of Zero Coupon Covered Bonds to which the provisions of Condition 6(j) (Redemption and Purchase - Late payment on Zero Coupon Covered Bonds) of the Programme Conditions will apply) (both before and after any decree, judgment or other order of a court of competent jurisdiction) at the rates aforesaid up to and including the date on which the whole of such Principal Amount Outstanding, together with an amount equal to the interest which has accrued and is to accrue pursuant to this proviso up to and including that date, has been received by the Bond Trustee, (other than in the case of the A\$ Registered Covered Bonds and N Covered Bonds), the Principal Paying Agent or, in the case of N Covered Bonds, the N Covered Bond Paying Agent or, in the case of the A\$ Registered Covered Bonds, the relevant Covered Bondholders and notice to that effect has been given to the Covered Bondholders in accordance with Condition 13 (Notices) of the relevant Conditions except (other than in the case of A\$ Registered Covered Bonds) to the extent that there is failure on its subsequent payment to relevant Covered Bondholders under the Conditions;
- (d) in any case where payment of the whole or any part of the Principal Amount Outstanding of any Covered Bond (other than an A\$ Registered Covered Bond) is improperly withheld or refused upon due presentation thereof (other than in circumstances contemplated by Clause 6.4(c) (above)) interest will accrue on the Principal Amount Outstanding of such Covered Bond (except in the case of Zero Coupon Covered Bonds to which the provisions of Condition 6(j) (Redemption and Purchase - Late payment on Zero Coupon Covered Bonds) of the Programme Conditions will apply) payment of which has been so withheld or refused (both before and after any decree, judgment or other order of a court of competent jurisdiction) at the rates aforesaid from the date of such withholding or refusal until the date on which, upon further presentation of the relevant Covered Bond, payment of the full amount (including interest as aforesaid) in the relevant currency payable in respect of such Covered Bond is made or (if earlier) the seventh day after notice is given to the relevant Covered Bondholder(s) (whether individually or in accordance with Condition 13 (Notices)

of the Programme Conditions) that the full amount (including interest as aforesaid) in the relevant currency in respect of such Covered Bond is available for payment, provided that, upon further presentation thereof being duly made, such payment is made; and

- (e) if any payments of interest or principal are required to be made by the Covered Bond Guarantor on a date that is also an Interest Payment Date, then the validity of the Issuer's obligation to pay interest or repay principal, as the case may be, will not be affected by any delay in the distribution by the Covered Bond Guarantor of Available Revenue Receipts under the Pre-Acceleration Revenue Priority of Payments or any delay in the distribution of Available Principal Receipts under the Pre-Acceleration Principal Priority of Payments, respectively.

The Bond Trustee will hold the benefit of this covenant on trust for the Covered Bondholders and the Couponholders and itself in accordance with this Bond Trust Deed.

**6.5 Bond Trustee's requirements following Issuer Event of Default, Potential Issuer Event of Default or Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default**

- (a) At any time after an Issuer Event of Default or Potential Issuer Event of Default has occurred or the Bond Trustee has received any money from the Issuer or the Covered Bond Guarantor (save where Clause 6.5(b) below applies) which it proposes to pay under Clause 15 to the relevant Covered Bondholders and/or Couponholders, the Bond Trustee may:
  - (i) by notice in writing to the Issuer, the Covered Bond Guarantor, the Principal Paying Agent, the other Paying Agents, the Registrar, the A\$ Registrar, the N Covered Bond Registrar, the Exchange Agent, the Calculation Agent and/or the Transfer Agent direct the Principal Paying Agent, the other relevant Paying Agents, the Registrar, the A\$ Registrar, the N Covered Bond Registrar, the Exchange Agent, the Calculation Agent and/or the Transfer Agent pursuant to the relevant Agency Agreements:
  - (A) to act thereafter, until otherwise instructed by the Bond Trustee, as Principal Paying Agent, Paying Agent, Calculation Agent, Registrar, A\$ Registrar, the N Covered Bond Registrar, Exchange Agent and/or Transfer Agent respectively of the Bond Trustee under the terms of this Bond Trust Deed *mutatis mutandis* on the terms provided in the relevant Agency Agreements (save that the Bond Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Principal Paying Agent, any other Paying Agent, the Registrar, A\$ Registrar, the N Covered Bond Registrar, the Exchange Agent, the Calculation Agent and the Transfer Agent will be limited to the amounts for the time being held by the Bond Trustee on the trusts of this Bond Trust Deed relating to the Covered Bonds of the relevant Series and the related Coupons and Talons available for such purpose) and thereafter to hold all Covered Bonds, Coupons and Talons (other than in the case of A\$ Registered Covered Bonds) and all sums, documents and records held by them in respect of Covered Bonds, Coupons and Talons on behalf of the Bond Trustee; or
  - (B) to deliver up all Covered Bonds, Coupons and Talons (other than in the case of A\$ Registered Covered Bonds) and all sums, documents and records held by them in respect of the Covered Bonds, Coupons and Talons (other than in the case of A\$ Registered Covered Bonds) to the Bond Trustee or as the Bond Trustee may direct

in such notice provided that such notice will be deemed not to apply to any documents or records which the Principal Paying Agent, any other relevant Paying Agent, the Calculation Agent the Registrar, A\$ Registrar, the N Covered Bond Registrar, the Exchange Agent and/or the Transfer Agent is obliged not to release by any law or regulation; and/or

- (ii) by notice in writing to the Issuer and the Covered Bond Guarantor direct each of them to make all subsequent payments in respect of the Covered Bonds and Coupons to or to the order of the Bond Trustee and not to the Principal Paying Agent (if any) or, in the case of N Covered Bonds, the N Covered Bond Paying Agent or, in the case of the A\$ Registered Covered Bonds, the relevant Covered Bondholders, and with effect from the issue of any such notice to the Issuer and the Covered Bond Guarantor and until such notice is withdrawn, Clause 6.4(a) will cease to have effect in respect of the Issuer and the Covered Bond Guarantor.
- (iii) in the case of A\$ Registered Covered Bonds, appoint a paying agent for the purposes of paying all sums due on any A\$ Registered Covered Bonds (which may, but is not required to be, the A\$ Registrar).

(b) At any time after a Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default has occurred or the Bond Trustee has received any money from the Covered Bond Guarantor which it proposes to pay under Clause 15 to the relevant Covered Bondholders and/or Couponholders, the Bond Trustee may:

- (i) by notice in writing to the Issuer, the Covered Bond Guarantor, the Principal Paying Agent, the other Paying Agents, the Registrar, A\$ Registrar, the N Covered Bond Registrar, the Exchange Agent, the Calculation Agent and/or the Transfer Agent, direct the Principal Paying Agent, the other Paying Agents, the Registrar, A\$ Registrar, the N Covered Bond Registrar, the Exchange Agent, the Calculation Agent and/or the Transfer Agent pursuant to the relevant Agency Agreements:
- (A) to act thereafter, until otherwise instructed by the Bond Trustee, as Principal Paying Agent, Paying Agent, Registrar, A\$ Registrar, the N Covered Bond Registrar, Exchange Agent, Calculation Agent and/or Transfer Agent respectively of the Bond Trustee under the terms of this Bond Trust Deed *mutatis mutandis* on the terms provided in the relevant Agency Agreements (save that the Bond Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of pocket expenses of the Principal Paying Agent, the other Paying Agents, Registrar, the Calculation Agent, A\$ Registrar, the N Covered Bond Registrar, Exchange Agent and Transfer Agent will be limited to the amounts for the time being held by the Bond Trustee on the trusts of this Bond Trust Deed relating to the Covered Bonds of the relevant Series and available for such purpose) and thereafter to hold all Covered Bonds, and Coupons and Talons (other than in the case of the A\$ Registered Covered Bonds) and all sums, documents and records held by them in respect of Covered Bonds, Coupons and Talons on behalf of the Bond Trustee;
- (B) to deliver up all Covered Bonds, Coupons and Talons (other than in the case of A\$ Registered Covered Bonds) and all sums, documents and records held by them in respect of the Covered Bonds, Coupons and Talons (other than in the case of A\$ Registered Covered Bonds) to the Bond Trustee or as the Bond Trustee may direct in such notice provided that such notice will be deemed not to apply to any documents or records which the Principal Paying Agent, any other relevant Paying



Agent, the Registrar, A\$ Registrar, the N Covered Bond Registrar, the Exchange Agent, the Calculation Agent and/or the Transfer Agent is obliged not to release by any law or regulation; and/or

- (ii) by notice in writing to the Covered Bond Guarantor direct it to make all subsequent payments in respect of the Covered Bonds and Coupons to or to the order of the Bond Trustee and not to the Principal Paying Agent or, in the case of N Covered Bonds, the N Covered Bond Paying Agent or, in the case of A\$ Registered Covered Bonds, the relevant Covered Bondholders, and with effect from the issue of any such notice to the Covered Bond Guarantor and until such notice is withdrawn Clause 6.4(a) will cease to have effect; or
- (iii) in the case of A\$ Registered Covered Bonds, appoint a paying agent for the purposes of paying all sums due on any A\$ Registered Covered Bonds (which may but is not required to be an A\$ Registrar).

- (c) The Bond Trustee acknowledges and agrees it may only give a notice to the A\$ Registrar under clause 1.8 of Appendix 1 of the A\$ Registry Agreement in accordance with this Clause 2.5.

#### **6.6 Interest on Floating Rate Covered Bonds following Issuer Event of Default or Covered Bond Guarantor Event of Default**

If the Floating Rate Covered Bonds of any Series become immediately due and repayable following an Issuer Event of Default or a Covered Bond Guarantor Event of Default the rate and/or amount of interest payable in respect of them will be calculated by the Principal Paying Agent or N Covered Bond Paying Agent or Calculation Agent, as the case may be, at the same intervals as if such Covered Bonds had not become due and repayable, the first of such periods which will commence on the expiry of the Interest Period during which the Covered Bonds of the relevant Series become so due and repayable *mutatis mutandis* in accordance with the provisions of Condition 4 (Interest) of the relevant Conditions except that the rates of interest need not be published.

#### **6.7 Currency of payments**

All payments of any amounts due in respect of, under and in connection with this Bond Trust Deed and the Covered Bonds of any Series to the relevant Covered Bondholders and Couponholders will be made in the relevant currency in accordance with the Conditions, after being converted at the relevant Covered Bond Swap Rate if necessary.

#### **6.8 Further Covered Bonds Forming Single Series**

The Issuer will be at liberty from time to time (but subject always to the provisions of this Bond Trust Deed) without the consent of the Covered Bondholders or Couponholders to create and issue further Covered Bonds (whether in bearer or registered form) 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.

#### **6.9 Separate Series**

The Covered Bonds of each Series will form a separate Series of Covered Bonds and accordingly, except in relation to those provisions of this Bond Trust Deed which refer to the Covered Bonds or Covered Bondholders of any Series, the Covered Bonds or Covered Bondholders of the relevant one

or more Series or the Covered Bonds or Covered Bondholders of all Series and subject as provided in paragraph 24 of Schedule 4 and unless for any purpose the Bond Trustee in its absolute discretion otherwise determines, the provisions of this Bond Trust Deed will apply *mutatis mutandis* separately and independently to the Covered Bonds of each Series. The expressions Covered Bonds, Covered Bondholders, Coupons, Couponholders and Talons will be construed accordingly.

#### **6.10 Agreement to be bound**

The Bond Trustee acknowledges and agrees to be bound by and has the benefit of the terms of the Establishment Deed, the Security Deed and the Definitions Schedule as if it were a party to those documents.

### **7. FORMS OF THE COVERED BONDS**

#### **7.1 Bearer Global Covered Bonds**

- (a) Each Tranche of Bearer Covered Bonds will initially be represented by a single Temporary Bearer Global Covered Bond or a single Permanent Bearer Global Covered Bond, as indicated in the applicable Final Terms. Each Temporary Bearer Global Covered Bond will be exchangeable, upon a request as described therein, for either Bearer Definitive Covered Bonds together with, where applicable, (except in the case of Zero Coupon Covered Bonds) Coupons and, where applicable, Talons attached, or a Permanent Bearer Global Covered Bond in each case in accordance with the provisions of such Temporary Bearer Global Covered Bond. Each Permanent Bearer Global Covered Bond will be exchangeable for Definitive Covered Bonds together with, where applicable, (except in the case of Zero Coupon Covered Bonds) Coupons and, where applicable, Talons attached, in accordance with the provisions of such Permanent Bearer Global Covered Bond. All Bearer Global Covered Bonds must be prepared, completed and delivered to a common depositary for Euroclear and Clearstream, Luxembourg in accordance with the provisions of the Programme Agreement or to another appropriate depositary as may be approved by the Bond Trustee in accordance with any other agreement between the Issuer and the relevant Dealer(s) and, in each case, the Principal Agency Agreement.
- (b) Each Temporary Bearer Global Covered Bond must be printed or typed in the form or substantially in the form set out in Part 1 of Schedule 2 and may be a facsimile. Each Temporary Bearer Global Covered Bond must have annexed thereto a copy of the applicable Final Terms and must be signed manually or in facsimile by an Authorised Signatory of the Issuer on behalf of the Issuer and be authenticated by or on behalf of the Principal Paying Agent. Each Temporary Bearer Global Covered Bond so executed and authenticated will be binding and valid obligations of the Issuer and the Covered Bond Guarantee in respect thereof will be binding and valid obligations of the Covered Bond Guarantor and title to such Temporary Bearer Global Covered Bond will pass by delivery.
- (c) Each Permanent Bearer Global Covered Bond must be printed or typed in the form or substantially in the form set out in Part 2 of Schedule 2 and may be a facsimile. Each Permanent Bearer Global Covered Bond must have annexed thereto a copy of the applicable Final Terms and will be signed manually or in facsimile by an Authorised Signatory of the Issuer on behalf of the Issuer and be authenticated by or on behalf of the Principal Paying Agent. Each Permanent Bearer Global Covered Bond so executed and authenticated will be binding and valid obligations of the Issuer and the Covered Bond Guarantee in respect thereof will be binding and valid obligations of the Covered Bond Guarantor and title to such Permanent Bearer Global Covered Bond will pass by delivery.

## **7.2 Registered Global Covered Bonds**

- (a) Unless otherwise set forth in the applicable Final Terms, Registered Global Covered Bonds of a Series that are initially offered and sold in the United States in reliance on Rule 144A under the Securities Act as provided in the Programme Agreement will be represented by a Rule 144A Global Covered Bond and Registered Global Covered Bonds of a Series that are initially offered and sold in offshore transactions in reliance on Regulation S under the Securities Act as provided in the Programme Agreement will be represented by a Regulation S Global Covered Bond. The Registered Global Covered Bonds will be (i) deposited with a custodian for, and registered in the name of a nominee of, DTC or (ii) deposited with, and registered in the name of, a common depository for Euroclear and Clearstream, Luxembourg. Beneficial interests in the Registered Global Covered Bonds will be shown on, and exchanges and transfers thereof will be effected only through, records maintained by DTC and its participants or Euroclear and Clearstream, Luxembourg (as applicable). Until the expiration of the Distribution Compliance Period beneficial interests in any Regulation S Global Covered Bond may be held only by or through agent members of Euroclear and/or Clearstream, Luxembourg unless delivery is made in the form of a beneficial interest in a Rule 144A Global Covered Bond of the same Series in accordance with the certification requirements described in the Principal Agency Agreement. Title to the Registered Global Covered Bonds will pass upon registration of transfers in accordance with the provisions of the relevant Agency Agreement.
- (b) Registered Covered Bonds represented by the Registered Global Covered Bonds will be exchangeable and transferable only in accordance with, and subject to, the provisions of the Registered Global Covered Bonds and the relevant Agency Agreements and the rules and operating procedures for the time being of DTC or Euroclear and Clearstream, Luxembourg, (as applicable) including the requirement that all Registered Definitive Covered Bonds issued in exchange for a Rule 144A Global Covered Bond must bear a legend in the same form *mutatis mutandis* as that set out on the Rule 144A Global Covered Bond.
- (c) Each Registered Global Covered Bond must be printed or typed in the form or substantially in the form set out in Part 6 of Schedule 2 and may be a facsimile. Each Registered Global Covered Bond must have annexed thereto a copy of the applicable Final Terms and must be signed manually or in facsimile by an Authorised Signatory of the Issuer on behalf of the Issuer and must be authenticated by or on behalf of the Registrar. Each Registered Global Covered Bond so executed and authenticated will be binding and valid obligations of the Issuer and the Covered Bond Guarantee in respect thereof will be binding and valid obligations of the Covered Bond Guarantor.

## **7.3 Bearer Definitive Covered Bonds and Registered Definitive Covered Bonds**

- (a) The Bearer Definitive Covered Bonds, Coupons and Talons will be in bearer form and will be issued in the respective forms or substantially in the respective forms set out in Part 1, Part 3, , Part 4 and Part 5, respectively, of Schedule 2. The Bearer Definitive Covered Bonds, the Coupons and the Talons must be serially numbered and, if listed or quoted, must be security printed in accordance with the requirements (if any) from time to time of the relevant Stock Exchange (if any). The relevant Conditions may be incorporated by reference into such Bearer Definitive Covered Bonds or, if not so permitted by the relevant Stock Exchange (if any), the Bearer Definitive Covered Bonds must be endorsed with or have attached thereto the relevant Conditions, and, in either such case, the Bearer Definitive Covered Bonds must have endorsed thereon or attached thereto a copy of the applicable Final Terms (or the relevant provisions thereof). Title to the Bearer Definitive Covered Bonds, the Coupons and the Talons will pass by delivery.
- (b) The Registered Definitive Covered Bonds will be in registered form and will be issued in the form or substantially in the form set out in Part 7 of Schedule 2, must be serially numbered, must be

endorsed with a legend substantially in the same form *mutatis mutandis* as that set out on the Rule 144A Global Covered Bond (in the case of those issued in exchange for the Rule 144A Global Covered Bond pursuant to section 4(2) of the Securities Act) and a Form of Transfer and, if listed or quoted, must be security printed in accordance with the requirements (if any) from time to time of the relevant Stock Exchange (if any). The Conditions may be incorporated by reference (where applicable to this Bond Trust Deed) into such Registered Definitive Covered Bonds or, if not so permitted by the relevant Stock Exchange (if any), the Registered Definitive Covered Bonds must be endorsed with or have attached thereto the relevant Conditions and, in either such case, the Registered Definitive Covered Bonds must have endorsed thereon or attached thereto a copy of the applicable Final Terms (or the relevant provisions thereof). Title to the Registered Definitive Covered Bonds will pass upon the registration of transfers in the Register kept by the Registrar in respect thereof in accordance with the provisions of the relevant Agency Agreement and this Bond Trust Deed.

- (c) The Definitive Covered Bonds must be signed manually or in facsimile by an Authorised Signatory of the Issuer on behalf of the Issuer and must be authenticated by or on behalf of the Principal Paying Agent (in the case of the Bearer Definitive Covered Bonds) or the Registrar (in the case of Registered Definitive Covered Bonds). The Definitive Covered Bonds so executed and authenticated, and the Coupons and Talons, upon execution and authentication of the relevant Bearer Definitive Covered Bonds, will be binding and valid obligations of the Issuer and the Covered Bond Guarantee in respect thereof will be binding and valid obligations of the Covered Bond Guarantor. The Coupons and the Talons will not be signed. No Definitive Covered Bond and none of the Coupons or Talons appertaining to a Bearer Definitive Covered Bond will be binding or valid until the relevant Definitive Covered Bond has been executed and authenticated as aforesaid.

#### **7.4 N Covered Bonds**

- (a) N Covered Bonds must be issued substantially in the form set out in Schedule 8 and with the applicable N Covered Bond Conditions and the form of the N Covered Bond Assignment Agreement attached. The N Covered Bond Certificates must be made out in the name of the relevant initial N Covered Bondholder and must be signed manually (and not only by facsimile) by an Authorised Officer of the Issuer on behalf of the Issuer. The N Covered Bond Registrar will authenticate and register each N Covered Bond on the N Covered Bond Register. Each issuance of N Covered Bonds must take the form of a separate Series of Covered Bonds which is issued separately to each N Covered Bondholder and not by way of uniform issue subdivided into identical N Covered Bonds.
- (b) In respect of each N Covered Bond, an N Covered Bond Agreement relating to such N Covered Bond substantially in the form set out in Schedule 8 must be prepared, executed and delivered by each of the parties to this document. Each N Covered Bond will constitute a binding and valid obligation of the Issuer and, following execution of the related N Covered Bond Agreement, the Covered Bond Guarantee in respect of each N Covered Bond will be a binding and valid obligation of the Covered Bond Guarantor.
- (c) Each N Covered Bond will only be transferable, in accordance with the N Covered Bond Conditions, by way of assignment in the form of a duly completed and executed N Covered Bond Assignment Agreement executed by the transferor and the transferee relating to such N Covered Bond, in which the relevant transferee agrees to be bound by the N Covered Bond Agreement relating to such N Covered Bond. Subject to the foregoing, the claims and rights under the N Covered Bond and the N Covered Bond Agreement and title to the certificate representing the N Covered Bond will pass upon the entry of the new N Covered Bondholder in the N Covered Bond Register in respect thereof in accordance with the provisions of the Principal Agency Agreement and this document.

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

- (a) The A\$ Registered Covered Bonds are issued in registered form by an entry in the A\$ Register. No certificate will be issued in respect of the A\$ Registered Covered Bonds unless the Issuer determines that certificates should be available or it is required by to do so pursuant to any applicable law or regulation.
- (b) An A\$ Registered Covered Bond is issued or redeemed when the A\$ Registrar enters the details of the issue or redemption in the A\$ Register.
- (c) The A\$ Registered Covered Bonds are issued subject to the Final Terms applicable to the relevant Series or Tranche thereof. The A\$ Registrar will enter the Final Terms applicable to each relevant Series or Tranche of A\$ Registered Covered Bonds in the A\$ Register.
- (d) Each A\$ Registered Covered Bond issued in accordance with this Clause 7.5 will be binding and valid obligations of the Issuer and the Covered Bond Guarantee in respect thereof will be binding and valid obligations of the Covered Bond Guarantor.
- (e) The entries in the A\$ Register in respect of the A\$ Registered Covered Bonds are conclusive evidence of the things to which they relate (including that the person entered as the Covered Bondholder of an A\$ Registered Covered Bond is the absolute owner of that A\$ Registered Covered Bond) subject to correction for fraud, error or omission.
- (f) 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 Covered Bonds it holds and the transfer form does not identify the specific Covered Bonds transferred, the A\$ Registrar may choose which Covered Bonds registered in the name of the Covered Bondholder have been transferred. However, the Principal Amount Outstanding of the Covered Bonds registered as transferred must equal the Principal Amount Outstanding of the Covered Bonds expressed to be transferred in the transfer form.
- (g) 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.

## **7.6 Facsimile signatures**

The Issuer may use the facsimile signature of any person who at the date such signature is affixed to a Covered Bond is duly authorised by the Issuer notwithstanding that at the time of issue of any of the Covered Bonds the person may have ceased for any reason to be the holder of such office or be so authorised.

## **7.7 Persons to be treated as Covered Bondholders**

Except as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Principal Paying Agent, the other Paying Agents, the Registrar, the A\$ Registrar, the N Covered Bond Registrar, the Exchange Agent and/or the Transfer Agent (notwithstanding any notice to the contrary and whether

or not it is overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof) may:

- (a)
  - (i) for the purpose of making payment thereon or on account thereof deem and treat the bearer of any Bearer Global Covered Bond, Bearer Definitive Covered Bond, Coupon or Talon and the registered holder of any Registered Definitive Covered Bond or any N Covered Bond;
  - (ii) for the purpose of making payment thereon or on account thereof and, with respect to a Registered Global Covered Bond held through DTC voting, giving consents and making requests pursuant to this Bond Trust Deed deem and treat the registered holder of any Registered Global Covered Bond, and
  - (iii) for the purpose of making payment thereon or on account thereof and, with respect to an A\$ Registered Covered Bond lodged in the Austraclear System, voting, giving consents and making requests pursuant to this Bond Trust Deed deem and treat the registered holder of any A\$ Registered Covered Bond,

as the absolute owner thereof and of all rights thereunder free from all encumbrances, and will not be required to obtain proof of such ownership or as to the identity of the bearer or, as the case may be, registered holder; and

- (b) for all other purposes deem and treat:
  - (i) the bearer of any Bearer Definitive Covered Bond, Coupon or Talon and the registered holder of any Registered Definitive Covered Bond or any N Covered Bond; and
  - (ii) each person for the time being shown in the records of Euroclear or Clearstream, Luxembourg or, as the case may be, DTC or the Austraclear System, or such other additional or alternative clearing system approved by the Issuer, the Bond Trustee and (other than in relation to the A\$ Registered Covered Bonds and the N Covered Bonds) the Principal Paying Agent, as having a particular nominal amount of Covered Bonds credited to his securities account,

as the absolute owner thereof free from all encumbrances and will not be required to obtain either (a) proof of such ownership, other than, in the case of any person for the time being so shown in such records, a certificate or letter of confirmation signed on behalf of Euroclear, Clearstream, Luxembourg, DTC or the Austraclear System (as the case may be) or any other form of record (including any certificate or other document which may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Cedcom system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Covered Bonds is clearly identified together with the amount of such holding) made by any of them or (b) proof of the identity of the bearer of any Bearer Global Covered Bond, Bearer Definitive Covered Bond, Coupon or Talon, the registered holder of any Registered Global Covered Bond or Registered Definitive Covered Bond or N Covered Bond or the registered holder of any A\$ Registered Covered Bonds.

## **7.8 Certificates of Euroclear and Clearstream, Luxembourg, DTC and the Austraclear System**

Without limiting Clause 21(ee), the Issuer, the Covered Bond Guarantor and the Bond Trustee may call for and, in the absence of manifest error, will be at liberty to accept and place full reliance on as sufficient evidence thereof a certificate or letter of confirmation issued on behalf of Euroclear, Clearstream, Luxembourg, DTC or, in the case of the A\$ Register, Austraclear or the A\$ Registrar or any form of record (including any certificate or other document which may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Cedcom system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Covered Bonds is clearly identified together with the amount of such holding) made by any of them or such other form of evidence and/or information and/or certification as it will, in its absolute discretion, think fit to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as the holder of a particular nominal amount of Covered Bonds and, if it does so rely, such letter of confirmation, form of record, evidence, information or certification will be conclusive and binding on all concerned.

## **8. FEES, DUTIES AND TAXES**

The Issuer must pay all stamp duties and other similar duties or taxes (if any) payable in the United Kingdom or Australia or any other jurisdiction on or arising out of or in consequence of:

- (a) the constitution and issue of the Covered Bonds, the Coupons and the Talons and the creation of the Security;
- (b) the initial delivery of the Covered Bonds to the Principal Paying Agent (if any) and by the Principal Paying Agent to the persons entitled thereto;
- (c) any action taken by the Bond Trustee (or any Covered Bondholder or Couponholder where permitted under this Bond Trust Deed so to do) to enforce the provisions of the Covered Bonds, the Coupons or this Bond Trust Deed; and
- (d) the execution of this Bond Trust Deed.

If as a consequence of an Issuer Event of Default, the Bond Trustee (or any Covered Bondholder or the Couponholder where permitted under this Bond Trust Deed so to do) takes any proceedings against the Issuer in any jurisdiction and for the purposes of any such proceedings this Bond Trust Deed or any Covered Bonds, Coupons or Talons are taken into any such jurisdiction and any stamp duties or other duties or taxes become payable thereon in any such jurisdiction, the Issuer must pay (or reimburse the person making payment of) such stamp duties or other duties or taxes (including penalties).

## **9. COVENANT OF COMPLIANCE**

Each of the Issuer and the Covered Bond Guarantor covenants with the Bond Trustee that it will comply with and perform and observe all the provisions of this Bond Trust Deed and the other Programme Documents which are expressed to be binding on it. The Conditions will be binding on the Issuer, the Covered Bond Guarantor, the Covered Bondholders and the Couponholders. The Bond Trustee will be entitled to enforce the obligations of the Issuer and the Covered Bond Guarantor under the Covered Bonds and the Coupons as if the same were set out and contained in this Bond Trust Deed, which must be read and construed as one document with the Covered Bonds

and the Coupons. The Bond Trustee will hold the benefit of this covenant upon trust for itself and the Covered Bondholders and the Couponholders according to its and their respective interests.

## **10. CANCELLATION OF COVERED BONDS AND RECORDS**

10.1 The Issuer will procure that all Covered Bonds issued by it which are (a) redeemed or (b) purchased by or on behalf of the Issuer, or any of its subsidiaries or the Covered Bond Guarantor and (other than in the case of A\$ Registered Covered Bonds) surrendered for cancellation or (c) (other than in the case of A\$ Registered Covered Bonds) which, being mutilated or defaced, have been surrendered and replaced pursuant to Condition 10 (Replacement of Covered Bonds, Coupons and Talons) of the Programme Conditions or Condition 10 (Replacement of the Certificate) of the N Covered Bond Conditions, or (d) (other than in the case of A\$ Registered Covered Bonds) are exchanged as provided in this Bond Trust Deed (together in each case, in the case of Bearer Definitive Covered Bonds, with all unmatured Coupons attached thereto or delivered therewith), and, in the case of Bearer Definitive Covered Bonds, all relative Coupons paid in accordance with the relevant Conditions or which, being mutilated or defaced, have been surrendered and replaced pursuant to Condition 10 (Replacement of Covered Bonds, Coupons and Talons and Exchange of Talons) of the Programme Conditions or Condition 10 (Replacement of the Certificate) of the N Covered Bond Conditions, will forthwith be cancelled by or on behalf of the Issuer and a certificate stating:

- (a) the aggregate principal amount of Covered Bonds which have been redeemed and the amounts paid in respect thereof and the aggregate amounts in respect of Coupons which have been paid;
- (b) the serial numbers of such Covered Bonds in definitive form distinguishing between Bearer Covered Bonds and Registered Covered Bonds;
- (c) the total numbers (where applicable, of each denomination) by maturity date of such Coupons;
- (d) the aggregate amount of interest paid (and the due dates of such payments) on Global Covered Bonds;
- (e) the aggregate nominal amount of Covered Bonds (if any) which have been purchased by or on behalf of the Issuer or any of its subsidiaries or the Covered Bond Guarantor and cancelled and the serial numbers of such Covered Bonds in definitive form and, in the case of Bearer Definitive Covered Bonds, the total number (where applicable, of each denomination) by maturity date of the Coupons and Talons attached thereto or surrendered therewith;
- (f) the aggregate nominal amounts of Covered Bonds and the aggregate amounts in respect of Coupons which have been so exchanged or surrendered and replaced and the serial numbers of such Covered Bonds in definitive form and the total number (where applicable, of each denomination) by maturity date of such Coupons;
- (g) the total number (where applicable, of each denomination) by maturity date of the unmatured Coupons missing from Bearer Definitive Covered Bonds bearing interest at a fixed rate which have been redeemed or exchanged or surrendered and replaced and the serial numbers of the Bearer Definitive Covered Bonds to which such missing unmatured Coupons appertained; and



- (h) the total number (where applicable, of each denomination) by maturity date of Talons which have been exchanged for further Coupons,

will be given to the Bond Trustee by or on behalf of the Issuer as soon as possible and in any event within four months after the date of such redemption, purchase, payment, exchange or replacement (as the case may be). The Bond Trustee may accept such certificate as conclusive evidence of redemption, purchase or replacement *pro tanto* of the Covered Bonds or payment of principal or interest (as the case may be) thereon or exchange of the relative Talons respectively and of cancellation of the relative Covered Bonds and Coupons.

- 10.2 Subject to the paragraph below, the Issuer must procure (a) that the Principal Paying Agent will keep a full and complete record of all Covered Bonds, Coupons and Talons issued by it and of their redemption or purchase by or on behalf of the Issuer or any of its subsidiaries or the Covered Bond Guarantor, any cancellation or any payment or exchange (as the case may be) and of all replacement covered bonds, coupons or talons issued in substitution for lost, stolen, mutilated, defaced or destroyed Covered Bonds, Coupons or Talons (b) that the Principal Paying Agent will in respect of the Coupons of each maturity retain (in the case of Coupons other than Talons) until the expiry of six years from the Relevant Date in respect of such Coupons and (in the case of Talons) indefinitely either all paid or exchanged Coupons of that maturity or a list of the serial numbers of Coupons of that maturity still remaining unpaid or unexchanged and (c) that such records and copies thereof will be made available to the Bond Trustee at all reasonable times.

Notwithstanding the foregoing, the Issuer will not be required to procure the keeping of a record of serial numbers and maturity dates of Coupons except as regards unmatured Coupons not attached to or surrendered with Bearer Definitive Covered Bonds presented for redemption or purchased and presented for cancellation, matured Coupons that remain unpaid, Coupons in place of which replacement Coupons have been issued and replacement Coupons.

## **11. COVERED BOND GUARANTEE**

- 11.1 In consideration of the subscription by the Issuer for the Intercompany Notes and Demand Note to be issued by the Covered Bond Guarantor pursuant to the Intercompany Note Subscription Agreement and the Demand Note Subscription Agreement, respectively, the Issuer's undertakings in clauses 8.4 and 8.5 (inclusive) of the Intercompany Note Subscription Agreement and clause 10.3 of the Demand Note Subscription Agreement and the payment of any Excess Proceeds to the Covered Bond Guarantor pursuant to Clause 15.2, the Covered Bond Guarantor, as principal obligor irrevocably and unconditionally guarantees to the Bond Trustee, for the benefit of the Covered Bondholders, the prompt performance by the Issuer of its obligations to pay Guaranteed Amounts.

- 11.2 The Covered Bond Guarantor must, as principal obligor:

- (a) 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), pay or procure to be paid on each Scheduled Payment Date (or on such later date provided for in Clause 12.2 (in the manner described in Clause 12)) irrevocably and unconditionally to or to the order of the Bond Trustee (for the benefit of the Covered Bondholders), an amount equal to those Guaranteed Amounts which have become Due for Payment in accordance with the terms of this 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 will

be so served on the Covered Bond Guarantor until an Issuer Acceleration Notice has been served by the Bond Trustee on the Issuer; and

- (b) 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 and the Security Trustee), 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), 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 Clause 12, the Guaranteed Amounts.

Notwithstanding any provision of any Programme Document (including without limitation this 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 Guarantee Priority of Payments.

11.3 In relation to the Covered Bonds of each Series, the Covered Bond Guarantee:

- (a) is a continuing guarantee;
- (b) extends to the ultimate balance of the Guaranteed Amounts due to be paid or which would have been due to be paid by the Issuer on the relevant Scheduled Payment Dates in accordance with the terms of this Bond Trust Deed, the Covered Bonds or the Coupons, regardless of any intermediate payment or discharge in whole or in part of any Guaranteed Amounts due to be paid on the relevant Scheduled Payment Date;
- (c) will not be discharged except by complete performance of the obligations in this Bond Trust Deed, is additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person (whether from the Covered Bond Guarantor or otherwise);
- (d) will remain in force until all moneys payable by the Covered Bond Guarantor pursuant to the terms of the Covered Bond Guarantee have been paid; and
- (e) is a guarantee of payment not collection.

11.4 The Covered Bond Guarantor will not in respect of any payment due to be made pursuant to this Bond Trust Deed be released from its obligations under or pursuant to this Bond Trust Deed in any circumstances (notwithstanding anything which but for this provision would release the Covered Bond Guarantor or would affect its liability under or pursuant to this Bond Trust Deed in respect of such payment) except upon the receipt by or for the account of the Bond Trustee of the full amount of such payment from the Issuer and the Covered Bond Guarantor, as applicable, in the currency, at the place and in the manner provided for in this Bond Trust Deed provided that (except in the case of Excess Proceeds) every payment of principal, premium or interest in respect of the Covered Bonds and/or Coupons made to the Principal Paying Agent or, in the case of the N Covered Bonds, the N Covered Bond Paying Agent or, in the case of A\$ Registered Covered Bonds, to the A\$ Registrar will be in satisfaction *pro tanto* of the liability of the Covered Bond Guarantor under this Bond Trust Deed and will be deemed for the purpose of this Clause 11.4 to have been paid to the order of the Bond Trustee, except to the extent that the subsequent payment thereof to the Covered Bondholders or the Couponholders in accordance with the Conditions is not made.

- 11.5 If any payment (whether in respect of the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee or any security for those obligations or otherwise) or arrangement is made in whole or in part on the faith of any payment, security or other disposition received by the Bond Trustee, the Principal Paying Agent, the N Covered Bond Paying Agent, the A\$ Registrar or any Covered Bondholder or Couponholder and such payment, security or other disposition (as the case may be) is avoided or set aside in whole or in part under any laws relating to the bankruptcy, sequestration, liquidation, insolvency, administration, corporate reorganisation or other such similar event of the Issuer or the Covered Bond Guarantor, such payment or arrangement will not be considered as having discharged the relevant liability of the Covered Bond Guarantor under the Covered Bond Guarantee (or any corresponding obligation of the Issuer) in respect thereof and that liability or obligation will continue or be reinstated as if the payment or arrangement had not occurred and the Covered Bond Guarantor will indemnify the Bond Trustee, the Principal Paying Agent, the N Covered Bond Paying Agent, the A\$ Registrar and the Covered Bondholders and/or Couponholders (as the case may be) in respect thereof.
- 11.6 Without prejudice to the generality of the foregoing provisions of this Clause 11, the Covered Bond Guarantor agrees that its obligations under this 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 subject as provided in Clause 36, irrespective of, and unaffected by, any invalidity, irregularity, illegality or unenforceability of, or defect in, any provisions of this Bond Trust Deed or any other Programme Document, or 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. Accordingly, the validity of the Covered Bond Guarantee will not be affected by any invalidity, irregularity or unenforceability of all or any of the obligations of the Issuer under this Bond Trust Deed or any other Programme Document and the Covered Bond Guarantee will not be discharged nor will the liability of the Covered Bond Guarantor under this Bond Trust Deed be affected by any act, thing or omission or means whatsoever whereby its liability would not have been discharged if it had been the principal debtor.
- 11.7 The liability of the Covered Bond Guarantor under the Covered Bond Guarantee will not be lessened, affected, impaired or discharged by:
- (a) any time, waiver or indulgence granted to the Issuer by the Bond Trustee, any of the Covered Bondholders or Couponholders;
  - (b) any dealings or transactions between the Issuer and the Bond Trustee, any of the Covered Bondholders or Couponholders whether or not the Covered Bond Guarantor is a party to or cognisant of the same;
  - (c) the dissolution of the Issuer or any change in the status, functions, control or ownership of the Issuer or any consolidation, merger, conveyance or transfer by the Issuer;
  - (d) any composition or arrangement between the Issuer and its creditors or the release or variation of the obligations of the Issuer pursuant to such composition or arrangement;

- (e) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Issuer or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (f) any incapacity or lack of powers, authority or legal personality of the Issuer or any other person;
- (g) any variation (however fundamental) or replacement of this Bond Trust Deed, the Covered Bonds or the Coupons;
- (h) any other guarantee or security now or subsequently held by any Secured Creditor, and the Covered Bond Guarantee is in addition to any such guarantee or security; or
- (i) any postponement, discharge, reduction, non-provability or other similar circumstance affecting any obligation of the Issuer under this Bond Trust Deed or any other Programme Document resulting from any insolvency, liquidation or dissolution proceedings or from any law, regulation or order so that each such obligation will for the purposes of the Covered Bond Guarantor's obligations under the Covered Bond Guarantee be construed as if there were no such circumstance.

11.8 Subject to its obligation to deliver a Notice to Pay to the Covered Bond Guarantor in respect of the Covered Bond Guarantee, the Bond Trustee may determine from time to time whether or not it will enforce the Covered Bond Guarantee, which it is entitled to enforce without making any demand or taking any proceedings against the Issuer. Subject to the provisions of this Clause 11 with regard to the service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor hereby waives any right to require proceedings first against the Issuer with respect to this Bond Trust Deed, the Covered Bonds or Coupons, diligence, presentment, demand of payment, filing of claims with a court in the event of dissolution, liquidation, merger or bankruptcy of the Issuer, protest or notice and all demands whatsoever.

11.9 To the extent that the Covered Bond Guarantor makes, or there is made on its behalf, a payment under the Covered Bond Guarantee the Issuer will on such payment being made become indebted to the Covered Bond Guarantor for an amount equal to such payment in accordance with the Intercompany Note Subscription Agreement and the Demand Note Subscription Agreement. Until all amounts which may be or become payable by the Issuer under this Bond Trust Deed, the Covered Bonds or Coupons have been irrevocably paid in full, the Covered Bond Guarantor hereby waives irrevocably and unconditionally:

- (a) all rights of subrogation, indemnity, contribution or otherwise (arising under common law, equity, statute or otherwise whatsoever) which it might otherwise have against the Issuer by virtue of any payment made by the Covered Bond Guarantor pursuant to the Covered Bond Guarantee; and
- (b) all rights to claim, rank, prove or vote as creditor of the Issuer or its estate in competition with the Bond Trustee (on behalf of the Covered Bondholders) or to claim a right of set-off,

subject always to the rights of the Covered Bond Guarantor to set-off amounts owing by the Issuer to the Covered Bond Guarantor in respect of amounts paid by the Covered Bond Guarantor under the Covered Bond Guarantee against any amounts repayable by the Covered Bond Guarantor to the

Issuer under the terms of the Intercompany Note Subscription Agreement and the Demand Note Subscription Agreement, which will remain unaffected.

If notwithstanding the foregoing, upon the bankruptcy, insolvency, administration or liquidation of the Issuer, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, has been received by the Covered Bond Guarantor or if the Covered Bond Guarantor is able to exercise any set-off rights against the Issuer (other than under the Intercompany Note Subscription Agreement or the Demand Note Subscription Agreement) before payment in full of all amounts payable under this Bond Trust Deed have been made to the Bond Trustee and/or the Covered Bondholders and the Couponholders, such payment and/or an amount equal to the amount so set-off will be received by the Covered Bond Guarantor and will be held by the Covered Bond Guarantor on trust to pay the same over immediately to the Bond Trustee for application in or towards the payment of all amounts which are due and payable, but which remain unpaid, by the Covered Bond Guarantor under this Bond Trust Deed.

- 11.10 Any amounts from time to time received by the Bond Trustee under the Covered Bond Guarantee will be applied by the Bond Trustee in accordance with the provisions of Clause 15.1 provided that any Excess Proceeds received by the Bond Trustee will be applied by the Bond Trustee in accordance with the provisions of Clause 15.2.
- 11.11 As a separate, independent, alternative and primary obligation, the Covered Bond Guarantor unconditionally and irrevocably agrees that (following the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer and the service by the Bond Trustee of a Notice to Pay on the Covered Bond Guarantor) should any amount which, although expressed to be a Guaranteed Amount, for any reason (including any provisions of this Bond Trust Deed or the Programme Documents being or becoming void, voidable or unenforceable for any reason and whether or not now existing and whether or not now known or becoming known to the Issuer, the Covered Bond Guarantor, the Bond Trustee or any Covered Bondholder) is not recoverable from the Covered Bond Guarantor on the basis of a guarantee such amount will nevertheless be recoverable from the Covered Bond Guarantor on the basis of a full indemnity and will be paid by it to the Bond Trustee on demand provided that the Covered Bond Guarantor's obligation hereunder will in no circumstances exceed the relevant Guaranteed Amount.

## **12. PAYMENTS UNDER THE COVERED BOND GUARANTEE**

- 12.1 Where the Issuer has determined on an Interest Payment Date or such other date in respect of which any principal or interest in relation to the Covered Bonds is due and payable by the Issuer (other than pursuant to Condition 9 (Events of Default and Enforcement) of the Programme Conditions (the **Due Date**)) that it will not have sufficient funds to meet the amount of such interest and/or principal due and payable on such Interest Payment Date or Due Date (the difference being the **Shortfall**), it must notify the Bond Trustee in writing (copied to the Covered Bond Guarantor and the Trust Manager), no later than close of business on the fifth Business Day before such Interest Payment Date or Due Date of the Shortfall amount in relation to the Covered Bonds which is due and payable by the Issuer. Following the occurrence of an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer pursuant to Condition 9(a) (Events of Default and Enforcement - Issuer Events of Default) of the relevant Conditions, the Bond Trustee must promptly deliver a Notice to Pay to the Covered Bond Guarantor (copied to the Trust Manager) requiring the Covered Bond Guarantor to pay the Guaranteed Amounts as and when the same are Due for Payment in accordance with the terms of the Covered Bond Guarantee and this Bond Trust Deed.
- 12.2 Following the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer and the service by the Bond Trustee of a Notice to Pay on the Covered Bond Guarantor but prior to a

Covered Bond Guarantor Event of Default and delivery by the Bond Trustee of a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee), payment by the Covered Bond Guarantor of the Guaranteed Amounts pursuant to the Covered Bond Guarantee must be made in accordance with the Guarantee Priority of Payments by 12 noon (local time in the relevant financial centre of the payment or, in the case of a payment in Euro, London time) on the Original Due for Payment Date or, if applicable, the Extended Due for Payment Date on which the relevant Guaranteed Amount is Due for Payment except that where the Covered Bond Guarantor is required to make a payment of a Guaranteed Amount in respect of the Final Redemption Amount payable on the Final Maturity Date of a Covered Bond, the Covered Bond Guarantor will make such payment no later than the Extended Due for Payment Date provided always that the Covered Bond Guarantor has received a Notice to Pay no later than one Business Day prior to such Extension Determination Date. In addition, where the Covered Bond Guarantor is required to make a payment of a Guaranteed Amount in respect of a Final Redemption Amount payable on the Final Maturity Date of the Covered Bond, to the extent that the Covered Bond Guarantor has insufficient moneys available after payment of higher ranking amounts and taking into account amounts ranking *pari passu* therewith in the Guarantee Priority of Payments to pay such Guaranteed Amounts, it will make partial payment of such Guaranteed Amounts in accordance with the Guarantee Priority of Payments.

- 12.3 The Bond Trustee must direct the Covered Bond Guarantor to pay (or to procure the payment of) all sums payable under the Covered Bond Guarantee to the Principal Paying Agent or, in the case of N Covered Bonds, the N Covered Bond Paying Agent or, in the case of the A\$ Registered Covered Bonds to the A\$ Registrar subject always to the provisions of Clause 6.5. For the avoidance of doubt, any discharge of the Issuer as a result of the payment of Excess Proceeds to the Bond Trustee must be disregarded for the purposes of determining the amounts to be paid by the Covered Bond Guarantor under the Covered Bond Guarantee.
- 12.4 At least one Business Day before the date on which the Covered Bond Guarantor is obliged to make a payment under the Covered Bond Guarantee, the Trust Manager must notify or procure the notification of the Principal Paying Agent or, in relation to N Covered Bonds, the N Covered Bond Paying Agent or, in relation to the A\$ Registered Covered Bonds, the A\$ Registrar, of the irrevocable instructions to the Account Bank through which payment to the Principal Paying Agent or, in the case of N Covered Bonds, the N Bond Paying Agent or, in the case of the A\$ Registered Covered Bonds, the A\$ Registrar is to be made.
- 12.5 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 other governmental charges of whatever nature imposed or levied by or on behalf of Australia or any political sub-division thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law or regulation or administrative practice of any jurisdiction. If any such withholding or deduction is required, the Covered Bond Guarantor 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. In addition, any amounts to be paid on the Covered Bonds will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (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. 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 withholding or deduction described in this Clause 8.5.

- 12.6 The Issuer will not be discharged from its obligations under the Covered Bonds or Coupons and this Bond Trust Deed by any payment made by the Covered Bond Guarantor under the Covered Bond Guarantee provided that this Clause 12.6 will operate only for the purpose of the subrogation rights of the Covered Bond Guarantor contemplated by Clause 11.
- 12.7 Except in relation to Excess Proceeds, any payment made by the Covered Bond Guarantor to the Covered Bondholders or the Couponholders in respect of the Covered Bonds or Coupons may be made in accordance with the Conditions and the Agency Agreements, and any payments so made will be a good discharge *pro tanto* of the relative covenant by the Covered Bond Guarantor contained in Clause 11 or Clause 12 (as the case may be) save to the extent that there is default in the subsequent payment thereof in accordance with this Bond Trust Deed to the relevant Covered Bondholders or Couponholders (as the case may be).

### **13. NON-PAYMENT**

- 13.1 Proof that as regards any specified Covered Bond or Coupon, the Issuer or, as the case may be, the Covered Bond Guarantor has made default in paying any amount due in respect of such Covered Bond or Coupon will (unless the contrary be proved) be sufficient evidence that the same default has been made as regards all other Covered Bonds or Coupons (as the case may be) in respect of which the relevant amount is due and payable.
- 13.2 References in the provisos in Clauses 6.4(c) and 6.4(d) and any provisions of any trust deed supplemental to this Bond Trust Deed corresponding to the provisos in Clauses 6.4(c) and 6.4(d) and to the rates aforesaid will, in the event of the Covered Bonds having become due and repayable, with effect from the expiry of the Interest Period during which such Covered Bonds become due and repayable, be construed as references to rates of interest calculated *mutatis mutandis* in accordance with the Conditions except that no notices need be published in respect thereof.

### **14. PROCEEDINGS, ACTION AND INDEMNIFICATION**

- 14.1 The Bond Trustee may:
- (a) at any time after the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice (in the case of the Issuer) or, if earlier, following the occurrence of a Covered Bond Guarantor Event of Default and the service of a Covered Bond Guarantee Acceleration Notice (in the case of the Covered Bond Guarantor), at its discretion and without further notice, take such proceedings or other action or step as it may think fit against or in relation to the Issuer or, as the case may be, the Covered Bond Guarantor 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; and
  - (b) at any time after the service of a Covered Bond Guarantee Acceleration Notice, give a direction or instruction to the Security Trustee to take such actions, steps or proceedings against the Covered Bond Guarantor and/or any other person as it may think fit to enforce the provisions of the Security Deed or any other Programme Document and may, at any time after the Security has become enforceable, direct and instruct the Security Trustee to take such steps as it may think fit to enforce the Security. Following the service of a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor, the

Bond Trustee must provide a copy of such notice to the Trust Manager and the Security Trustee.

14.2 The Bond Trustee will not be bound to take, or give any direction to the Security Trustee to take, any such proceedings, steps or actions in relation to this Bond Trust Deed, the Covered Bond Guarantee, the Covered Bonds the Coupons or any other Programme Document as referred to in Clause 14.1 or give any notice pursuant to Condition 9 (Events of Default and Enforcement) of the relevant Conditions unless:

- (a) directed to do so 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); or
- (b) requested to do so in writing by the holders of not less than twenty-five 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 converted into Australian Dollars at the relevant Covered Bond Swap Rate),

and in either case then only if it will be indemnified and/or secured and/or prefunded to its satisfaction.

14.3 Subject as provided above and in clause 12.5 of the Security Deed, the Bond Trustee will not be bound to take, or to give any direction to the Security Trustee to take, any other action under or in connection with this Bond Trust Deed, the Covered Bonds or the Coupons or any other Programme Document unless:

- (a) directed to do so by Extraordinary Resolution of the Covered Bondholders of the relevant one or more Series (as determined in accordance with the provisions of paragraph 24 of Schedule 4); or
- (b) requested to do so in writing by the holders of not less than twenty-five per cent. of the Principal Amount Outstanding of the Covered Bonds then outstanding of the relevant one or more Series (as determined in accordance with the provisions of paragraph 24 of Schedule 4),

and in either case then only if it will be 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.

14.4 Only the Bond Trustee may enforce the provisions of this Bond Trust Deed. No Covered Bondholder or Couponholder will be entitled to proceed directly against the Issuer or the Covered Bond Guarantor to enforce the performance of any of the provisions of this Bond Trust Deed or to directly enforce the provisions of any other Programme Document unless the Bond Trustee having become bound as aforesaid to so 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 this Bond Trust Deed).



- 14.5 In exercising any of its powers, trusts authorities and discretions the Bond Trustee must only have regard to the interests of the Covered Bondholders of all Series equally and will not have regard to the interests of any other Secured Creditor.

## **15. APPLICATION OF MONEYS AND EXCESS PROCEEDS**

- 15.1 Prior to the service of a Notice to Pay, all moneys received by the Bond Trustee under this Bond Trust Deed from the Issuer pursuant to Clause 6.4 in respect of a payment of principal or interest to the Covered Bondholders and, after service of a Notice to Pay, all moneys received by the Bond Trustee under this Bond Trust Deed from the Covered Bond Guarantor pursuant to Clause 7 in respect of a payment of Guaranteed Amounts to the Covered Bondholders will, unless and to the extent attributable to a particular Series of the Covered Bonds, be apportioned *pari passu* and rateably between each Series of the Covered Bonds, and to the extent attributable to a particular Series of the Covered Bonds or which are apportioned to such Series as aforesaid, must be applied:
- (a) first, to the extent not already paid or provided for under the Pre-Acceleration Revenue Priority of Payments or the Guarantee Priority of Payments, as applicable, in payment or satisfaction of all amounts then due and unpaid under Clause 20 to the Bond Trustee and/or any Appointee;
  - (b) second, in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Covered Bonds of that Series;
  - (c) third, in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Covered Bonds of each other Series; and
  - (d) fourth, in payment of the balance (if any) to the Issuer (to the extent received from the Issuer) or the Covered Bond Guarantor (to the extent received from the Covered Bond Guarantor).
- 15.2 Following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice and Notice to Pay, any Excess Proceeds will 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 will be held by the Covered Bond Guarantor in the GIC Account and the Excess Proceeds will thereafter form part of the Charged Property 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 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 will be required to be repaid by the Covered Bond Guarantor) (but will be deemed not to have so discharged the Issuer's obligations for the purposes of subrogation rights of the Covered Bond Guarantor contemplated by Clause 11.9). 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.
- 15.3 By subscribing for Covered Bond(s), each Covered Bondholder will be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the Covered Bond Guarantor in the manner as described above.

- 15.4 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*.

## **16. NOTICE OF PAYMENTS**

The Bond Trustee (at the expense and cost of the Covered Bond Guarantor) must give notice to the relevant Covered Bondholders in accordance with Condition 13 (Notices) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) and/or in accordance with Condition 13 (Notices) of the N Covered Bond Conditions (in the case of N Covered Bonds) of the day fixed for any payment to them under Clause 15.1. Such payment may be made in accordance with Condition 5 (Payments) of the Programme Conditions or, in the case of N Covered Bonds, Condition 5 (Payments) of the N Covered Bond Conditions and any payment so made will be a good discharge to the Bond Trustee.

## **17. INVESTMENT BY BOND TRUSTEE**

- 17.1 Except in relation to any Excess Proceeds, the Bond Trustee may at its absolute discretion and pending payment as provided for in this Bond Trust Deed, invest moneys at any time available for the payment of principal and interest on the Covered Bonds of any Series, in some or one of the Authorised Investments for such periods as it may consider expedient with power from time to time at the like discretion to vary such investments and to accumulate such investments and the resulting interest and other income derived therefrom. The accumulated investments must be applied under Clause 15. All interest and other income deriving from such investments must be applied first in payment or satisfaction of all amounts then due and unpaid under Clause 20 to the Bond Trustee and/or any Appointee and otherwise held for the benefit of and paid to the Covered Bondholders of such Series or the related Couponholders, as the case may be.
- 17.2 Except in relation to any Excess Proceeds, any moneys which under the trusts of this Bond Trust Deed may be invested by the Bond Trustee may be invested in the name or under the control of the Bond Trustee in any investments or other assets in any part of the world whether or not they produce income or by placing the same on deposit in the name or under the control of the Bond Trustee at such bank or other financial institution and in such currency as the Bond Trustee may think fit. If that bank or institution is the Bond Trustee or a Subsidiary, holding or associated company of the Bond Trustee, it need only account for an amount of interest equal to the amount of interest which would, at then current rates, be payable by it on such a deposit to an independent customer. The Bond Trustee may at any time vary any such investments for or into other investments or convert any moneys so deposited into any other currency and will not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise.
- 17.3 Notwithstanding anything in this Bond Trust Deed to the contrary, the Bond Trustee may not do, or be authorised or required to do, anything which might constitute a regulated activity for the purpose of the FSMA, unless it is authorised under the FSMA to do so.

In respect of any of the duties and/or responsibilities to be performed by the Bond Trustee, the Bond Trustee will have the discretion at any time (i) to delegate any of the functions which fall to be performed by an authorised person under the FSMA to any agent or person which has the necessary authorisations and licences and (ii) to apply for authorisation under the FSMA and perform any or all such functions itself if, in its absolute discretion, it considers it necessary, desirable or appropriate to do so.

## **18. PARTIAL PAYMENTS**

Other than in the case of any payment in respect of A\$ Registered Covered Bonds, upon any payment under Clause 15.1 (other than payment in full against surrender of a Covered Bond or Coupon) the Covered Bond or Coupon in respect of which such payment is made must be produced to the Bond Trustee, the Registrar, the N Covered Bond Registrar, or the relevant Paying Agent by or through whom such payment is made and the Bond Trustee must or must cause the Registrar or, as the case may be, the relevant Paying Agent to enface thereon a memorandum of the amount and the date of payment but the Bond Trustee may in any particular case or generally in relation to Registered Covered Bonds dispense with such production and enfacement upon such indemnity being given to the Bond Trustee and the Issuer as such parties think sufficient.

## **19. COVENANTS BY THE ISSUER AND THE COVERED BOND GUARANTOR**

19.1 Each of the Issuer, the Covered Bond Guarantor and the Trust Manager (as applicable), hereby severally covenant with the Bond Trustee that, so long as any of the Covered Bonds remains outstanding, it will:

- (a) in the case of the Issuer and the Covered Bond Guarantor, provided that it has been directed to do so by the Trust Manager, at all times maintain a Principal Paying Agent, a Registrar, an Exchange Agent and a Transfer Agent, each with specified offices in accordance with the Conditions and the Agency Agreements and at all times maintain any other agents required by the Conditions;
- (b) in the case of the Issuer, the Covered Bond Guarantor and the Trust Manager, give notice in writing to the Bond Trustee of the occurrence of any Issuer Event of Default or Potential Issuer Event of Default or Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default of which it is aware (as applicable) without waiting for the Bond Trustee to take any further action;
- (c) in the case of the Issuer only, at all times keep proper books of account, and permit to the extent permitted by applicable law the Bond Trustee and any persons appointed by the Bond Trustee to whom the Issuer has no reasonable objection free access to such books of account at all reasonable times during normal working hours provided that nothing in this paragraph will oblige the Issuer to disclose confidential information concerning customers of the Issuer or regarding any matters for which the Issuer would be entitled to claim exemption from disclosure;
- (d) in the case of the Trust Manager only, at all times keep proper books of account in relation to the Trust, and permit to the extent permitted by applicable law the Bond Trustee and any persons appointed by the Bond Trustee to whom the Trust Manager has no reasonable objection free access to such books of account at all reasonable times during normal working hours provided that nothing in this paragraph will oblige the Trust Manager to disclose confidential information concerning customers of the Trust Manager or regarding any matters for which the Trust Manager would be entitled to claim exemption from disclosure;
- (e) in the case of the Issuer and the Trust Manager only, give or procure to be given to the Bond Trustee (within a time reasonable in the Bond Trustee's opinion) such opinions, certificates, information and evidence (including, in the case of the Trust Manager, such opinions, certificates, information and evidence in relation to Covered Bond Guarantor) as it reasonably requires for the purpose of the discharge or exercise of the duties, powers, trusts, authorities and discretions vested in it under this Bond Trust Deed or by operation of law

provided always that the foregoing will not oblige the Issuer or the Trust Manager to give any information non-disclosure of which is required by any applicable law;

- (f) in the case of the Issuer only: (A) as soon as practicable after the issue or publication of any document referred to below (other than those described in (B)); and (B) in the case of audited annual and interim accounts, within 14 days of publication of such audited annual and interim accounts in respect of each financial year commencing with the financial year ending 30 September 2012 and in any event not later than 180 days after the end of each such financial year, (where a copy of any such document can be viewed on any relevant website) provide notice to the Bond Trustee of the issue or publication of every balance sheet, profit and loss account, audited annual and interim accounts, report, circular and notice of general meeting and every other document issued or sent to its shareholders together with any of the foregoing, and every document issued or sent to holders of securities other than its shareholders (including the Covered Bondholders), in each case which is material to the interests of the Covered Bondholders, together with the details of the relevant website where a copy of such document may be viewed and (where a copy of any such document cannot be so viewed) send to the Bond Trustee an electronic copy of such document;
- (g) in the case of the Trust Manager only, provide the Bond Trustee with an electronic copy of the audited annual accounts for the Trust in respect of each financial year commencing with the financial year ending 30 September 2012 not later than 180 days after the end of each such financial year;
- (h) in the case of the Issuer, the Covered Bond Guarantor and the Trust Manager, so far as permitted by law at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the reasonable opinion of the Bond Trustee to give effect to the terms and conditions of this Bond Trust Deed;
- (i) in the case of the Issuer and the Covered Bond Guarantor, for as long as any of the A\$ Registered Covered Bonds remain outstanding, maintain an A\$ Registrar in accordance with the A\$ Registry Agreement and, so long as any N Covered Bonds remain outstanding, maintain an N Covered Bond Registrar and an N Covered Bond Paying Agent in accordance with the N Covered Bond Conditions;
- (j) in the case of the Issuer only, procure that the Principal Paying Agent (other than in the case of the A\$ Registered Covered Bonds) or, in the case of N Covered Bonds, the N Covered Bond Paying Agent notifies the Bond Trustee forthwith in the event that it does not, on or before the due date for payment in respect of the Covered Bonds or any of them or in respect of the Coupons (if any), receive unconditionally in the manner provided by the relevant Agency Agreement the full amount of the moneys payable on such due date on all such Covered Bonds or, as the case may be, all such Coupons;
- (k) in the case of the Issuer only, furnish from time to time any and all documents, instructions, information and undertakings that may be necessary in order to obtain (in the case of Covered Bonds, excluding N Covered Bonds, which are to be listed on the Luxembourg Stock Exchange) the admission of the Covered Bonds (excluding N Covered Bonds) to listing and trading on the Luxembourg Stock Exchange and use all reasonable endeavours to maintain such listing so long as any of the Covered Bonds (excluding N Covered Bonds) remains outstanding provided always that if the Issuer is unable to maintain such listing and/or trading having used all reasonable endeavours or if the maintenance of such listing and/or trading becomes in the opinion of the Issuer unduly onerous on the Issuer, the Issuer

may procure the listing, trading and/or quotation of the Covered Bonds (excluding N Covered Bonds) on some listing authority, stock exchange and/or quotation system acceptable to the Bond Trustee and the provisions of this Clause 19.1(k) will be deemed to apply to such new listing, trading and/or quotation;

- (l) in the case of the Issuer, the Covered Bond Guarantor and the Trust Manager, use all reasonable endeavours to procure (in the case of the Covered Bond Guarantor, to the extent that it has power to do so under the Establishment Deed and the Agency Agreements) that the Paying Agents, the Registrar, the A\$ Registrar, the N Covered Bond Registrar, the Exchange Agent and the Transfer Agent observe and comply with and perform all their respective obligations under the relevant Agency Agreement and not modify or amend the same without the prior consent in writing of the Bond Trustee;
- (m) in the case of the Issuer, the Covered Bond Guarantor and the Trust Manager, send to the Bond Trustee, not less than 14 days prior to which any such notice is to be given, by the Issuer or the Covered Bond Guarantor (as the case may be), for the Bond Trustee's prior approval a copy of the form of any notice to be given by the Issuer or the Covered Bond Guarantor (as the case may be), to the Covered Bondholders in accordance with Condition 13 (Notices) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) and/or in accordance with Condition 13 (Notices) of the N Covered Bond Conditions (in the case of N Covered Bonds) relating to notices and communications and, upon publication, two copies of such notice, such notice being in the form approved by the Bond Trustee (such approval not to be unreasonably withheld or delayed) and, unless so expressed, not to constitute approval for the purposes of section 21 of the FSMA of a communication within the meaning of section 21);
- (n) in the case of the Issuer and the Covered Bond Guarantor, send or procure to be sent to the Bond Trustee:
  - (i) within 14 days after demand by the Bond Trustee therefor; and
  - (ii) without the necessity for any such demand, within 14 days of publication of its audited annual accounts in respect of each financial year commencing with the financial year ending 30 September 2012,

a certificate signed by one Authorised Signatory of the Issuer, the Trust Manager or the Covered Bond Guarantor, as the case may be, certifying that, to the best of its knowledge, information and belief, (A) during the period between the date as of which the last certificate was given (or, in case of the first such certificate, the date hereof) and the date as of which such certificate is given, the Issuer, the Trust Manager or the Covered Bond Guarantor, as the case may be, has complied with its obligations under this Bond Trust Deed and under the Agency Agreements and the other Programme Documents or (if such is not the case) giving details of the circumstances of such non-compliance and (B) without prejudice to the generality of this Clause 19.1(n) or Clause 19.1(b) above, there did not exist as at a date not more than 7 days prior to the date of delivery of the certificate, on the part of the Issuer, the Trust Manager or the Covered Bond Guarantor, as the case may be, any Issuer Event of Default or Potential Issuer Event of Default or Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default (as applicable) or, if any Issuer Event of Default or Potential Issuer Event of Default or Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default (as applicable) exists, giving details of the same;

- (o) in the case of the Issuer only, give prior notice to the Bond Trustee of any proposed redemption pursuant to Condition 6(b) (Redemption and Purchases – Redemption for Taxation Reasons), Condition 6(c) (Redemption and Purchases – Redemption at the option of the Issuer (Issuer Call)) or Condition 6(e) (Redemption due to illegality) of the Programme Conditions and Condition 6.3 (Redemption – Redemption for Taxation Reasons) or Condition 6.4 (Redemption – Redemption due to Illegality) of the N Covered Bond Conditions, and, if it has given notice to the relevant Covered Bondholders in accordance with the Conditions of its intention, duly proceed to redeem any relevant Covered Bonds accordingly;
- (p) in the case of the Issuer and the Trust Manager only, in the event of the unconditional payment to the Principal Paying Agent or, in the case of N Covered Bonds, the N Covered Bond Paying Agent or, the Bond Trustee (in any case) of any sum due from the Issuer or, in the case of the Trust Manager, due from the Covered Bond Guarantor, in respect of principal, redemption amount, premium (if any) and/or interest on the Covered Bonds of such Series or any of them being made after the due date for payment thereof, forthwith give or procure the Principal Paying Agent to give notice to the Covered Bondholders of such Series in accordance with Condition 13 (Notices) of the relevant Conditions relating to notices and communications that such payment has been made;
- (q) in the case of the Issuer only, if while any of the Covered Bonds remain outstanding payments by the Issuer will become subject generally in respect of all of its income to the taxing jurisdiction of any territory or any authority or political sub-division therein or thereof having power to tax other than or in addition to Australia or any political sub-division thereof or by any authority therein or thereof having power to tax, unless the Bond Trustee otherwise agrees, the Issuer will give to the Bond Trustee notice immediately upon becoming aware thereof and, as soon as practicable thereafter, an undertaking or covenant in form and substance and manner satisfactory to the Bond Trustee in terms corresponding to Condition 7 (Taxation) of the relevant Conditions with the substitution for (or, as the case may be, addition to) the references therein to Australia or any political sub-division thereof or by any authority therein or thereof having power to tax of references to that other or additional territory or any authority or political sub-division therein or thereof having power to tax to whose taxing jurisdiction the Issuer has become subject as aforesaid and, where such undertaking or covenant is provided, references in Condition 6(b) (Redemption and Purchase - Redemption for Taxation Reasons) of the Programme Conditions and 6.3 (Redemption - Redemption for Taxation Reasons) to Australia or any political sub-division thereof or by any authority therein or thereof having power to tax will be deemed to be amended accordingly;
- (r) in the case of the Issuer only, give or procure that there be given notice to the Covered Bondholders in accordance with the Programme Conditions or the N Covered Bond Conditions, as appropriate, of any appointment (other than the initial appointment), resignation or removal of the Principal Paying Agent, any Registrar, Exchange Agent, Transfer Agent or other Paying Agent as shown on the Covered Bonds or so published in accordance with the relevant Conditions as soon as practicable after having obtained the written approval of the Bond Trustee thereto and in any event within 14 days after such event taking effect and within 30 days of notice received from the Principal Paying Agent, Registrar, Exchange Agent, Transfer Agent or other Paying Agent of a change in its specified office, give notice to the Bond Trustee and to the Covered Bondholders of such change provided always that so long as any of the Covered Bonds remains outstanding in the case of the termination of the appointment of the Calculation Agent, the Exchange Agent or

any Registrar or so long as any of the Covered Bonds or Coupons remains liable to prescription in the case of the termination of the appointment of the Principal Paying Agent no such termination will take effect until a new Principal Paying Agent, Exchange Agent, Registrar or Calculation Agent (as the case may be) has been appointed on terms previously approved in writing by the Bond Trustee and notice of such appointment has been given to the Covered Bondholders in accordance with Condition 13 (Notices);

- (s) in the case of the Covered Bond Guarantor only, in order to enable the Bond Trustee to ascertain the Principal Amount Outstanding of Covered Bonds of each Series for the time being outstanding (other than for the purpose of ascertaining the amount of Covered Bonds of each Series for the time being outstanding for the purpose of the Programme Limit), deliver to the Bond Trustee promptly after being requested to do so in writing by the Bond Trustee a certificate in writing signed by an Authorised Signatory of the Covered Bond Guarantor setting out the total numbers and Principal Amount Outstanding of the Covered Bonds of each Series which up to and including the date of such certificate are held by or for the account of or the benefit of the Covered Bond Guarantor, and the Principal Amount Outstanding of the Covered Bonds of each Series purchased which have been surrendered by the Covered Bond Guarantor to the relevant Registrar and/or to the relevant Paying Agent for cancellation pursuant to Condition 6(i) of the Programme Conditions;
- (t) in the case of the Issuer only, in order to enable the Bond Trustee to ascertain the Principal Amount Outstanding of Covered Bonds of each Series for the time being outstanding (other than for the purpose of ascertaining the amount of Covered Bonds of each Series for the time being outstanding for the purpose of the Programme Limit), deliver to the Bond Trustee forthwith after being so requested in writing by the Bond Trustee a certificate in writing signed by an Authorised Signatory of the Issuer setting out the total numbers and Principal Amount Outstanding of the Covered Bonds of each Series which up to and including the date of such certificate are held by or for the account of or the benefit of the Issuer or any Subsidiary or holding company of the Issuer or any other Subsidiary of any such holding company, in each case held by them as beneficial owner, and the Principal Amount Outstanding of the Covered Bonds of each Series purchased which have been cancelled;
- (u) in the case of the Issuer only, use all reasonable endeavours to procure that Euroclear and/or Clearstream, Luxembourg and/or the Austraclear System and/or the A\$ Registrar and/or the N Covered Bond Registrar and/or DTC (as the case may be) issue(s) any record, certificate or other document requested by the Bond Trustee as soon as practicable after such request;
- (v) in the case of the Issuer and the Trust Manager only, notify or cause the Bond Trustee to be notified promptly upon the occurrence of a breach of the Asset Coverage Test or the Pre-Maturity Test or the Amortisation Test;
- (w) in the case of the Issuer, the Covered Bond Guarantor and the Trust Manager, conduct its affairs in a proper and efficient manner;
- (x) in the case of the Issuer, the Covered Bond Guarantor and the Trust Manager, without prejudice to the provisions of Clause 6.3, procure the delivery of legal opinions addressed to the Bond Trustee dated the date of such delivery, in form and content acceptable to the Bond Trustee from its counsel on the date of any amendment to this Bond Trust Deed;
- (y) in the case of the Issuer, the Covered Bond Guarantor and the Trust Manager, comply with its obligations under all Programme Documents to which it is a party;

- (z) in the case of the Issuer, the Covered Bond Guarantor and the Trust Manager, comply with any obligations imposed upon it by the Australian Banking Act;
- (aa) [RESERVED];
- (bb) in the case of the Issuer and the Trust Manager only, notify the Bond Trustee promptly of any change in the ratings assigned by the Rating Agencies to the Covered Bonds or any Series of Covered Bonds;
- (cc) in the case of the Issuer and the Covered Bond Guarantor (acting at the direction of the Trust Manager), to furnish, upon the request of a holder of Covered Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information (in the case of the Covered Bond Guarantor, only to the extent that such information has been received from the Trust Manager) required to be delivered under Rule 144(d)(4) under the Securities Act (if, at the time of request, the Issuer and the Covered Bond Guarantor, as applicable, is neither subject to reporting under Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the **Exchange Act**), nor exempt from reporting pursuant to Rule 12g3-2(b) of the Exchange Act; and
- (dd) in the case of the Trust Manager only, to provide any information required by the Covered Bond Guarantor to satisfy its obligations under Clause 15.1(cc).

19.2 The validity of the obligations set out in this Clause 19 will not be affected by the timing of any distribution of Available Revenue Receipts under the Pre-Acceleration Revenue Priority of Payments.

## **20. REMUNERATION AND INDEMNIFICATION OF BOND TRUSTEE**

20.1 The Issuer and, (i) if the Issuer fails to pay any sum payable by it to the Bond Trustee or (ii) following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor or, if earlier, following a Covered Bond Guarantor Event of Default, the Covered Bond Guarantor, must pay to the Bond Trustee, by way of remuneration for its services as Bond Trustee of this Bond Trust Deed, such amount as is agreed from time to time by the Issuer and the Bond Trustee. Such remuneration will accrue from day to day and be payable (in priority to payments to Covered Bondholders and Couponholders and any other Secured Creditors) up to and including the date when, all the Covered Bonds having become due for redemption, the redemption moneys and interest thereon to the date of redemption have been paid to the Principal Paying Agent or the Bond Trustee, or in the case of the A\$ Registered Bonds, to the A\$ Registrar, or, in the case of N Covered Bonds, the N Covered Bond Paying Agent provided that if upon due presentation of any Covered Bond or Coupon or any cheque payment of the moneys due in respect thereof is improperly withheld or refused, remuneration will be deemed not to have ceased to accrue and will continue to accrue until payment to such Covered Bondholder or Couponholder is duly made.

20.2 In the event of the occurrence of an Issuer Event of Default, Covered Bond Guarantor Event of Default, Potential Issuer Event of Default or Potential Covered Bond Guarantor Event of Default, if the Bond Trustee considers it expedient or necessary or is requested by the Issuer or the Covered Bond Guarantor, as the case may be, to undertake duties which the Bond Trustee and the Issuer (in the case of a request by the Issuer) or the Bond Trustee, the Covered Bond Guarantor and the Trust Manager (in the case of the Bond Trustee considering duties to be expedient or necessary or in the case of a request by the Covered Bond Guarantor) agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Bond Trustee under this Bond Trust Deed, the Issuer or the Covered Bond Guarantor, as the case may be, will pay to the Bond Trustee such additional



remuneration as is agreed between the Bond Trustee and the Issuer (in the case of a request by the Issuer) or the Bond Trustee, the Covered Bond Guarantor and the Trust Manager (in the case of the Bond Trustee considering duties to be expedient or necessary or in the case of a request by the Covered Bond Guarantor).

20.3 The Issuer and, (i) if the Issuer fails to pay any sum payable by it to the Bond Trustee or (ii) following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor or, if earlier, following a Covered Bond Guarantor Event of Default, the Covered Bond Guarantor, will in addition pay to the Bond Trustee an amount equal to the amount of any GST or similar value added tax chargeable in respect of its remuneration under this Bond Trust Deed subject to receipt of a valid tax invoice or proper value added tax (or other similar tax) invoice.

20.4 In the event of the Bond Trustee and any one or more of the Issuer, the Trust Manager and/or the Covered Bond Guarantor (as applicable) failing to agree:

- (a) in a case to which Clause 20.1 above applies, upon the amount of the remuneration; or
- (b) in a case to which Clause 20.2 above applies, upon whether such duties will be of an exceptional nature or otherwise outside the scope of the normal duties of the Bond Trustee under this Bond Trust Deed, or upon such additional remuneration,

such matters will be determined by a financial institution or person (acting as an expert and not as an arbitrator) selected by the Bond Trustee and approved by the Issuer (or as the case may be, the Covered Bond Guarantor) or, failing such approval, nominated (on the application of the Bond Trustee) by the President for the time being of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such financial institution or person being payable by the Issuer (or as the case may be, the Covered Bond Guarantor) and the determination of any such financial institution or person will be final and binding upon the Bond Trustee and the Issuer, the Trust Manager and the Covered Bond Guarantor (as the case may be).

20.5 The Issuer and (i) if the Issuer fails to pay any sum payable by it to the Bond Trustee or (ii) following any Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor or, if earlier, following a Covered Bond Guarantor Event of Default, the Covered Bond Guarantor, must also on written request, pay or discharge all Liabilities properly incurred by the Bond Trustee in relation to the negotiation, preparation and execution of this Bond Trust Deed and the exercise of its powers and the performance of its duties under, and in any other manner in relation to, this Bond Trust Deed, including but not limited to travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Bond Trustee in connection with any action taken or contemplated by or on behalf of the Bond Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, this Bond Trust Deed.

20.6 Without prejudice to the right of indemnity by law given to trustees, each of the Issuer and the Covered Bond Guarantor must indemnify the Bond Trustee and every Appointee and keep the Bond Trustee and every such Appointee indemnified against all Liabilities to which it or he may be or become subject or which may be incurred by it or him in the preparation and execution or purported execution of any of its or his trusts, powers, authorities and discretions under this Bond Trust Deed or its or his functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to this Bond Trust Deed or any such appointment (including all Liabilities incurred in disputing or defending any of the foregoing).

20.7 All amounts due and payable pursuant to Clause 20.5 or 20.6 will be payable on the date specified (which will be a Business Day in London) on written demand by the Bond Trustee and in the case of

payments actually made by the Bond Trustee prior to such demand will carry interest at the rate of three per cent. per annum above the base rate (on the date on which payment was made by the Bond Trustee) of National Westminster Bank plc from the date such demand is made and in all other cases will (if not paid within 30 days after the date of such demand, or if such demand specifies that payment is to be made on an earlier date, on such earlier date) carry interest at such rate from such thirtieth day or such other date specified in such demand. All remuneration payable to the Bond Trustee will carry interest at such rate from the due date therefor.

- 20.8 Each of the Issuer and the Covered Bond Guarantor hereby further undertakes to the Bond Trustee that all moneys payable by the Issuer or, as the case may be, the Covered Bond Guarantor to the Bond Trustee under this Clause 20 will be made without set-off, counterclaim, deduction or withholding unless compelled by law in which event the Issuer or the Covered Bond Guarantor, as the case may be, will pay such additional amounts as will result in the receipt by the Bond Trustee of the amounts which would otherwise have been payable by the Issuer or the Covered Bond Guarantor, as the case may be, to the Bond Trustee under this Clause 16.8 in the absence of any such set-off, counterclaim, deduction or withholding.
- 20.9 Unless otherwise specifically stated in any discharge of this Bond Trust Deed the provisions of this Clause 20 will continue in full force and effect notwithstanding such discharge.
- 20.10 The Bond Trustee will be entitled in its absolute discretion to determine in respect of which Series of Covered Bonds any Liabilities incurred under this Bond Trust Deed have been incurred or to allocate any such Liabilities between the Covered Bonds of any Series.
- 20.11 Notwithstanding any other provision of this Bond Trust Deed, the parties hereto acknowledge and agree that all such remuneration and any other amount or sum payable to the Bond Trustee by the Covered Bond Guarantor hereunder (unless otherwise paid to the Bond Trustee at the direction of the Trust Manager) will be payable only in accordance with the applicable Priorities of Payments.

## **21. SUPPLEMENT TO TRUSTEE ACTS**

Section 1 of the Trustee Act 2000 will not apply to the duties of the Bond Trustee in relation to the trusts constituted by this Bond Trust Deed. Where there are any inconsistencies between the Trustee Acts and the provisions of this Bond Trust Deed, the provisions of this Bond Trust Deed will, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000 (UK), the provisions of this Bond Trust Deed will constitute a restriction or exclusion for the purposes of that Act. The Bond Trustee will have all the powers conferred upon trustees by the Trustee Acts and by way of supplement thereto it is expressly declared as follows:

- (a) The Bond Trustee may in relation to this Bond Trust Deed and the other Programme Documents rely and/or act on the advice or report or certificate or opinion of, or any information obtained from, any auditor, lawyer, valuer, accountant, surveyor, banker, professional adviser, broker, financial adviser, auctioneer or other expert whether obtained by the Issuer, the Covered Bond Guarantor, a Paying Agent, the Security Trustee, the Bond Trustee or otherwise and whether or not addressed to the Bond Trustee notwithstanding that such advice, report, certificate, opinion, information, or any engagement letter or any other document entered into by the Bond Trustee and the relevant person in connection therewith, contains any monetary or other limit on the liability of the relevant person and the Bond Trustee will not be responsible for any Liability occasioned by so acting or relying.
- (b) Any such advice, report, opinion, certificate, information, engagement letter or other document may be sent or obtained by letter, email or facsimile transmission and the Bond

Trustee will not be liable for acting on any advice, report, opinion, certificate, information, engagement letter or other document purporting to be conveyed by any such letter, email or facsimile transmission although the same may contain some error or may not be authentic.

- (c) The Bond Trustee may call for and will be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing:
  - (i) in the circumstances contemplated by:
    - (A) Condition 6(k) of the Programme Conditions, a certificate signed by two Authorised Signatories of the Issuer; and
    - (B) Clause 25.4, a certificate signed by two Authorised Signatories of the Trust Manager; and
  - (ii) in all circumstances other than those contemplated by Condition 6(k) of the Programme Conditions, a certificate signed by an Authorised Signatory of the Issuer, of the Trust Manager, of the Covered Bond Guarantor or each Swap Provider

and, in each case, the Bond Trustee will not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by it or any other person acting on such certificate.

- (d) The Bond Trustee will be at liberty to hold this Bond Trust Deed and any other documents relating thereto or to deposit them in any part of the world with any banker or banking company or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Bond Trustee to be of good repute and the Bond Trustee will not be responsible for or required to insure against any Liability incurred in connection with any such holding or deposit and may pay all sums required to be paid on account of or in respect of any such deposit.
- (e) The Bond Trustee will not be responsible for the receipt or application of the proceeds of the issue of any of the Covered Bonds by the Issuer, the exchange of any Global Covered Bond for another Global Covered Bond or Definitive Covered Bonds or the delivery of any Global Covered Bond or Definitive Covered Bonds to the person(s) entitled to it or them.
- (f) The Bond Trustee will not be bound to give notice to any person of the execution of any documents comprised or referred to in this Bond Trust Deed or to take any steps to ascertain whether any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default or any breach of the Asset Coverage Test, Pre-Maturity Test or Amortisation Test has occurred and, until it has actual knowledge or express notice pursuant to this Bond Trust Deed to the contrary, the Bond Trustee will be entitled to assume that no Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default, Potential Covered Bond Guarantor Event of Default, breach of the Asset Coverage Test, Pre-Maturity Test or Amortisation Test has occurred and that any of the Issuer and the Covered Bond Guarantor and each of the other parties to the Programme Documents (other than the Bond Trustee) is observing and performing all its obligations under this Bond Trust Deed and the other Programme Documents.
- (g) Save as expressly otherwise provided in this Bond Trust Deed, the Bond Trustee has absolute and uncontrolled discretion as to the exercise or non-exercise of its trusts, powers,

authorities and discretions under this Bond Trust Deed (the exercise or non-exercise of which as between the Bond Trustee and the Covered Bondholders and the Couponholders will be conclusive and binding on the Covered Bondholders and the Couponholders) and will not be responsible for any Liability which may result from their exercise or non-exercise and in particular the Bond Trustee will not be bound to act at the request or direction of the Covered Bondholders or otherwise under any provision of this Bond Trust Deed or to take at such request or direction or otherwise any other action under any provision of this Bond Trust Deed, without prejudice to the generality of Clause 10, unless it will first be indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing.

- (h) The Bond Trustee will not be liable to any person by reason of having acted upon any Extraordinary Resolution in writing or any Extraordinary Resolution or other resolution purporting to have been passed at any meeting of Covered Bondholders of all or any Series in respect whereof minutes have been made and signed or any direction or request of the Covered Bondholders of all or any Series even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or the passing of the resolution, (in the case of an Extraordinary Resolution in writing) that not all such Covered Bondholders had signed the Extraordinary Resolution or (in the case of a direction or request) it was not signed by the requisite number of Covered Bondholders or that for any reason the resolution, direction or request was not valid or binding upon such Covered Bondholders and the relative Couponholders.
- (i) The Bond Trustee will not be liable to any person by reason of having accepted as valid or not having rejected any Covered Bond or Coupon purporting to be such and subsequently found to be forged or not authentic.
- (j) Any consent or approval given by the Bond Trustee for the purposes of this Bond Trust Deed may be given on such terms and subject to such conditions (if any) as the Bond Trustee thinks fit and notwithstanding anything to the contrary in this Bond Trust Deed may be given retrospectively.
- (k) The Bond Trustee will not (unless and to the extent required to do so by law or ordered so to do by a court of competent jurisdiction, provided that nothing in this paragraph will permit a person to disclose any information of the kind referred to in section 275(1) of the PPSA unless section 275(7) of the PPSA applies) be required to disclose to any Covered Bondholder, Couponholder or any other Secured Creditor any information (including information of a confidential, financial or price sensitive nature) made available to the Bond Trustee by the Issuer, the Covered Bond Guarantor or any other person in connection with this Bond Trust Deed and no Covered Bondholder, Couponholder or other Secured Creditor will be entitled to take any action to obtain from the Bond Trustee any such information.
- (l) Where it is necessary or desirable for any purpose in connection with this Bond Trust Deed to convert any sum from one currency to another it will (unless otherwise provided by this Bond Trust Deed or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may be agreed by the Bond Trustee in consultation with the Issuer or the Covered Bond Guarantor (acting at the direction of the Trust Manager), as the case may be, and any rate, method and date so agreed will be binding on the Issuer, the Covered Bond Guarantor, the Trust Manager, the Covered Bondholders and the Couponholders.

- (m) The Bond Trustee may certify whether or not any of the conditions, events and acts set out in Condition 9(a)(iii), (iv), (v), (vi), (viii) or (ix) inclusive (Events of Default and Enforcement - Issuer Events of Default) of the Programme Conditions and Condition 9 (b)(ii) (Events of Default and Enforcement - Covered Bond Guarantor Events of Default) of the Programme Conditions (each of which conditions, events and acts will, unless in any case the Bond Trustee in its absolute discretion will otherwise determine, for all the purposes of this Bond Trust Deed be deemed to include the circumstances resulting therein and the consequences resulting therefrom) is in its opinion materially prejudicial to the interests of the Covered Bondholders of any Series and any such certificate will be conclusive and binding upon the Issuer, the Covered Bond Guarantor, the Trust Manager, the Covered Bondholders and the Couponholders.
- (n) The Bond Trustee as between itself and the Covered Bondholders and the Couponholders may determine all questions and doubts arising in relation to any of the provisions of this Bond Trust Deed. Every such determination, whether or not relating in whole or in part to the acts or proceedings of the Bond Trustee, will be conclusive and will bind the Bond Trustee and the Covered Bondholders and the Couponholders.
- (o) In connection with the exercise by it of any of its trusts, powers, authorities or discretions under this Bond Trust Deed (including any modification, waiver, authorisation or determination), the Bond Trustee will have regard to the 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, will not have regard to the consequences of any such exercise for individual Covered Bondholders and 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 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 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 (Taxation) of the relevant Conditions and/or in any undertaking or covenant given in addition thereto or in substitution therefor under this Bond Trust Deed.
- (p) Any trustee of the trusts established under this Bond Trust Deed being a lawyer, accountant, broker or other person engaged in any profession or business will be entitled to charge and be paid all usual and proper professional and other charges for business transacted and acts done by him or his firm in connection with the trusts of this Bond Trust Deed or any other of the Programme Documents to which the Bond Trustee is a party and also any properly incurred charges in addition to disbursements for all other work and business done and all time spent by such person or any relevant firm in connection with matters arising in connection with this Bond Trust Deed including any matters which might or should have been attended to in person by a trustee not being a lawyer, accountant, banker or other professional person.
- (q) The Bond Trustee may whenever it thinks fit delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a joint trustee of the trusts established under this Bond Trust Deed or not) all or any of its trusts, powers, authorities and discretions under this Bond Trust Deed. Such delegation may be made upon such terms (including power to sub-delegate) and subject to such conditions and regulations as the Bond Trustee may in the interests of the Covered Bondholders think fit. Provided the

Bond Trustee has exercised reasonable care in the selection of any such delegate, the Bond Trustee will not be under any obligation to supervise the proceedings or acts of any such delegate or sub-delegate or be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. The Bond Trustee must within a reasonable time after any such delegation or any renewal, extension or termination thereof give notice thereof to the Issuer.

- (r) The Bond Trustee may in the conduct of the trusts established under this Bond Trust Deed instead of acting personally employ and pay an agent (whether being a lawyer or other professional person) to transact or conduct, or concur in transacting or conducting, any business and to do, or concur in doing, all acts required to be done in connection with this Bond Trust Deed (including the receipt and payment of money). Provided the Bond Trustee has exercised reasonable care in the selection of any such agent, the Bond Trustee will not be in any way responsible for any Liability incurred by reason of any misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent.
- (s) The Bond Trustee will not be responsible to any person for failing to request, require or receive any legal opinion relating to the Covered Bonds or for checking or commenting upon the content of any such legal opinion and will not be responsible for any Liability incurred thereby.
- (t) The Bond Trustee will not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Bond Trust Deed and the Programme Documents or any other document relating or expressed to be supplemental thereto and will not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of this Bond Trust Deed and the Programme Documents or any other document relating or expressed to be supplemental thereto.
- (u) The Bond Trustee will not be bound to take any action in connection with this Bond Trust Deed or any obligations arising pursuant thereto, including, without prejudice to the generality of the foregoing, forming any opinion or employing any financial adviser, where it is not reasonably satisfied that the Issuer and/or the Covered Bond Guarantor (acting at the direction of the Trust Manager) will be able to indemnify it against all Liabilities which may be incurred in connection with such action and may demand prior to taking any such action that there be paid to it in advance such sums as it reasonably considers (without prejudice to any further demand) will be sufficient so to indemnify it and on such demand being made the Issuer (and following an Issuer Event of Default and the service of an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the Covered Bond Guarantor or, if earlier, following 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, the Covered Bond Guarantor) will be obliged to make payment of all such sums in full.
- (v) No provision of this Bond Trust Deed will require the Bond Trustee to do anything which may, in its opinion, (i) be illegal or contrary to applicable law or regulation or (ii) cause it to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers or discretions, if it has reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or Liability is not assured to it.

- (w) The Bond Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trusts constituted by this Bond Trust Deed as the Bond Trustee may determine, including for the purpose of depositing with a custodian this Bond Trust Deed or any document relating to the trusts constituted by this Bond Trust Deed. Provided the Bond Trustee exercised reasonable care in the selection of such custodian or nominee, the Bond Trustee will not be responsible for any Liability incurred by reason of the misconduct, omission or default on the part of any such person appointed by it hereunder or be bound to supervise the proceedings or acts of such person. The Bond Trustee is not obliged to appoint a custodian if the Bond Trustee invests in securities payable to bearer.
- (x) Any corporation into which the Bond Trustee will be merged or with which it will be consolidated or any company resulting from any such merger or consolidation and any corporation to which the Bond Trustee will sell or otherwise transfer all or substantially all of its assets or any corporation to which the Bond Trustee will sell or otherwise transfer all or substantially all of its corporate trust business will be a party hereto and will be the Bond Trustee under this Bond Trust Deed without executing or filing any paper or document or any further act on the part of the parties thereto.
- (y) Unless expressly notified to the contrary, the Bond Trustee will be entitled to assume without enquiry (other than requesting a certificate pursuant to Clause 19.1(t)) that no Covered Bonds are held by, for the benefit of, or on behalf of, the Issuer, the Covered Bond Guarantor, any Subsidiary of any of them or any holding company of any of them or any other Subsidiary of any such holding company, in each case as beneficial owner.
- (z) The Bond Trustee will have no responsibility whatsoever to the Issuer, the Covered Bond Guarantor, any Covered Bondholder or Couponholder or any other person for the maintenance of or failure to maintain any rating of any of the Covered Bonds by any Rating Agency.
- (aa) The Bond Trustee will not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in this Bond Trust Deed, or any other agreement or document relating to the transactions contemplated in this Bond Trust Deed or under such other agreement or document.
- (bb) The Bond Trustee will not be liable or responsible for any Liabilities or inconvenience which may result from anything done or omitted to be done by it in accordance with the provisions of this Bond Trust Deed.
- (cc) 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 Related Security, 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 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 they each have received 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 Loans, including whether the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test or the Amortisation Test or whether the Issuer is in compliance with the Pre-Maturity

Test; or (iv) monitoring whether a Mortgage Loan is a Qualifying 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 their behalf the searches, investigations and enquiries which would normally be made by a prudent chargee 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.

- (dd) Where under any Programme Document, the Bond Trustee is required to consider whether any event or the exercise by it of any of its powers, authorities or discretions is or will be materially prejudicial to the interests of the Covered Bondholders of one or more Series, the Bond Trustee will be entitled to call for and rely and act upon the advice or opinion of any reputable financial or other adviser (whether or not such financial adviser will be a Secured Creditor or otherwise party to any Programme Document) and if relied upon by the Bond Trustee will be binding on the Covered Bondholders and Couponholders of all Series and the Bond Trustee will not incur any Liability by reason of so acting or relying.
- (ee) The Bond Trustee will not be bound to take any step or action in connection with this Bond Trust Deed or the Covered Bonds or obligations arising pursuant thereto, including, without prejudice to the generality of the foregoing, forming an opinion or employing any financial adviser, where it is not reasonably satisfied that it is indemnified and/or secured and/or prefunded against all its liabilities and costs incurred in connection with such step or action and may demand prior to taking any such step or action that there be paid to it in advance such sums as it reasonably considers (without prejudice to any further demand) will be sufficient so to indemnify, secure or prefund it.
- (ff) In exercising or performing any of its discretions, rights, powers, trusts or duties under or in relation to this Bond Trust Deed or any other Programme Document (including any consent, approval, modification, waiver, authorisation or determination referred to in Clauses 24 and 25), the Bond Trustee may have regard to and rely, without liability on any Rating Affirmation Notice and whether or not any such notice is addressed to, or provides that it may be relied on by, the Bond Trustee and irrespective of the method by which such confirmation is conveyed.

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):

- (iii) in the case of paragraph (i) above only, in its absolute discretion subject to and in accordance with this Bond Trust Deed; or
- (iv) in the case of both paragraph (i) or (ii) above, 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.

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.

- (gg) Notwithstanding any provision of this Bond Trust Deed or any other Programme Document, the Bond Trustee will have no responsibility for the adequacy or sufficiency of, or any deterioration in the value, of the Mortgage Loan Portfolio or a Mortgage Loan and its Related Security comprised in the Mortgage Loan Portfolio, neither will it be obliged to monitor the performance of a Mortgage Loan and its Related Security or be responsible for monitoring whether or not the best price has been achieved for the sale of a Mortgage Loan (including a Selected Mortgage Loan) and the Related Security (and any other related rights under the same) by or on behalf of the Covered Bond Guarantor or otherwise pursuant to the Programme Documents or whether or not any such sale has been effected on terms commercially available in the market or effected in a timely manner. The Bond Trustee will not be liable to any Transaction Party or Secured Creditor, including the Covered Bondholders, or any other person for any loss occasioned thereby.
- (hh) The Bond Trustee will be entitled to rely on any certificate as to any matter certified therein given by a person reasonably believed by the Bond Trustee to have the requisite knowledge to give the same.
- (ii) Notwithstanding any other provision of any Programme Document, any references in this Bond Trust Deed or in any other Programme Document to the Bond Trustee directing or instructing the Security Trustee are taken to be references to the Bond Trustee providing such directions or instructions in accordance with the terms of this Bond Trust Deed and in doing so the Bond Trustee will have the benefit of any protections set out in this Bond Trust Deed.

## **22. BOND TRUSTEE'S LIABILITY**

Nothing in this Bond Trust Deed will in any case in which the Bond Trustee has failed to show the degree of care and diligence required of it as trustee having regard to the provisions of this Bond Trust Deed conferring on it any trusts, powers, authorities or discretions relieve or indemnify the Bond Trustee against any liabilities which by virtue of any rule of law would otherwise attach to it in

respect of any gross negligence or wilful default which it may have committed in relation to its duties under this Bond Trust Deed.

## **23. BOND TRUSTEE CONTRACTING WITH THE ISSUER AND THE COVERED BOND GUARANTOR**

Neither the Bond Trustee nor any director or officer or holding company, Subsidiary or associated company of a corporation acting as a trustee under this Bond Trust Deed will by reason of its or his fiduciary position be in any way precluded from:

- (a) entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer or the Covered Bond Guarantor or any of their respective Subsidiaries and affiliates (including any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, the Covered Bonds or any other covered bonds, bonds, stocks, shares, debenture stock, debentures or other securities of, the Issuer, the Covered Bond Guarantor or any of their respective Subsidiaries or affiliates); or
- (b) accepting or holding the trusteeship of any other trust deed constituting or securing any other securities issued by or guaranteed by, or relating to the Issuer or the Covered Bond Guarantor or any of their respective Subsidiaries or affiliates, or any other office of profit under the Issuer or the Covered Bond Guarantor or any of their respective Subsidiaries or affiliates,

and will be entitled to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such contract, transaction or arrangement as is referred to in this Clause 23(a) above or, as the case may be, any such trusteeship or office of profit as is referred to in this Clause 23(b) above without regard to the interests of, or consequences for the Covered Bondholders or Couponholders and notwithstanding that the same may be contrary or prejudicial to the interests of the Covered Bondholders and will not be responsible for any Liability occasioned to the Covered Bondholders, Couponholders or any other person thereby and will be entitled to retain and will not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith.

Where any holding company, Subsidiary or associated company of the Bond Trustee or any director or officer of the Bond Trustee acting other than in his capacity as such a director or officer has any information, the Bond Trustee will not thereby be deemed also to have knowledge of such information and, unless it has actual knowledge of such information, will not be responsible for any loss suffered by Covered Bondholders resulting from the Bond Trustee's failing to take such information into account in acting or refraining from acting under or in relation to this Bond Trust Deed.

## **24. WAIVER, AUTHORISATION AND DETERMINATION**

- 24.1 The Bond Trustee may without the consent of any of the Covered Bondholders of any Series, the related Couponholders or 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 and insofar 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 and/or the Covered Bond Guarantor or any other person of any of the covenants or provisions contained in this Bond Trust Deed or 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 this Bond Trust Deed provided always that the Bond Trustee will not exercise any powers conferred on it by this Clause 24 in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 9 (Events of Default and Enforcement) of the Programme Conditions 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 will so require by writing to the Issuer or the Trust Manager, will be notified by the Issuer or the Trust Manager (as the case may be) to the Covered Bondholders in accordance with Condition 13 (Notices) of the relevant Conditions relating to notices and communications as soon as practicable thereafter.

- 24.2 Subject 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 this Bond Trust Deed or 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 this Bond Trust Deed if it is: (i) in the case of any such waiver or authorisation, (a) so directed by 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 (as determined in accordance with the provisions of paragraph 24 of Schedule 4 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 as determined in accordance with paragraph 24 of Schedule 4 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 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 then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if applicable, converted into Australian Dollars as aforesaid), and at all times then only if it is indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

## **25. MODIFICATION**

- 25.1 Subject to Clause 25.3, the Bond Trustee may (and in the case of any modification contemplated by Clause 25.1(c) the Bond Trustee must), 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 at the direction of the Trust Manager) and 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 provided that in the opinion of the Bond Trustee such modification is not materially prejudicial to the interests of the Covered Bondholders of any Series;
- (b) any modification to the Covered Bonds of any 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 is in the opinion of the Bond Trustee 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 25.4.

In forming an opinion as to whether the relevant 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 25.4, the Bond Trustee may have regard to any evidence which the Bond Trustee considers reasonable to rely on including (without any obligation to rely on any of the following):

- (d) a certificate from the Issuer:
  - (i) stating the intention of the parties to the relevant Programme Documents;
  - (ii) confirming that nothing has been said to, or by, any initial or subsequent investors or any other parties which is in any way inconsistent with the stated intention; and/or
  - (iii) stating that the relevant modification to the relevant Programme Documents is required to reflect such intention; and
- (e) a Rating Affirmation Notice issued by the Issuer.

Any such modification may be made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, will be binding upon the Covered Bondholders and the Couponholders and, unless the Bond Trustee otherwise agrees, must be notified by the Issuer or the Trust Manager (as the case may be) to the Covered Bondholders in accordance with Condition 13 (Notices) of the relevant Conditions relating to notices and communications and to the Rating Agencies as soon as practicable thereafter.

- 25.2 Subject to Clause 25.3, the Bond Trustee will be bound to concur with the Issuer and the Covered Bond Guarantor (acting at the direction of the Trust Manager) and any other party in making any of the above-mentioned modifications and/or direct the Security Trustee to make any of the above mentioned modifications if it 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 (as determined in accordance with the provisions of paragraph 24 of Schedule 4 and, if applicable, converted into Australian Dollars at the relevant Covered Bond 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 as determined in accordance with the provisions of paragraph 24 of Schedule 4 and, if applicable, converted into Australian

Dollars at the relevant Covered Bond Swap Rate) then outstanding and at all times then only if it 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.

- 25.3 Notwithstanding any of Clauses 25.1, 25.2 and 25.4, the Bond Trustee will not be obliged to agree to any modification which, in the sole opinion of the Bond Trustee would have the effect of (a) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, of the Bond Trustee in the Programme Documents and/or the Conditions.
- 25.4 The Bond Trustee will be obliged to concur in and to 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, subject to the provisions of Clause 25.1, 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 Bond Trustee and the Security Trustee that all other conditions precedent to the accession of the new Servicer, new Swap Provider, new Trust Manager, new Account Bank, 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) take into account any changes in the covered bonds ratings criteria of the Rating Agencies where, absent such modifications, the rating assigned by the relevant Rating Agency to one or more Series of Covered Bonds may be subject to a downgrade, qualification or withdrawal, subject to receipt by the Bond Trustee and the Security Trustee of a certificate signed by two Authorised Signatories of the Issuer each certifying to the Bond Trustee and the Security Trustee that such modifications are required for the purpose of preventing the relevant downgrade, qualification or withdrawal;
  - (c) 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; or
  - (d) ensure compliance of the Programme or the Issuer, as applicable, with, or ensure that the Issuer 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 the Australian Prudential Regulation Authority) 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.

Any modification under this Clause is effective even if such modification is or may be, prejudicial or materially prejudicial to the interests of the Covered Bondholders of any Series.

The Bond Trustee will not be obliged to concur in relation to any modification being made pursuant to this Clause 25.4 until such time as any certificates required to be delivered to the Bond Trustee under this Clause 25.4 have actually been received by the Bond Trustee.

## **26. SUBSTITUTION**

26.1 The Bond Trustee may without the consent or sanction of the Covered Bondholders or Couponholders at any time agree to the substitution in place of the Issuer (or of the previous substitute under this Clause 26.1) as the principal debtor under the Covered Bonds, Coupons and this Bond Trust Deed of any Subsidiary of the Issuer (such substituted company being hereinafter called the **New Company**) provided that a trust deed is executed or some other written form of undertaking is given by the New Company to the Bond Trustee in form and manner satisfactory to the Bond Trustee, agreeing to be bound by the provisions of this Bond Trust Deed (with any consequential amendments which the Bond Trustee may deem appropriate) as fully as if the New Company had been named in this Bond Trust Deed as the principal debtor in respect of the Covered Bonds in place of the Issuer (or of the previous substitute under this Clause 26.1).

26.2 The following further conditions will apply to Clause 26.1 above:

- (a) the Issuer and the New Company must comply with such other requirements as the Bond Trustee may direct in the interests of the Covered Bondholders;
- (b) where the New Company is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to Australia, undertakings or covenants must be given by the New Company in terms corresponding to the provisions of Condition 7 (Taxation) of the relevant Conditions with the substitution for (or, as the case may be, the addition to) the references to Australia of references to that other or additional territory in which the New Company is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject and (where applicable) Condition 6(b) (Redemption and Purchase - Redemption for Taxation Reasons) of the Programme Conditions and Condition 6.3 (Redemption – Redemption for Taxation Reasons) of the N Covered Bond Conditions will be modified, in form and manner satisfactory to the Bond Trustee, accordingly;
- (c) without prejudice to the rights of reliance of the Bond Trustee under the immediately following paragraph (d), the Bond Trustee is satisfied that the relevant transaction is not materially prejudicial to the interests of the Covered Bondholders;
- (d) if two directors of the New Company (or other officers acceptable to the Bond Trustee) certify that the New Company is solvent both at the time at which the relevant transaction is proposed to be effected and immediately thereafter (which certificate the Bond Trustee may rely upon absolutely without liability to any person) the Bond Trustee will not be under any duty to have regard to the financial condition, profits or prospects of the New Company or to compare the same with those of the Issuer or the previous substitute under this Clause 26.1 as applicable;

- (e) the New Company must provide a legal opinion in a form satisfactory to the Bond Trustee confirming that:
  - (i) it has obtained all necessary governmental and regulatory approvals and consents necessary for or in connection with the assumption by the New Company of liability as the principal debtor under the Covered Bonds, Coupons and this Bond Trust Deed; and
  - (ii) all such approvals and consents are in full force and effect at the time of the substitution; and
- (f) the Issuer and the New Company must execute such other deeds, documents and instruments (if any), and comply with such other requirements, as the Bond Trustee may require for the purpose of ensuring that the substitution is effective.

Any such trust deed or undertaking will, if so expressed, operate to release the Issuer or the previous substitute as aforesaid from all of its obligations as principal debtor under this Bond Trust Deed. Not later than 14 days after the execution of such documents and compliance with such requirements, the New Company will give notice thereof in a form previously approved by the Bond Trustee to the Covered Bondholders in the manner provided in Condition 13 (Notices) of the relevant Conditions relating to notices and communications.. Upon the execution of such documents and compliance with such requirements, the New Company will be deemed to be named in this Bond Trust Deed as the principal debtor in place of the Issuer (or in place of the previous substitute under this Clause 22.2) under this Bond Trust Deed and this Bond Trust Deed will be deemed to be modified in such manner as will be necessary to give effect to the above provisions and, without limitation, references in this Bond Trust Deed to the Issuer will, unless the context otherwise requires, be deemed to be or include references to the New Company.

26.3 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, the Couponholders, at any time to agree to the substitution in place of the Issuer (or of the previous substitute under this Clause 26.3) as the principal debtor under this Bond Trust Deed of any other company (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) provided that:

- (a) a supplemental trust deed is executed or some other form of undertaking is given by the Substituted Debtor in form and manner satisfactory to the Bond Trustee, agreeing to be bound by the provisions of this 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 this Bond Trust Deed as the principal debtor in place of the Issuer (or of the previous substitute under this Clause 26.3);
- (b) the Substituted Debtor acquires or succeeds to pursuant to such scheme of amalgamation or reconstruction all or substantially all of the assets and business of the Issuer;
- (c) where the Substituted Debtor is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than or in addition to Australia, undertakings or

covenants are given by the Substituted Debtor in terms corresponding to the provisions of Condition 7 (Taxation) of the relevant Conditions with the substitution for (or, as the case may be, the addition to) the references to Australia of references to that other or additional territory in which the Substituted Debtor is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject and (where applicable) Condition 6(b) (Redemption and Purchase - Redemption for Taxation Reasons) of the Programme Conditions and Condition 6.3 (Redemption – Redemption for Taxation Reasons) of the N Covered Bond Conditions will be modified accordingly;

- (d) two directors of the Substituted Debtor (or other officers acceptable to the Bond Trustee) certify that the Substituted Debtor is solvent both at the time at which the relevant transaction is proposed to be effected and immediately thereafter (which certificate the Bond Trustee may rely on absolutely without liability to any person);
- (e) the Covered Bond Guarantee will remain in place or be modified to apply *mutatis mutandis* and will constitute in full force and effect in relation to the obligations of any Substituted Debtor;
- (f) confirmations are received by the Bond Trustee from each of the Rating Agencies confirming that the substitution will not adversely affect the then current rating of the Covered Bonds; and
- (g) the Issuer and the Trust Manager, will deliver to the Bond Trustee legal opinions obtained from lawyers of international repute in (a) England and Wales and (b) the jurisdiction of incorporation of the Substituted Debtor in form and substance satisfactory to the Bond Trustee.

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 this Bond Trust Deed. Not later than 14 days after the execution of such documents and compliance with such requirements, the Substituted Debtor will give notice thereof in a form previously approved by the Bond Trustee to the Covered Bondholders in the manner provided in Condition 13 (Notices) of the relevant Conditions. Upon the execution of such documents and compliance with such requirements, the Substituted Debtor will be deemed to be named in this Bond Trust Deed as the principal debtor in place of the Issuer (or in place of the previous substitute under this Clause 26.3) under this Bond Trust Deed and this Bond Trust Deed will be deemed to be modified in such manner as will be necessary to give effect to the above provisions and, without limitation, references in this Bond Trust Deed to the Issuer will, unless the context otherwise requires, be deemed to be or include references to the Substituted Debtor.

## **27. BREACH**

Any breach of or failure to comply by the Issuer and/or the Covered Bond Guarantor with any such terms and conditions as are referred to in Clauses 24 or 25 or 26 will constitute a default by the Issuer or the Covered Bond Guarantor in the performance or observance of a covenant or provision binding on it under or pursuant to this Bond Trust Deed.

## **28. HOLDER OF BEARER DEFINITIVE COVERED BOND ASSUMED TO BE COUPONHOLDER**

Wherever in this Bond Trust Deed the Bond Trustee is required or entitled to exercise a power, trust, authority or discretion under this Bond Trust Deed, except as ordered by a court of competent



jurisdiction or as required by applicable law, the Bond Trustee will, notwithstanding that it may have express notice to the contrary, assume that each holder of a Bearer Definitive Covered Bond is the holder of all Coupons appertaining to such Bearer Definitive Covered Bond.

## **29. NO NOTICE TO COUPONHOLDERS**

None of the Bond Trustee, the Trust Manager, the Covered Bond Guarantor or the Issuer will be required to give any notice to the Couponholders for any purpose under this Bond Trust Deed and the Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Covered Bonds in accordance with Condition 13 (Notices) of the Programme Conditions.

## **30. EXCHANGE RATE INDEMNITY**

- 30.1 If a judgment or order is rendered by a court of any particular jurisdiction for the payment of any amounts owing to the Bond Trustee or the Covered Bondholders or Couponholders under this Bond Trust Deed, the Covered Bonds or the Coupons, or under a judgment or order of a court of any other jurisdiction in respect thereof or for the payment of damages in respect of either thereof, and any such judgment or order is expressed in a currency (the **Judgment Currency**) other than the currency of the relevant Covered Bonds (the **Contractual Currency**), the Issuer and the Covered Bond Guarantor must indemnify and hold the Bond Trustee and the Covered Bondholders and Couponholders harmless against any deficiency arising or resulting from any variation in rates of exchange between the Judgment Currency and the Contractual Currency occurring between: (a) the date on which any amount expressed in the Contractual Currency is converted, for the purposes of making or filing any claim resulting in any such judgment or order, into an equivalent amount in the Judgment Currency; and (b) the date or dates of payment of such amount (or part thereof), or of discharge of such first-mentioned judgment or order (or part thereof), as appropriate.
- 30.2 The above indemnities will constitute separate and independent obligations of the Issuer and the Covered Bond Guarantor from their other obligations under this Bond Trust Deed, will give rise to separate and independent causes of action, will apply irrespective of any indulgence granted by the Bond Trustee or the Covered Bondholders or Couponholders from time to time and will continue in full force and effect notwithstanding any judgment. Any such deficiency as aforesaid will be deemed to constitute a loss suffered by the Bond Trustee and the Covered Bondholders and Couponholders, and no proof or evidence of any actual loss will be required by the Issuer, the Covered Bond Guarantor or its or their liquidator(s).
- 30.3 In the case of Clause 30.1 above, if (upon such payment or discharge as is therein referred to) the Covered Bondholders or Couponholders would on conversion to the Contractual Currency receive an amount in excess of the sum due in the Contractual Currency, the Covered Bondholders or, as the case may be, the Couponholders will hold such excess to the order of the Issuer or the Covered Bond Guarantor, as the case may be.

## **31. NEW BOND TRUSTEE**

The power to appoint a new bond trustee of this Bond Trust Deed will, subject to Clause 33, be vested solely in the Issuer and the Covered Bond Guarantor (acting on the direction of the Trust Manager) jointly but no person will be appointed who has not previously been approved by an Extraordinary Resolution of the Covered Bondholders of all Series taken together as a single Series. One or more persons may hold office as bond trustee or bond trustees of this Bond Trust Deed but such bond trustee or bond trustees will be or include a Trust Corporation. Whenever there are more than two bond trustees of this Bond Trust Deed the majority of such bond trustees must be

competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the Bond Trustee by this Bond Trust Deed provided that a Trust Corporation will be included in such majority. Any appointment of a new bond trustee of this Bond Trust Deed must as soon as practicable thereafter be notified by the Issuer to the Rating Agencies, the Principal Paying Agent, the N Covered Bond Paying Agent, the Registrar, the N Covered Bond Registrar, the Security Trustee and the Covered Bondholders in accordance with Condition 13 (Notices) of the relevant Conditions.

### **32. SEPARATE AND CO-TRUSTEES**

Notwithstanding the provisions of Clause 31 above, the Bond Trustee may, upon giving reasonable prior written notice to the Issuer, the Covered Bond Guarantor and the Trust Manager (but without the consent of the Issuer, the Covered Bond Guarantor, the Trust Manager, the Covered Bondholders or Couponholders), appoint any person established or resident in any jurisdiction (whether a Trust Corporation or not) to act either as a separate bond trustee or as a co-bond trustee jointly with the Bond Trustee:

- (a) if the Bond Trustee considers such appointment to be in the interests of the Covered Bondholders;
- (b) for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed; or
- (c) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of this Bond Trust Deed against the Issuer or the Covered Bond Guarantor.

Each of the Issuer and the Covered Bond Guarantor irrevocably appoints the Bond Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person will (subject always to the provisions of this Bond Trust Deed) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Bond Trustee by this Bond Trust Deed) and such duties and obligations as will be conferred or imposed by the instrument of appointment. The Bond Trustee will have power in like manner to remove any such person. Such remuneration as the Bond Trustee may pay to any such person, together with any attributable Liabilities incurred by it in performing its function as such separate bond trustee or co-bond trustee, will for the purposes of this Bond Trust Deed be treated as Liabilities incurred by the Bond Trustee.

### **33. BOND TRUSTEE'S RETIREMENT AND REMOVAL**

A bond trustee of this Bond Trust Deed may retire at any time on giving not less than three months' prior written notice to the Issuer, the Covered Bond Guarantor, the Trust Manager and the Security Trustee without giving any reason and without being responsible for any Liabilities incurred by reason of such retirement. The Covered Bondholders may by Extraordinary Resolution of the Covered Bondholders of all Series taken together as a single Series remove any bond trustee or bond trustees for the time being of this Bond Trust Deed. Each of the Issuer and the Trust Manager undertakes that in the event of the only bond trustee of this Bond Trust Deed which is a Trust Corporation giving notice under this Clause 33 or being removed by Extraordinary Resolution it will use all reasonable endeavours to procure that a new bond trustee of this Bond Trust Deed being a Trust Corporation is appointed by the Covered Bondholders in accordance with Clause 31 as soon as reasonably practicable thereafter. The retirement or removal of any such bond trustee will not become effective until a successor bond trustee being a Trust Corporation is appointed. If, in such circumstances, no appointment of such new bond trustee has become effective within 60 days of the

date of such notice or Extraordinary Resolution, the Bond Trustee will be entitled to appoint a Trust Corporation as bond trustee of this Bond Trust Deed, but no such appointment will take effect unless previously approved by an Extraordinary Resolution.

#### **34. BOND TRUSTEE'S POWERS TO BE ADDITIONAL**

The powers conferred upon the Bond Trustee by this Bond Trust Deed will be in addition to any powers which may from time to time be vested in the Bond Trustee by the general law or as a holder of any of the Covered Bonds or Coupons.

#### **35. NOTICES**

- (a) Subject to paragraph (b), any notice, approval, request, certificate, demand, consent, recommendation, direction or other communication to the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Trust Manager or the Security Trustee to be given, made or served for any purposes under this Bond Trust Deed will be given, made or served by sending the same by pre-paid post (first class if inland, first class airmail if overseas) or facsimile transmission or by delivering it by hand as follows:

to the **Issuer:** National Australia Bank Limited  
Level 36, 500 Bourke Street  
Melbourne VIC 3000  
Australia

Attention: Manager, Secured Funding  
Facsimile No.: +61 (0)3 8641 0804  
Email: Australian.Bank.Securitisation@nab.com.au

to the **Covered Bond Guarantor:** Perpetual Corporate Trust Limited as trustee of the nab  
Covered Bond Trust  
Level 12, 123 Pitt Street  
Sydney NSW 2000  
Australia

Attention: Manager, Transaction Management  
Facsimile No.: +61 (0)2 8256 1424  
Email: securitisationops@perpetual.com.au

to the **Bond Trustee:** Winchester House  
1 Great Winchester Street  
London EC2N 2DB

Attention: Managing Director (TSS/ASFS/ABS Group) (NAB Covered Bonds)  
Facsimile No.: +44 (0)20 75475919

to the **Trust Manager:** National Australia Bank Limited  
Level 36, 500 Bourke Street  
Melbourne VIC 3000  
Australia

Attention: Senior Manager, Secured Funding

Facsimile No.:

+61 (0)3 8641 0804

Email:

Australian.Bank.Securitisation@nab.com.au

or to such other address or facsimile number as have been notified (in accordance with this Clause 35) to the other parties hereto and any notice, approval, request, certificate, demand, consent, recommendation, direction or other communication sent by post as aforesaid will be deemed to have been given, made or served three days in the case of inland post or seven days in the case of overseas post after despatch and any notice, approval, request, certificate, demand, consent, recommendation, direction or other communication sent by facsimile transmission as aforesaid will be deemed to have been given, made or served 24 hours after the time of despatch provided that in the case of a notice, approval, request, certificate, demand, consent, recommendation, direction or other communication given by facsimile transmission such notice, approval, request, certificate, demand, consent, recommendation, direction or other communication will forthwith be confirmed by post. The failure of the addressee to receive such confirmation will not invalidate the relevant notice or demand given by facsimile transmission.

- (b) A notice, approval, request, certificate, demand, consent, recommendation, direction or other communication to be given under this Bond Trust Deed may only be given by email where the recipient has agreed that that communication or communications of that type, may be given by email. Unless a later time is specified in it, a notice, approval, request, certificate, demand, consent, recommendation, direction or other communication takes effect from the time it is received. An email is taken to be received on receipt by the sender of an email from the recipient stating that the email was delivered in its entirety and the contents and attachments of the email have been received.
- (c) The Bond Trustee will in no event be liable for any Liability arising due to it receiving or transmitting any data from any other party or its respective Authorised Signatory (each a **Notifying Party**) via any non-secure method of transmission or communication, such as, but without limitation, by facsimile or email.
- (d) Each Notifying Party accepts that some methods of communication are not secure and the Bond Trustee will incur no liability for receiving instructions, notices, certificates or other communications (as the case may be) via any such non-secure method. The Bond Trustee is authorised to comply with and rely upon any such notice, certificate, instructions or other communications believed by it to have been sent or given by an Authorised Signatory. Each Notifying Party must use all reasonable endeavours to ensure that instructions, notices, certificates or other communications transmitted by it to the Bond Trustee pursuant to this deed are completed and correct. Any instructions, notices, certificates or other communications will be conclusively deemed to be valid instructions from the relevant Notifying Party to the Bond Trustee for the purposes of this deed.

### 36. LIMITED RECOURSE

Clause 37 of the Establishment Deed is incorporated into this Bond Trust Deed as if set out here in full with any necessary amendments to clause references and references to applicable documents, except that any reference to "this deed" is taken to be a reference to this Bond Trust Deed.

### 37. GOVERNING LAW

This Bond Trust Deed and any non-contractual obligations arising out of or in connection with it, other than Clause 2.4 (but only to the extent that it relates to the A\$ Registered Covered Bonds), Clause 3.4 and Clause 32, will be governed by, and will be construed in accordance with, English law. Clause 2.4 (to the extent that it relates to the A\$ Registered Covered Bonds), Clause 3.4 and

Clause 32 will be governed by and construed in accordance with the law applying in the State of New South Wales, Australia.

### **38. SUBMISSION TO JURISDICTION**

Each party to this Bond Trust Deed hereby irrevocably submits to the exclusive jurisdiction of the English courts in any action or proceeding arising out of or relating to this Bond Trust Deed (including a dispute relating to any non-contractual obligations arising out of or in connection with this Bond Trust Deed), and hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined by such courts. Each party to this Bond Trust Deed hereby irrevocably waives, to the fullest extent it may possibly do so, any defence or claim that the English courts are an inconvenient forum for the maintenance or hearing of such action or proceeding. The Bond Trustee, the Covered Bondholders and the Couponholders may not take any suit, action or proceeding arising out of or in connection with this Bond Trust Deed (including any proceedings relating to any non-contractual obligations arising out of or in connection with this Bond Trust Deed) against the Issuer or the Covered Bond Guarantor in any other court .

Each of the Issuer and Covered Bond Guarantor irrevocably and unconditionally appoints the London branch of National Australia Bank Limited, 88 Wood Street, London EC2V 7QQ, for the time being and in the event of its ceasing so to act will appoint such other person as the Bond Trustee may approve and as the Issuer may nominate in writing to the Bond Trustee for the purpose to accept service of process on its behalf in England in respect of any proceedings. Each of Issuer and Covered Bond Guarantor:

- (a) agrees to procure that, so long as any of the Covered Bonds remains liable to prescription, there will be in force an appointment of such a person approved by the Bond Trustee with an office in London with authority to accept service as aforesaid;
- (b) agrees that a failure by any such person to give notice of such service or process to the Issuer or Covered Bond Guarantor will not impair the validity of such service or of any judgment based thereon;
- (c) consents to the service of process in respect of any proceedings in accordance with Clause 35; and
- (d) agrees that nothing in this Bond Trust Deed will affect the right to serve process in any other manner permitted by law.

### **39. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Bond Trust Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Bond Trust Deed.

### **40. COUNTERPARTS**

This Bond Trust Deed may be executed and delivered in any number of counterparts, all of which, taken together, will constitute one and the same deed and any party to this Bond Trust Deed may enter into the same by executing and delivering a counterpart. However, this Bond Trust Deed will have no force or effect until it is executed by the last party to execute the same and will be deemed to have been executed and delivered in the place where such last party executed this Bond Trust Deed.

**IN WITNESS** whereof this Bond Trust Deed has been executed as a deed by each of the parties hereto and delivered on the date first stated on page 1.

## **SCHEDULE 1**

### **TERMS AND CONDITIONS OF THE COVERED BONDS**

## 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 each Definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Conditions. The 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 National Australia Bank Limited (**nab** 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 15 November 2011 (the **Programme Date**) made between, amongst others, the Issuer, Perpetual Corporate Trust Limited ABN 99 000 341 533 as covered bond guarantor (the **Covered Bond Guarantor**), nab as trust manager (the **Trust Manager**) and Deutsche Trustee Company Limited as bond trustee (in such capacity, the **Bond Trustee**, which expression will include any successor 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 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 A.G., London 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), Deutsche Bank A.G., London Branch as exchange agent (in such capacity, the **Exchange Agent**, which expression will include any additional or successor exchange agent), Deutsche Bank Trust Company Americas as registrar (in such capacity, the **Registrar**, which expression will include any successor registrar), Deutsche Bank Trust Company Americas 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), Deutsche



Bank Trust Company Americas as U.S. paying agent (in such capacity, the **U.S. Paying Agent**, which expression will include any additional or successor U.S. Paying Agents).

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 nab 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 Exchange 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, **Exchange Agent** will mean, in relation to a Tranche or Series of Covered Bonds, the Exchange Agent or such other exchange 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 10 November 2011 and made between the Covered Bond Guarantor, the Issuer, 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 nab Covered Bond Trust Definitions Schedule made between the parties to the Programme Documents on 10 November 2011 (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, a Floating Rate Covered Bond or a Zero Coupon 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 ratings of any outstanding Series of Covered Bonds will not be adversely affected by the issuance of this Covered Bond.

Bearer Definitive Covered Bonds are issued with Coupons attached, unless they are Zero Coupon Covered Bonds in which case references to Coupons and Couponholders in these Conditions are not applicable.

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 S.A./N.V. (**Euroclear**) and/or Clearstream Banking, S.A. (**Clearstream, Luxembourg**) or The Depository Trust Company (**DTC**) each person (other than Euroclear, Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or DTC 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 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 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, and, in the case of DTC or its nominee, voting, giving consents and making requests, for which purpose the bearer of the relevant Global Covered Bond or the registered holder of the relevant Registered Global Covered Bond will be treated by the Issuer, the Covered Bond Guarantor, any Paying Agent and the Bond Trustee as the holder of 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 DTC or 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 (i).

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 DTC, 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 Rule 144A Global Covered Bonds (as defined below) and Regulation S Global Covered Bonds (as defined below) (together, the **Registered Global Covered Bonds**) will be effected by DTC, 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 DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Principal Agency Agreement. Transfers of a Registered Global Covered Bond registered in the name of a nominee for DTC will be limited to transfers of such Registered Global Covered Bond, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

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

Subject as provided in Conditions 2(f), 2(g) and 2(h) below, 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 5 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 5.00pm 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 Covered Bonds it holds and the transfer form does not identify the specific Covered Bonds transferred, the A\$ Registrar may choose which Covered Bonds registered in the name of the Covered Bondholder have been transferred. However, the Principal Amount Outstanding of the Covered Bonds registered as transferred must equal the Principal Amount Outstanding of the 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) *Transfers of interests in Regulation S Global Covered Bonds***

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Covered Bond to a transferee in the United States or who is a U.S. person will only be made (i) upon receipt by the Registrar or the Transfer Agent of a written certification substantially in the form set out in the Principal Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Covered Bond or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any State of the United States or any other jurisdiction; or (ii) otherwise 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.

In the circumstances set out in this Condition 2(f), such transferee may take delivery through a Legended Covered Bond in global or definitive form. Prior to the end of the applicable Distribution Compliance Period beneficial interests in Regulation S Global Covered Bonds registered in the name of a nominee for DTC may only be held through the accounts of Euroclear and Clearstream, Luxembourg. After expiry of the applicable Distribution Compliance Period: (i) beneficial interests in Regulation S Global Covered Bonds registered in the name of a nominee for DTC may be held through DTC directly, by a participant in DTC or indirectly through a participant in DTC; and (ii) such certification requirements will no longer apply to such transfers.

**(g) *Transfers of interests in Legended Covered Bonds***

Transfers of Legended Covered Bonds or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Covered Bond, upon receipt by the Registrar or the Transfer Agent of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Covered Bond registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Covered Bonds being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Legended Covered Bond where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise 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.

Upon the transfer, exchange or replacement of Legended Covered Bonds, or upon specific request for removal of the Legend therein, the Registrar or the Transfer Agent will deliver only Legended Covered Bonds or refuse to remove the Legend therein, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

**(h) 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.

**(i) 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);

**Legended Covered Bonds** means Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bond) sold in private transactions to QIBs in accordance with the requirements of Rule 144A;

**QIB** means a "qualified institutional buyer" within the meaning of Rule 144A;

**Regulation S** means Regulation S under the Securities Act;

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

**Rule 144A** means Rule 144A under the Securities Act;

**Rule 144A Global Covered Bond** means a Registered Global Covered Bond representing Covered Bonds sold in the United States to QIBs in reliance on Rule 144A; 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 Australian 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 section 13A(3)(a) - (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 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:
  - (A) for amounts paid and/or calculated in respect of Interest Payment Dates, one divided by the number of Interest Payment Dates in a year; and
  - (B) for amounts paid and/or calculated in respect of dates other than Interest Payment Dates, Actual/Actual (ICMA).

In these Conditions:

**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, 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:

- (C) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, 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 the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (D) the **Following Business Day Convention**, such Interest Payment Date will be postponed to the next day which is a Business Day; or
- (E) 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
- (F) 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 (TARGET2) System or any successor thereto (the **TARGET2 System**) 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) *ISDA Determination for Floating Rate Covered Bonds*

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

- (1) the Floating Rate Option is as specified in the Applicable Final Terms;
- (2) the Designated Maturity is the period specified in the Applicable Final Terms; and
- (3) the relevant Reset Date is either: (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**), the Euro-zone inter-bank offered rate (**EURIBOR**), the Hong Kong inter-bank offered rate (**HIBOR**), the Toronto inter-bank offered rate (**BA-CDOR**) or the Australian Bank Bill Swap Rate (**BBSW**) for a currency, the first day of that Interest Period or (ii) ) if the applicable Floating Rate Option is based on the Singapore inter-bank offered rate (**SIBOR**) the second Singapore business day prior to the start of each Interest Period or (iii) if the applicable Floating Rate Option is based on the New Zealand inter-bank offered rate (**BKBM**), the first day of that Interest Period or (iv) if the applicable Floating Rate Option is based on the Oslo inter-bank offered rate (**NIBOR**) the second Oslo business day prior to the start of each Interest Period; or (v) in any other case, as specified in the Applicable Final Terms.

Unless otherwise stated in the Applicable Final Terms the Minimum Rate of Interest will be deemed to be zero.

For the purposes of this sub-Paragraph (b) Floating Rate, Floating Rate Option, Designated Maturity and Reset Date have the meanings given to those terms in the ISDA Definitions.

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

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

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards or, in the case of A\$ Registered Covered Bonds only, rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which either (i) in the case of A\$ Registered Covered Bonds, appears or appear, as the case may be, on the Relevant Screen Page as at 10.15 a.m. (Sydney time) in the case of BBSW on the Interest Determination Date in question plus or minus the Margin (if any), all as determined by the Calculation Agent, or (ii) otherwise, appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or 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 10.00 a.m. Toronto time in the case of BA-CDOR or as at 10.45 a.m. Auckland 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. 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 Calculation Agent or the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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 LIBOR (other than Sterling or Euro LIBOR), the second London business day prior to the start of each Interest Period;
- (ii) if the Reference Rate is Sterling LIBOR, HIBOR, BA-CDOR or BBSW, the first day of each Interest Period;
- (iii) if the Reference Rate is EURIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period;
- (iv) if the Reference Rate is SIBOR, the second Singapore business day prior to the start of each Interest Period;
- (v) if the Reference Rate is BKBM, the first day of each Interest Period; or
- (vi) if the Reference Rate is NIBOR, the second Oslo business day prior to the start of each Interest Period.

**Reference Rate** shall mean (i) LIBOR, (ii) EURIBOR, (iii) HIBOR, (iv) BA-CDOR, (v) BBSW, (vi) SIBOR, (vii) BKBM or (viii) NIBOR, in each case for the relevant period, as specified in the applicable Final Terms.

**Relevant Financial Centre** shall mean London, in the case of a determination of LIBOR, 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 BA-CDOR, Sydney, in the case of a determination of BBSW, 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.

The Principal Agency Agreement contains provisions for determining the Rate of Interest pursuant to this subparagraph in the event that 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.

In the case of A\$ Registered Covered Bonds, in the event that 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 calculated by the Calculation Agent as the average of the Reference Rates quoted by four leading banks in Sydney to leading banks in Sydney at or about 10.15 a.m. (Sydney time) on the Interest Determination Date for a period equivalent to the Interest Period or, if the Calculation Agent is unable to obtain at least two quotes in accordance with the foregoing, the rate the Calculation Agent calculates as the average of the rates per annum (being the nearest equivalent to the Reference Rate) quoted by two or more leading banks in Sydney selected by the Calculation Agent to leading banks in the Sydney at or about 10.30 a.m. (Sydney time) on the Interest Determination Date for a period equivalent to the 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 BBSW, LIBOR, EURIBOR, HIBOR, BA-CDOR, SIBOR, BKBM or NIBOR, the Rate of Interest in respect of such Covered Bonds will be determined as provided in the Applicable Final Terms.

*(C) BBSW Determination for Floating Rate Covered Bonds*

Where "BBSW 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 rate for prime bank eligible securities (expressed as a percentage rate per annum), having a tenor closest to the relevant Interest Period, which is designated as the "AVG MID" (the **BBSW Rate**) on the BBSW Page (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) at or about the BBSW 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.

If the BBSW Page is not available, or if the BBSW Rate does not appear on the BBSW Page by 10.30 a.m. in the Relevant Financial Centre (or such other time that is 15 minutes after the then prevailing BBSW Publication Time in the Relevant Financial Centre), the Rate of Interest shall be determined in good faith by the Principal Paying Agent on the Interest

Determination Date, after consultation with the Issuer, having regard to comparable indices then available.

If the Principal Paying Agent is unable to determine the Rate of Interest in accordance with the preceding paragraph, the Rate of Interest shall be that 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)(C):

**BBSW Page** means the Reuters Screen “BBSW” Page, or such other page on the Reuters Monitor Money Rates Service (or a successor service) as may replace such page for the purpose of displaying the Australian Bank Bill Swap Rate;

**BBSW Publication Time** means 10.15 a.m. (or such other time at which the BBSW Rate customarily appears on the BBSW Page);

**Interest Determination Date** shall mean the date specified as such in the Final Terms or if none is so specified, the first day of each Interest Period; and

**Relevant Financial Centre** shall mean Sydney, as specified in the applicable Final Terms.

(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 Reference Rate (FRA)” (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) administered by the New Zealand Financial Markets Association (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.

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), the Rate of Interest shall be determined in good faith by the Principal Paying Agent on the Interest Determination Date after consultation with the Issuer, 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.

If the Principal Paying Agent is unable to determine the Rate of Interest in accordance with the preceding paragraph, the Rate of Interest shall be that 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 the Reuters Screen “BKBM” Page, or such other page on the Reuters Monitor Money Rates Service (or a successor service) as may replace such page for the purpose of displaying the New Zealand Bank Bill reference 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 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 paragraph (ii) above 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 paragraph (ii) above 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 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 the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (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 by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where "Screen Rate Determination" is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where "ISDA Determination" is specified as applicable in the applicable Final Terms) or the relevant BBSW Rate (where "BBSW Determination" is specified as applicable in the applicable Final Terms) or the relevant BKBM Rate (where "BKBM Determination" is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(vi) *Notification of Rate of Interest and Interest Amounts*

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 or other relevant competent authority or quotation system 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 published 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 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 or other relevant authority 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.

*(vii) Determination or Calculation by Bond Trustee*

If for any reason at any relevant time after the Issue Date, the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent or the Calculation Agent defaults in its obligation to calculate any Interest Amount in accordance with subparagraph (ii) above or as otherwise specified in the Applicable Final Terms, as the case may be, and in each case in accordance with paragraph (iv) above, the Bond Trustee may determine (or appoint an agent to determine) the Rate of Interest at such rate as, in its absolute discretion (having such regard as it thinks fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the Applicable Final Terms), it deems fair and reasonable in all the circumstances or, as the case may be, the Bond Trustee may calculate (or appoint an agent to calculate) the Interest Amount(s) in such manner as it deems fair and reasonable. In making any such determination or calculation, the Bond Trustee may appoint and rely on a determination or calculation by a calculation agent (which must be an investment bank or other suitable entity of international repute). Each such determination or calculation will be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as the case may be.

*(viii) 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 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 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.

**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 through 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) above 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.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Covered Bond in respect of Covered Bonds denominated in a Specified Currency other than U.S. dollars will be paid by electronic transfer by the Paying Agent to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for conversion into and payment in U.S. dollars in accordance with the provisions of the Principal Agency Agreement.

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 am 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 pm 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 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 DTC, 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 DTC, 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, 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;
- (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 (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) and which, if the Specified Currency is Australian Dollars, will be Sydney) or (2) in relation to any sum payable in Euro, a day on which the TARGET 2 System is open; and
- (iii) in the case of any payment in respect of a Registered Global Covered Bond denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Covered Bond) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

**(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) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 6(f));

- (vi) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and
- (vii) 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 Euro 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 and/or DTC must have credited to its securities account with the relevant clearing system a minimum balance of Covered Bonds of at least Euro 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 Euro 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 paragraph (iv) below, 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 Euro 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 Euro 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 Euro 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 (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 (in the case of interest bearing Covered Bonds) any date for payment of interest under the Covered Bonds or (in the case of Zero Coupon Covered Bonds) any date, in each case 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 nor 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 Condition 6(a) above.

**Extension Determination Date** means, in respect of a Series of Covered Bonds, the date falling two Business Days after the expiry of seven days starting on (and including) the Final Maturity Date of such Series of Covered Bonds.

**Guarantee Priority of Payments** means the guarantee priority of payments relating to the allocation and distribution of all Available Revenue Receipts and Available Principal Receipts 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 17.5 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) below 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 DTC, Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of DTC, 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 or DTC, 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 or DTC 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 or DTC, (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or DTC, or any common depository, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg or DTC 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, the Austraclear System or DTC, 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) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

**(f) *Early Redemption Amounts***

For the purpose of Conditions 6(b) and 6(e) above and 6(j) below and Condition 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;
- (ii) in the case of a Covered Bond (other than a Zero Coupon 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; or
- (iii) in the case of a Zero Coupon Covered Bond, at an amount (the **Amortised Face Amount**) equal to the sum of:
  - (a) the Reference Price; and
  - (b) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it will be made (i) in the case of a Zero Coupon Covered Bond payable in a Specified Currency other than Euro, on the basis of a 360-day year consisting of 12 months of 30 days each or (ii) in the case of a Zero Coupon Covered Bond payable in Euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non leap year divided by 365) or (iii) on such other calculation basis as may be specified in the Applicable Final Terms.

**(g) [Reserved]**

**(h) 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).

**(i) 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(h) above 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.

**(j) Late payment on Zero Coupon Covered Bonds**

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to Condition 6(a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused or default is otherwise made in the payment thereof, the amount due and repayable in respect of such Zero Coupon Covered Bond will be the amount calculated as provided in Condition 6(f)(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (ii) the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Principal Paying Agent (other than in the case of A\$ Registered Covered Bonds), the Bond Trustee, the relevant Registrar or, in the case of A\$ Registered Covered Bonds, the A\$ Registrar or the relevant Covered Bondholder and

notice to that effect has been given to the Covered Bondholders either in accordance with Condition 13 or individually.

**(k) Certification on redemption under Condition 6(b) and 6(e)**

Prior to the publication of any notice of redemption pursuant to Condition 6(b) or (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 thirty 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 thirtieth 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 (a) through (h) above.

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 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.

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 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 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. For purposes of the preceding sentence and the next paragraph, any withholding imposed pursuant to Sections 1471 through 1474 of the Code, and any regulations thereunder, agreements entered into pursuant thereto, or official interpretations thereof, shall be deemed a tax imposed by the United States.

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 Noteholders 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 unless presented for payment within ten years (in the case of principal) and five years (in the case of interest) in each case 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 subparagraph (iii), (iv), (v), (vi), (viii) or (ix) inclusive below, 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 seven 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 30 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 30 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, (A) 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 (B) 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).

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

paragraph (ii) below, 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 30 days (or such longer period as the Bond Trustee may permit) after written notice thereof has been given by the Bond Trustee to the Covered Bond Guarantor requiring the same to be remedied; or
- (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) 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 paragraph (a) above only, in its absolute discretion subject to and in accordance with the Bond Trust Deed; or
- (B) in the case of both paragraph (a) or (b) above, 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 paragraph 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, Transfer Agent and Exchange Agent**

The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar, the A\$ Registrar, the initial Transfer Agent, the initial Exchange 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;
- (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;
- (c) so long as any of the Registered Global Covered Bonds payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent; and
- (d) the Issuer will ensure that it appoints a Paying Agent in a Member State of the European Union (other than the United Kingdom) in the event that it is required to withhold or deduct tax on payments made in the United Kingdom.

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.bourse.lu*. 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 DTC and/or Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to DTC and/or 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 DTC and/or 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 and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, 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 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 (and in the case of any modification contemplated by clause 21.1(c) of the Bond Trust Deed, the Bond Trustee must), 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) take into account any changes in the covered bonds ratings criteria of the Rating Agencies where, absent such modifications, the rating assigned by the relevant Rating Agency to one or more Series of Covered Bonds may be subject to a downgrade, qualification or withdrawal, subject to receipt by the Bond Trustee and the Security Trustee of a certificate signed by two Authorised Signatories of the Issuer each certifying to the Bond Trustee and the Security Trustee that such modifications are required for this purposes of preventing the relevant downgrade, qualification or withdrawal; (c) 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; or (d) ensure compliance of the Programme or the Issuer (as applicable) with, or ensure that the Issuer 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 the Australian Prudential Regulation Authority) 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.

### **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) 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 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(i) 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 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 Related Security, 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 Portfolio, including whether the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test, the Pre-Maturity Test or the Amortisation Test; or (iv) monitoring whether Mortgage Loans and Related Security satisfy the Eligibility Criteria. 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: (i) take any steps for the purpose of 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, including 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 incur 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.

## SCHEDULE 2

### FORMS OF GLOBAL AND DEFINITIVE COVERED BONDS, COUPONS AND TALONS

#### PART 1

##### FORM OF TEMPORARY BEARER GLOBAL COVERED BOND

[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.]<sup>1</sup>

[THIS SECURITY AND THE COVERED BOND GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE 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. IN ACCORDANCE WITH SECURITIES LAW, UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF (i) THE DATE ON WHICH THE OFFERING OF THIS SECURITY COMMENCED TO PERSONS OTHER THAN DISTRIBUTORS IN RELIANCE ON REGULATION S AND (ii) THE DATE OF ISSUANCE OF SUCH SECURITY, SALES MAY NOT BE MADE UNLESS MADE (I) OUTSIDE THE UNITED STATES PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.]

[(\*) The following legend will appear on the face of each Temporary Bearer Global Covered Bond which is exchangeable for Bearer Covered Bonds in definitive form according to the relevant Final Terms:]

[NO OFFSHORE ASSOCIATE OF THE ISSUER (AS DEFINED BELOW) MAY (DIRECTLY OR INDIRECTLY) ACQUIRE THIS COVERED BOND OR ANY INTEREST IN OR RIGHT IN RESPECT OF THIS COVERED BOND (OTHER THAN AN OFFSHORE ASSOCIATE WHO ACQUIRES THIS COVERED BOND OR SUCH INTEREST OR RIGHT IN THE CAPACITY OF A DEALER, MANAGER OR UNDERWRITER IN RELATION TO THE PLACEMENT OF THE COVERED BOND, INTEREST OR RIGHT, OR A CLEARING HOUSE, CUSTODIAN, FUNDS MANAGER OR RESPONSIBLE ENTITY OF A REGISTERED SCHEME WITHIN THE MEANING OF THE CORPORATIONS ACT 2001 OF AUSTRALIA).

"OFFSHORE ASSOCIATE" MEANS AN ASSOCIATE (AS DEFINED IN SECTION 128F OF THE INCOME TAX ASSESSMENT ACT 1936 (THE "TAX ACT", WHICH TERM INCLUDES ANY SUCCESSOR LEGISLATION)) OF THE ISSUER THAT IS EITHER A NON-RESIDENT OF THE COMMONWEALTH OF AUSTRALIA WHICH DOES NOT ACQUIRE THE COVERED BONDS IN CARRYING ON A BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA OR, ALTERNATIVELY, A RESIDENT OF AUSTRALIA THAT ACQUIRES THE

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<sup>1</sup> Delete where the original maturity of the Covered Bonds is 1 year or less.

COVERED BONDS IN CARRYING ON BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT OUTSIDE OF AUSTRALIA.

EACH PERSON WHO SO ACQUIRES THIS COVERED BOND OR SUCH INTEREST OR RIGHT IS TAKEN TO HAVE WARRANTED IN FAVOUR OF THE ISSUER THAT THE PERSON IS NOT AN OFFSHORE ASSOCIATE, RESIDENT OF AUSTRALIA OR NON-RESIDENT OF AUSTRALIA WHO HAS ENGAGED IN CARRYING ON BUSINESS IN AUSTRALIA AT OR THROUGH A PERMANENT ESTABLISHMENT WITHIN AUSTRALIA.

ANY OFFSHORE ASSOCIATE, RESIDENT OF AUSTRALIA OR NON-RESIDENT OF AUSTRALIA WHO HAS ENGAGED IN CARRYING ON BUSINESS IN AUSTRALIA AT OR THROUGH A PERMANENT ESTABLISHMENT WITHIN AUSTRALIA WHO ACQUIRES THIS COVERED BOND OR ANY INTEREST OR RIGHT IN RESPECT OF THIS COVERED BOND CONTRARY TO THE RESTRICTION ABOVE MAY BE SUBJECT TO AUSTRALIAN TAX AND, IF SO, WILL NOT BE ENTITLED TO RECEIVE ANY PAYMENT OF ADDITIONAL AMOUNTS FROM THE ISSUER ON ACCOUNT OF SUCH TAX FROM AMOUNTS PAYABLE UNDER OR IN RESPECT OF THE COVERED BOND.]

[(\*) The following legend will appear on the face of each Temporary Bearer Global Covered Bond other than any Temporary Bearer Global Covered Bond which is exchangeable for Bearer Covered Bonds in definitive form according to the relevant Final Terms:]

NO OFFSHORE ASSOCIATE OF THE ISSUER (AS DEFINED BELOW) MAY (DIRECTLY OR INDIRECTLY) ACQUIRE THIS COVERED BOND OR ANY INTEREST IN OR RIGHT IN RESPECT OF THIS COVERED BOND (OTHER THAN AN OFFSHORE ASSOCIATE WHO ACQUIRES THIS COVERED BOND OR SUCH INTEREST OR RIGHT IN THE CAPACITY OF A DEALER, MANAGER OR UNDERWRITER IN RELATION TO THE PLACEMENT OF THE COVERED BOND, INTEREST OR RIGHT, OR A CLEARING HOUSE, CUSTODIAN, FUNDS MANAGER OR RESPONSIBLE ENTITY OF A REGISTERED SCHEME WITHIN THE MEANING OF THE CORPORATIONS ACT 2001 OF AUSTRALIA).

**"OFFSHORE ASSOCIATE"** MEANS AN ASSOCIATE (AS DEFINED IN SECTION 128F OF THE INCOME TAX ASSESSMENT ACT 1936 (THE "**TAX ACT**", WHICH TERM INCLUDES ANY SUCCESSOR LEGISLATION)) OF THE ISSUER THAT IS EITHER A NON-RESIDENT OF THE COMMONWEALTH OF AUSTRALIA WHICH DOES NOT ACQUIRE THE COVERED BONDS IN CARRYING ON A BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA OR, ALTERNATIVELY, A RESIDENT OF AUSTRALIA THAT ACQUIRES THE COVERED BONDS IN CARRYING ON BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT OUTSIDE OF AUSTRALIA.

EACH PERSON WHO SO ACQUIRES THIS COVERED BOND OR SUCH INTEREST OR RIGHT IS TAKEN TO HAVE WARRANTED IN FAVOUR OF THE ISSUER THAT THE PERSON IS NOT AN OFFSHORE ASSOCIATE, RESIDENT OF AUSTRALIA OR NON-RESIDENT OF AUSTRALIA WHO HAS ENGAGED IN CARRYING ON BUSINESS IN AUSTRALIA AT OR THROUGH A PERMANENT ESTABLISHMENT WITHIN AUSTRALIA.

ANY OFFSHORE ASSOCIATE, RESIDENT OF AUSTRALIA OR NON-RESIDENT OF AUSTRALIA WHO HAS ENGAGED IN CARRYING ON BUSINESS IN AUSTRALIA AT OR THROUGH A PERMANENT ESTABLISHMENT WITHIN AUSTRALIA WHO ACQUIRES THIS COVERED BOND OR ANY INTEREST OR RIGHT IN RESPECT OF THIS COVERED BOND CONTRARY TO THE RESTRICTION ABOVE MAY BE SUBJECT TO AUSTRALIAN TAX AND, IF SO, WILL NOT BE ENTITLED TO RECEIVE ANY PAYMENT OF ADDITIONAL AMOUNTS FROM THE ISSUER IN



RESPECT OF ANY AMOUNT DEDUCTED BY THE ISSUER ON ACCOUNT OF SUCH TAX FROM AMOUNTS PAYABLE UNDER OR IN RESPECT OF THE COVERED BOND.

**NATIONAL AUSTRALIA BANK LIMITED**

(Australian Business Number 12 004 044 937)

(the **Issuer**)

**TEMPORARY BEARER GLOBAL COVERED BOND**

*Unconditionally and irrevocably guaranteed as to payment of interest and principal by*

**[●]**

**(AS TRUSTEE OF THE NAB COVERED BOND TRUST)**

*(incorporated with limited liability under the laws of [New South Wales])*

**(the Covered Bond Guarantor)**

This Covered Bond is a **Temporary Bearer Global Covered Bond** in respect of a duly authorised issue of Covered Bonds of the Issuer (the **Covered Bonds**) of the Principal Amount Outstanding, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms applicable to the Covered Bonds (the **Final Terms**), a copy of which is annexed hereto. References herein to the Conditions will be to the Terms and Conditions of the Covered Bonds as set out in Schedule 1 (Terms and Conditions of the Covered Bonds) to the Bond Trust Deed (as defined below) as supplemented, replaced and modified by the Final Terms but, in the event of any conflict between the provisions of the said Conditions and the information in the Final Terms, the Final Terms will prevail.

Words and expressions defined in the Conditions will bear the same meanings when used in this Temporary Bearer Global Covered Bond.

This Temporary Bearer Global Covered Bond is issued subject to, and with the benefit of, the Conditions and a bond trust deed (such bond trust deed as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) dated [●] 2011 and made between the Issuer, the Covered Bond Guarantor and Deutsche Trustee Company Limited (the **Bond Trustee**).

For value received, the Issuer, subject as hereinafter provided and subject to and in accordance with the Conditions and the Bond Trust Deed, promises to pay to the bearer hereof on each Instalment Date (if the Covered Bonds are repayable in instalments) and on the Final Maturity Date and/or on such earlier date(s) as all or any of the Covered Bonds represented by this Temporary Bearer Global Covered Bond may become due and repayable in accordance with the Conditions and the Bond Trust Deed, the amount payable under the Conditions in respect of such Covered Bonds on each such date and to pay interest (if any) on the Principal Amount Outstanding of the Covered Bonds from time to time represented by this Temporary Bearer Global Covered Bond calculated and payable as provided in the Conditions and the Bond Trust Deed together with any other sums payable under the Conditions and the Bond Trust Deed, upon presentation and, at maturity, surrender of this Temporary Bearer Global Covered Bond to or to the order of the Principal Paying Agent or any of the other Paying Agents located outside the United States and its territories and possessions (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Covered Bonds.

The nominal amount of the Covered Bonds represented by this Temporary Bearer Global Covered Bond will be the amount stated in the Final Terms or, if lower, the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part II, III or IV of Schedule One or Schedule Two (*Exchanges*).

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Covered Bonds represented by this Temporary Bearer Global Covered Bond, the Issuer must procure that details of such redemption, payment, purchase and cancellation (as the case may be)

are entered by or on behalf of the Issuer in Schedule 1 hereto and the relevant space in Schedule 1 hereto recording any such redemption, payment, purchase and cancellation (as the case may be) must be signed by or on behalf of the Issuer. Upon any such redemption, payment of an instalment, purchase and cancellation the Principal Amount Outstanding of this Temporary Bearer Global Covered Bond and the Covered Bonds represented by this Temporary Bearer Global Covered Bond will be reduced by the Principal Amount Outstanding of such Covered Bonds so redeemed or purchased and cancelled or the amount of such instalment.

Payments due in respect of Covered Bonds for the time being represented by this Temporary Bearer Global Covered Bond must be made to the bearer of this Temporary Bearer Global Covered Bond and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above will not affect such discharge.

Payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will only be made to the bearer hereof to the extent that there is presented to the Principal Paying Agent by a relevant Clearing System a certificate to the effect that it has received from or in respect of a person entitled to a particular principal amount of the Covered Bonds represented by this Temporary Bearer Global Covered Bond (as shown by its records) as certificate of non-US beneficial ownership in the form required by it. The bearer of this Temporary Bearer Global Covered Bond will not (unless upon due presentation of this Temporary Bearer Global Covered Bond for exchange, delivery of the appropriate number of Bearer Definitive Covered Bonds (together, if applicable, with the Coupons and Talons appertaining thereto in or substantially in the forms set out in Part 1, Part 3, Part 4 and Part 5 of Schedule 2 (*Forms of Global and Definitive Covered Bonds, Coupons and Talons*) to the Bond Trust Deed) or, as the case may be, issue and delivery (or, as the case may be, endorsement) of the Permanent Bearer Global Covered Bond is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment hereon due on or after the Exchange Date.

On or after the date (the **Exchange Date**) which is 40 days after the Issue Date, this Temporary Bearer Global Covered Bond may be exchanged (free of charge) in whole or in part for, as specified in the Final Terms, either (a) security printed Bearer Definitive Covered Bonds and (if applicable) Coupons and/or Talons (on the basis that all the appropriate details have been included on the face of such Bearer Definitive Covered Bonds and (if applicable) Coupons and/or Talons and the relevant information supplementing, replacing or modifying the Conditions appearing in the Final Terms has been endorsed or attached to such Bearer Definitive Covered Bonds) or (b) a Permanent Bearer Global Covered Bond which is in or substantially in the form set out in Part 2 of Schedule 2 (Form of Permanent Bearer Global Covered Bond) to the Bond Trust Deed (together with the Final Terms attached thereto), in each case upon notice being given by a relevant Clearing System acting on the instruction of any holder of an interest in this Temporary Bearer Global Covered Bond and subject, in the case of Bearer Definitive Covered Bonds, to such notice period as is specified in the Final Terms.

If Bearer Definitive Covered Bonds and (if applicable) Coupon and/or Talons have already been issued in exchange for all the Covered Bonds represented for the time being by the Permanent Bearer Global Covered Bond, then this Temporary Bearer Global Covered Bond may only thereafter be exchanged for Bearer Definitive Covered Bonds and (if applicable) Coupons and/or Talons pursuant to the terms hereof.

This Temporary Bearer Global Covered Bond may be exchanged by the bearer hereof on any Business Day in London. The Issuer must procure that Bearer Definitive Covered Bonds or (as the case may be) the interests in the Permanent Bearer Global Covered Bond will be (in the case of Bearer Definitive Covered Bonds) issue and delivered in exchange for only that portion of this Temporary Bearer Global Covered Bond in respect of which there will have been presented to the Principal Paying Agent by a relevant Clearing System a certificate to the effect that it has received from or in respect of a person entitled to a beneficial interest in particular nominal amount of the Covered Bonds represented by this Temporary Bearer Global

Covered Bond (as shown by its records) a certificate of non-US beneficial ownership in the form required by it.

On an exchange of the whole of this Temporary Bearer Global Covered Bond, this Temporary Bearer Global Covered Bond must be surrendered to or to the order of the Principal Paying Agent. On an exchange of part only of this Temporary Bearer Global Covered Bond, the Issuer must procure that on an exchange of part only of this Temporary Bearer Global Covered Bond, details of such exchange will be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such exchange must be signed by or on behalf of the Issuer, whereupon the nominal amount of this Temporary Bearer Global Covered Bond and the Covered Bonds represented by this Temporary Bearer Global Covered Bond will be reduced by the Principal Amount Outstanding of this Temporary Bearer Global Covered Bond so exchanged. On any exchange of this Temporary Bearer Global Covered Bond for a Permanent Bearer Global Covered Bond, details of such exchange must be entered by or on behalf of the Issuer in Schedule 2 to the Permanent Bearer Global Covered Bond and the relevant space in Schedule 2 thereto recording such exchange must be signed by or on behalf of the Issuer.

Until the exchange of the whole of this Temporary Bearer Global Covered Bond as aforesaid, the bearer hereof will (subject as provided in the next paragraph) in all respects (except as otherwise provided herein) be entitled to the same benefits as if he were the bearer of Bearer Definitive Covered Bonds and the relative Coupons and/or Talons (if any) in the form(s) set out in Parts 3, 4, 5 and 6 (as applicable) of Schedule 2 (Forms of Global and Definitive Covered Bonds, Coupons and Talons) to the Bond Trust Deed.

Each person (other than Euroclear Bank S.A./N.V. (**Euroclear**) or Clearstream Banking, société anonyme (**Clearstream, Luxembourg** and together with Euroclear, the **relevant Clearing Systems**)) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of the Covered Bonds represented by this Temporary Bearer Global Covered Bond (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal 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) will be treated by the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, the Principal Paying Agent and any other Paying Agent as the holder of such principal amount of such Covered Bonds for all purposes other than with respect to the payment of principal and interest on such principal amount of such Covered Bonds, the right to which must be vested, as against the Issuer, solely in the bearer of this Temporary Bearer Global Covered Bond in accordance with and subject to the terms of this Temporary Bearer Global Covered Bond and the Bond Trust Deed.

This Temporary Bearer Global Covered Bond and any non-contractual obligations arising out of or in connection with it are governed by, and must be construed in accordance with, English law.

A person who is not a party to this Temporary Bearer Global Covered Bond has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Temporary Bearer Global Covered Bond, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

This Temporary Bearer Global Covered Bond will not be valid unless authenticated by [●] as Principal Paying Agent.

**IN WITNESS WHEREOF** the Issuer has caused this Temporary Bearer Global Covered Bond to be signed manually or in facsimile by a person duly authorised on its behalf.

Issued as of the Issue Date specified in the Final Terms.

**NATIONAL AUSTRALIA BANK LIMITED**

By: .....  
**Authorised Signatory<sup>2</sup>**

Authenticated by  
[●]  
as Principal Paying Agent

By: .....  
**Authorised Signatory**

**Important Notes:**

The Covered Bond Guarantor has guaranteed certain obligations of the Issuer in respect of this Temporary Bearer Global Covered Bond only in its role as trustee of the Trust and in no other capacity. Any obligation or liability of the Covered Bond Guarantor arising under or in any way connected with the Trust under the Establishment Deed, the Bond Trust Deed, this Temporary Bearer Global Covered Bond or any other Programme Document is limited to the extent to which it can be satisfied out of the assets of the Trust out of which the Covered Bond Guarantor is actually indemnified for the obligation or liability. This limitation will not apply to any obligation or liability of the Covered Bond Guarantor only to the extent that it is not so satisfied because of any fraud, negligence or wilful default on the part of the Covered Bond Guarantor. Full terms of the Covered Bond Guarantor's limitation of liability (including certain exceptions to it) are set out in the Programme Documents.

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<sup>2</sup> This signature may be affixed manually or by facsimile – see clause 3.1(b) of the Bond Trust Deed.

## Schedule One to Part 1

## PART I

## INTEREST PAYMENTS

[illegible]

## PART II

## PAYMENT OF INSTALMENT AMOUNTS

[illegible]

\* See most recent entry in Part II, III or IV or Schedule One in order to determine this amount.

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## Schedule Two to Part 1

## EXCHANGES

The following exchanges of a part of this Temporary Bearer Global Covered Bond for Bearer Definitive Covered Bonds or a part of a Permanent Bearer Global Covered Bond have been made.

[illegible]

\* See most recent entry in Part II, III or IV of Schedule One or in this Schedule Two in order to determine this amount.

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## **PART 2**

### **FORM OF PERMANENT BEARER GLOBAL COVERED BOND**

NO OFFSHORE ASSOCIATE OF THE ISSUER (AS DEFINED BELOW) MAY (DIRECTLY OR INDIRECTLY) ACQUIRE THIS COVERED BOND OR ANY INTEREST IN OR RIGHT IN RESPECT OF THIS COVERED BOND (OTHER THAN AN OFFSHORE ASSOCIATE WHO ACQUIRES THIS COVERED BOND OR SUCH INTEREST OR RIGHT IN THE CAPACITY OF A DEALER, MANAGER OR UNDERWRITER IN RELATION TO THE PLACEMENT OF THE COVERED BOND, INTEREST OR RIGHT, OR A CLEARING HOUSE, CUSTODIAN, FUNDS MANAGER OR RESPONSIBLE ENTITY OF A REGISTERED SCHEME WITHIN THE MEANING OF THE CORPORATIONS ACT 2001 OF AUSTRALIA).

**"OFFSHORE ASSOCIATE"** MEANS AN ASSOCIATE (AS DEFINED IN SECTION 128F OF THE INCOME TAX ASSESSMENT ACT 1936 (THE **"TAX ACT"**, WHICH TERM INCLUDES ANY SUCCESSOR LEGISLATION)) OF THE ISSUER THAT IS EITHER A NON-RESIDENT OF THE COMMONWEALTH OF AUSTRALIA WHICH DOES NOT ACQUIRE THE COVERED BONDS IN CARRYING ON A BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA OR, ALTERNATIVELY, A RESIDENT OF AUSTRALIA THAT ACQUIRES THE COVERED BONDS IN CARRYING ON BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT OUTSIDE OF AUSTRALIA.

EACH PERSON WHO SO ACQUIRES THIS COVERED BOND OR SUCH INTEREST OR RIGHT IS TAKEN TO HAVE WARRANTED IN FAVOUR OF THE ISSUER THAT THE PERSON IS NOT AN OFFSHORE ASSOCIATE, RESIDENT OF AUSTRALIA OR NON-RESIDENT OF AUSTRALIA WHO HAS ENGAGED IN CARRYING ON BUSINESS IN AUSTRALIA AT OR THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA.

ANY OFFSHORE ASSOCIATE, RESIDENT OF AUSTRALIA OR NON-RESIDENT OF AUSTRALIA WHO HAS ENGAGED IN CARRYING ON BUSINESS IN AUSTRALIA AT OR THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA WHO ACQUIRES THIS COVERED BOND OR ANY INTEREST OR RIGHT IN RESPECT OF THIS COVERED BOND CONTRARY TO THE RESTRICTION ABOVE MAY BE SUBJECT TO AUSTRALIAN TAX AND, IF SO, WILL NOT BE ENTITLED TO RECEIVE ANY PAYMENT OF ADDITIONAL AMOUNTS FROM THE ISSUER ON ACCOUNT OF SUCH TAX FROM AMOUNTS PAYABLE UNDER OR IN RESPECT OF THE COVERED BOND.

**[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.]<sup>3</sup>**

**THIS SECURITY HAS 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, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION**

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<sup>3</sup> Delete where the original maturity of the Covered Bonds is 1 year or less.

**UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.**

**NATIONAL AUSTRALIA BANK LIMITED**  
(Australian Business Number 12 004 044 937)  
(the **Issuer**)

**PERMANENT BEARER GLOBAL COVERED BOND**

*Unconditionally and irrevocably guaranteed as to payment of interest and principal by*

**[●]**

**(AS TRUSTEE OF THE NAB COVERED BOND TRUST)**

*(incorporated with limited liability under the laws of [New South Wales])*  
(the **Covered Bond Guarantor**)

This Covered Bond is a **Permanent Bearer Global Covered Bond** in respect of a duly authorised issue of Covered Bonds of the Issuer (the **Covered Bonds**) of the Principal Amount Outstanding, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms applicable to the Covered Bonds (the **Final Terms**), a copy of which is annexed hereto, and which are constituted by a Bond Trust Deed (as defined below). References herein to the **Conditions** shall be to the Terms and Conditions of the Covered Bonds as set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to the Bond Trust Deed (as defined below) as supplemented, replaced and modified by the Final Terms but, in the event of any conflict between the provisions of the said Conditions and the information in the Final Terms, the Final Terms will prevail.

Words and expressions defined in the Conditions shall bear the same meanings when used in this Permanent Bearer Global Covered Bond.

This Permanent Bearer Global Covered Bond is issued subject to, and with the benefit of, the Conditions and a bond trust deed (such bond trust deed as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) dated [●] and made between the Issuer, the Covered Bond Guarantor and Deutsche Trustee Company Limited (the **Bond Trustee**).

For value received, the Issuer, subject as hereinafter provided and subject to and in accordance with the Conditions and the Bond Trust Deed, promises (i) to pay to the bearer hereof on each Instalment Date (if the Covered Bonds are repayable in instalments) and on the Final Maturity Date and/or on such earlier date(s) as all or any of the Covered Bonds represented by this Permanent Bearer Global Covered Bond may become due and repayable in accordance with the Conditions and the Bond Trust Deed, the amount payable under the Conditions in respect of such Covered Bonds on each such date and to pay interest (if any) on the Principal Amount Outstanding of the Covered Bonds from time to time represented by this Permanent Bearer Global Covered Bond calculated and payable as provided in the Conditions and the Bond Trust Deed together with any other sums payable under the Conditions and the Bond Trust Deed, upon presentation and (ii) to perform all of its obligations to deliver Asset Amounts under the Conditions on such date(s) as such Asset Amounts become deliverable and, at maturity, surrender of this Permanent Bearer Global Covered Bond to or to the order of the Principal Paying Agent or any of the other Paying Agents located outside the United States, its territories and possessions (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Covered Bonds.

The Principal Amount Outstanding of the Covered Bonds represented by this Permanent Bearer Global Covered Bond shall be the amount stated in the Final Terms or, if lower, the Principal Amount Outstanding most recently entered by or on behalf of the Issuer in the relevant column in Part II, III, or IV of Schedule One hereto or in Schedule Two hereto.



On any redemption of, or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Covered Bonds represented by this Permanent Bearer Global Covered Bond the Issuer shall procure that details of such redemption, payment, or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such redemption, payment, or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer, whereupon the Principal Amount Outstanding of this Permanent Bearer Global Covered Bond and the Covered Bonds represented by this Permanent Bearer Global Covered Bond shall be reduced by the nominal amount of such Covered Bonds so redeemed or purchased and cancelled or the amount of such instalment so paid.

Payments due in respect of Covered Bonds for the time being represented by this Permanent Bearer Global Covered Bond shall be made to the bearer of this Permanent Bearer Global Covered Bond and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

If the Covered Bonds represented by this Permanent Bearer Global Covered Bond were, on issue, represented by a Temporary Bearer Global Covered Bond then on any exchange of such Temporary Bearer Global Covered Bond for this Permanent Bearer Global Covered Bond or any part hereof, the Issuer shall procure that details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such exchange shall be signed by or on behalf of the Issuer, whereupon the Principal Amount Outstanding of this Permanent Bearer Global Covered Bond and the Covered Bonds represented by this Bearer Global Covered Bond shall be increased by the nominal amount of the Temporary Bearer Global Covered Bond so exchanged.

This Permanent Bearer Global Covered Bond may be exchanged (free of charge) in whole, but not in part, for Bearer Definitive Covered Bonds and (if applicable) Coupons and/or Talons in or substantially in the forms set out in Part 3 (*Form of Bearer Definitive Covered Bond*), Part 4 (*Form of Coupon*) and Part 5 (*Form of Talon*) of Schedule 2 (*Forms of Global and Definitive Covered Bonds, Coupons and Talons*) to the Bond Trust Deed (on the basis that all the appropriate details have been included on the face of such Bearer Definitive Covered Bonds and (if applicable) Coupons and/or Talons and the relevant information supplementing, replacing or modifying the Conditions appearing in the Final Terms has been endorsed on or attached to such Bearer Definitive Covered Bonds) either, as specified in the applicable Final Terms:

- (b) upon not less than 60 days' written notice being given to the Principal Paying Agent by Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg** and together with Euroclear, the **relevant Clearing Systems**) (acting on the instructions of any holder of an interest in this Permanent Bearer Global Covered Bond); or
- (c) 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 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.

If this Permanent Bearer Global Covered Bond is exchangeable following the occurrence of an Exchange Event:

- (d) the Issuer will promptly give notice to Covered Bondholders in accordance with Condition 13 (Notices) upon the occurrence of such Exchange Event; and

- (e) Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in this Permanent Bearer Global Covered Bond) or the Bond Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange.

Any such exchange shall occur on a date specified in the notice not more than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The first notice requesting exchange in accordance with the above provisions shall give rise to the issue of Bearer Definitive Covered Bonds for the Principal Amount Outstanding of Covered Bonds represented by this Permanent Bearer Global Covered Bond.

Any such exchange as aforesaid will be made upon presentation of this Permanent Bearer Global Covered Bond by the bearer hereof on any Business Day in London at the office of the Principal Paying Agent specified above.

The aggregate Principal Amount Outstanding of Bearer Definitive Covered Bonds issued upon an exchange of this Permanent Bearer Global Covered Bond will be equal to the aggregate Principal Amount Outstanding of this Permanent Bearer Global Covered Bond. Upon exchange of this Permanent Bearer Global Covered Bond for Bearer Definitive Covered Bonds, the Principal Paying Agent shall cancel it or procure that it is cancelled.

Until the exchange of the whole of this Permanent Bearer Global Covered Bond as aforesaid, the bearer hereof shall (subject as provided in the next paragraph) in all respects be entitled to the same benefits as if he were the bearer of Bearer Definitive Covered Bonds and the relative Coupons and/or Talons (if any) in the form(s) set out in Part 3 (*Form of Bearer Definitive Covered Bond*), Part 4 (*Form of Coupon*) and Part 5 (*Form of Talon*) (as applicable) of Schedule 2 (*Forms of Global and Definitive Covered Bonds, Coupons and Talons*) to the Bond Trust Deed.

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 principal amount of the Covered Bonds represented by this Permanent Bearer Global Covered Bond (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, the Principal Paying Agent and any other Paying Agent as the holder of such principal amount of such Covered Bonds for all purposes other than with respect to the payment of principal and interest on such principal amount of such Covered Bonds, the right to which shall be vested, as against the Issuer and the Covered Bond Guarantor, solely in the bearer of this Permanent Bearer Global Covered Bond in accordance with and subject to the terms of this Permanent Bearer Global Covered Bond and the Bond Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment or delivery made to the bearer of this Permanent Bearer Global Covered Bond.

This Permanent Bearer Global Covered Bond and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

A person who is not a party to this Permanent Bearer Global Covered Bond has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Permanent Bearer Global Covered Bond, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

This Permanent Bearer Global Covered Bond shall not be valid unless authenticated by [●] as Principal Paying Agent.

IN WITNESS whereof the Issuer has caused this Permanent Bearer Global Covered Bond to be signed manually or in facsimile by a person duly authorised on its behalf.

Issued as of the Issue Date specified in the Final Terms.

## **NATIONAL AUSTRALIA BANK LIMITED**

By: .....  
**Authorised Signatory**<sup>4</sup>

Authenticated by  
[●]  
as Principal Paying Agent

By: .....  
**Authorised Signatory**

### **Important Notes:**

The Covered Bond Guarantor has guaranteed certain obligations of the Issuer in respect of this Permanent Bearer Global Covered Bond only in its role as trustee of the Trust and in no other capacity. Any obligation or liability of the Covered Bond Guarantor arising under or in any way connected with the Trust under the Establishment Deed, the Bond Trust Deed, this Permanent Bearer Global Covered Bond or any other Programme Document is limited to the extent to which it can be satisfied out of the assets of the Trust out of which the Covered Bond Guarantor is actually indemnified for the obligation or liability. This limitation will not apply to any obligation or liability of the Covered Bond Guarantor only to the extent that it is not so satisfied because of any fraud, negligence or wilful default on the part of the Covered Bond Guarantor. Full terms of the Covered Bond Guarantor's limitation of liability (including certain exceptions to it) are set out in the Programme Documents.

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<sup>4</sup> This signature may be affixed manually or by facsimile – see clause 3.1(b) of the Bond Trust Deed.

## Schedule One to Part 2

## PART I

## INTEREST PAYMENTS

[illegible]

## PART II

## PAYMENT OF INSTALMENT AMOUNTS

[illegible]

\* See most recent entry in Part II, III or IV or Schedule Two in order to determine this amount.

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## Schedule Two to Part 2

## EXCHANGES

(only applicable where the Covered Bonds represented by this Permanent Bearer Global Covered Bond were, on issue, represented by a Temporary Bearer Global Covered Bond)

[illegible]

\* See most recent entry in Part II, III or IV of Schedule One or in this Schedule Two in order to determine this amount.

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### **PART 3**

#### **FORM OF BEARER DEFINITIVE COVERED BOND**

NO OFFSHORE ASSOCIATE OF THE ISSUER (AS DEFINED BELOW) MAY (DIRECTLY OR INDIRECTLY) ACQUIRE THIS COVERED BOND OR ANY INTEREST IN OR RIGHT IN RESPECT OF THIS COVERED BOND (OTHER THAN AN OFFSHORE ASSOCIATE WHO ACQUIRES THIS COVERED BOND OR SUCH INTEREST OR RIGHT IN THE CAPACITY OF A DEALER, MANAGER OR UNDERWRITER IN RELATION TO THE PLACEMENT OF THE COVERED BOND, INTEREST OR RIGHT, OR A CLEARING HOUSE, CUSTODIAN, FUNDS MANAGER OR RESPONSIBLE ENTITY OF A REGISTERED SCHEME WITHIN THE MEANING OF THE CORPORATIONS ACT 2001 OF AUSTRALIA).

**"OFFSHORE ASSOCIATE"** MEANS AN ASSOCIATE (AS DEFINED IN SECTION 128F OF THE INCOME TAX ASSESSMENT ACT 1936 (THE **"TAX ACT"**, WHICH TERM INCLUDES ANY SUCCESSOR LEGISLATION)) OF THE ISSUER THAT IS EITHER A NON-RESIDENT OF THE COMMONWEALTH OF AUSTRALIA WHICH DOES NOT ACQUIRE THE COVERED BONDS IN CARRYING ON A BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA OR, ALTERNATIVELY, A RESIDENT OF AUSTRALIA THAT ACQUIRES THE COVERED BONDS IN CARRYING ON BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT OUTSIDE OF AUSTRALIA.

EACH PERSON WHO SO ACQUIRES THIS COVERED BOND OR SUCH INTEREST OR RIGHT IS TAKEN TO HAVE WARRANTED IN FAVOUR OF THE ISSUER THAT THE PERSON IS NOT AN OFFSHORE ASSOCIATE, RESIDENT OF AUSTRALIA OR NON-RESIDENT OF AUSTRALIA WHO HAS ENGAGED IN CARRYING ON BUSINESS IN AUSTRALIA AT OR THROUGH A PERMANENT ESTABLISHMENT WITHIN AUSTRALIA.

ANY OFFSHORE ASSOCIATE, RESIDENT OF AUSTRALIA OR NON-RESIDENT OF AUSTRALIA WHO HAS ENGAGED IN CARRYING ON BUSINESS IN AUSTRALIA AT OR THROUGH A PERMANENT ESTABLISHMENT WITHIN AUSTRALIA WHO ACQUIRES THIS COVERED BOND OR ANY INTEREST OR RIGHT IN RESPECT OF THIS COVERED BOND CONTRARY TO THE RESTRICTION ABOVE MAY BE SUBJECT TO AUSTRALIAN TAX AND, IF SO, WILL NOT BE ENTITLED TO RECEIVE ANY PAYMENT OF ADDITIONAL AMOUNTS FROM THE ISSUER ON ACCOUNT OF SUCH TAX FROM AMOUNTS PAYABLE UNDER OR IN RESPECT OF THE COVERED BOND.

**THIS SECURITY HAS 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, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.**

**[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.]<sup>5</sup>**

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<sup>5</sup> Delete where the original maturity of the Covered Bonds is 1 year or less.

**NATIONAL AUSTRALIA BANK LIMITED**  
(ABN 12 004 044 937) (the **Issuer**)

[Specified Currency and Nominal Amount of Tranche]  
**COVERED BONDS DUE**

[Year of Maturity]  
unconditionally and irrevocably guaranteed as to payments of interest and principal by

[●]  
**(AS TRUSTEE OF THE NAB COVERED BOND TRUST)**  
*(incorporated with limited liability under the laws of [New South Wales])*  
(the **Covered Bond Guarantor**)

This Covered Bond is a **Bearer Definitive Covered Bond** in respect of a duly authorised issue of Covered Bonds of [Specified Currency(ies) and Specified Denomination(s)] each of the Issuer (**Covered Bonds**) of the Principal Amount Outstanding, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms applicable to the Covered Bonds (the **Final Terms**), a copy of which is annexed hereto. References herein to the **Conditions** shall be to the Terms and Conditions [endorsed hereon/set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to the Bond Trust Deed (as defined below) which shall be incorporated by reference herein and have effect as if set out herein] as supplemented, replaced and modified by the relevant information appearing in the Final Terms (the **Final Terms**) endorsed hereon but, in the event of any conflict between the provisions of the said Conditions and such information in the Final Terms, such information will prevail.

Words and expressions defined in the Conditions shall bear the same meanings when used in this Bearer Definitive Covered Bond.

This Bearer Definitive Covered Bond is issued subject to, and with the benefit of, the Conditions and a bond trust deed (such bond trust deed as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) dated [●] and made between the Issuer, the Covered Bond Guarantor and Deutsche Trustee Company Limited (the **Bond Trustee**).

For value received, the Issuer, subject to and in accordance with the Conditions and the Bond Trust Deed, hereby promises to pay to the bearer hereof on [each Instalment Date and] the Final Maturity Date and/or on such earlier date as this Bearer Definitive Covered Bond may become due and repayable in accordance with the Conditions and the Bond Trust Deed, the amount payable or Asset Amount deliverable on redemption of this Bearer Definitive Covered Bond and to pay interest (if any) on the Principal Amount Outstanding of this Bearer Definitive Covered Bond calculated and payable as provided in the Conditions and the Bond Trust Deed together with any other sums payable under the Conditions and the Bond Trust Deed.

This Bearer Definitive Covered Bond and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

Neither this Bearer Definitive Covered Bond nor the Coupons appertaining hereto shall be valid or obligatory for any purpose unless and until this Bearer Definitive Covered Bond has been authenticated by [●] as Principal Paying Agent.

IN WITNESS whereof this Bearer Definitive Covered Bond has been executed on behalf of the Issuer.

Issued as of [●], 20[●].

**NATIONAL AUSTRALIA BANK LIMITED**

By: .....  
**Authorised Signatory**<sup>6</sup>  
Authenticated by  
[●]  
as Principal Paying Agent

By: .....  
**Authorised Signatory**

**Important Notes:**

The Covered Bond Guarantor has guaranteed certain obligations of the Issuer in respect of this Bearer Definitive Covered Bond only in its role as trustee of the Trust and in no other capacity. Any obligation or liability of the Covered Bond Guarantor arising under or in any way connected with the Trust under the Establishment Deed, the Bond Trust Deed, this Bearer Definitive Covered Bond or any other Programme Document is limited to the extent to which it can be satisfied out of the assets of the Trust out of which the Covered Bond Guarantor is actually indemnified for the obligation or liability. This limitation will not apply to any obligation or liability of the Covered Bond Guarantor only to the extent that it is not so satisfied because of any fraud, negligence or wilful default on the part of the Covered Bond Guarantor. Full terms of the Covered Bond Guarantor's limitation of liability (including certain exceptions to it) are set out in the Programme Documents.

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|----------------|--------|----------|--------------|
| [0,000/00,000] | [ISIN] | [Series] | [Serial No.] |
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<sup>6</sup> This signature may be affixed manually or by facsimile – see clause 3.3(c) of the Bond Trust Deed.



**[CONDITIONS]**

[Conditions to be as set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to this Bond Trust Deed or such other form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), but shall not be endorsed if not required by the relevant Stock Exchange (if any)]

## **FINAL TERMS**

[Here to be set out the text of the relevant information supplementing, replacing or modifying the Conditions which appears in the Final Terms relating to the Covered Bonds]

**PART 4**

**FORM OF COUPON**

[Face of Coupon]

**NATIONAL AUSTRALIA BANK LIMITED**  
**(ABN 12 004 044 937)**  
**(the Issuer)**

Specified Currency/Nominal Amount  
**COVERED BONDS DUE [Year of Maturity]**

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

**(AS TRUSTEE OF THE NAB COVERED BOND TRUST)**  
*(incorporated with limited liability under the laws of [New South Wales])*  
**(the Covered Bond Guarantor)**

**Series No. [●]\***

NO OFFSHORE ASSOCIATE OF THE ISSUER (AS DEFINED ABOVE) MAY (DIRECTLY OR INDIRECTLY) ACQUIRE THIS COUPON OR ANY INTEREST IN OR RIGHT IN RESPECT OF THIS COUPON (OTHER THAN AN OFFSHORE ASSOCIATE WHO ACQUIRES THIS COUPON OR SUCH INTEREST OR RIGHT IN THE CAPACITY OF A DEALER, MANAGER OR UNDERWRITER IN RELATION TO THE PLACEMENT OF THE COUPON, INTEREST OR RIGHT, OR A CLEARING HOUSE, CUSTODIAN, FUNDS MANAGER OR RESPONSIBLE ENTITY OF A REGISTERED SCHEME WITHIN THE MEANING OF THE CORPORATIONS ACT 2001 OF AUSTRALIA).

"**OFFSHORE ASSOCIATE**" MEANS AN ASSOCIATE (AS DEFINED IN SECTION 128F OF THE INCOME TAX ASSESSMENT ACT 1936 (THE "**TAX ACT**", WHICH TERM INCLUDES ANY SUCCESSOR LEGISLATION)) OF THE ISSUER THAT IS EITHER A NON-RESIDENT OF THE COMMONWEALTH OF AUSTRALIA WHICH DOES NOT ACQUIRE THE COVERED BONDS IN CARRYING ON A BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA OR, ALTERNATIVELY, A RESIDENT OF AUSTRALIA THAT ACQUIRES THE COVERED BONDS IN CARRYING ON BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT OUTSIDE OF AUSTRALIA.

EACH PERSON WHO SO ACQUIRES THIS COUPON OR SUCH INTEREST OR RIGHT IS TAKEN TO HAVE WARRANTED IN FAVOUR OF THE ISSUER THAT THE PERSON IS NOT AN OFFSHORE ASSOCIATE, RESIDENT OF AUSTRALIA OR NON-RESIDENT OF AUSTRALIA WHO HAS ENGAGED IN CARRYING ON BUSINESS IN AUSTRALIA AT OR THROUGH A PERMANENT ESTABLISHMENT WITHIN AUSTRALIA.

ANY OFFSHORE ASSOCIATE, RESIDENT OF AUSTRALIA OR NON-RESIDENT OF AUSTRALIA WHO HAS ENGAGED IN CARRYING ON BUSINESS IN AUSTRALIA AT OR THROUGH A PERMANENT ESTABLISHMENT WITHIN AUSTRALIA WHO ACQUIRES THIS COUPON OR ANY INTEREST OR RIGHT IN RESPECT OF THIS COUPON CONTRARY TO THE RESTRICTION ABOVE MAY BE SUBJECT TO AUSTRALIAN TAX AND, IF SO, WILL NOT BE ENTITLED TO RECEIVE ANY PAYMENT OF ADDITIONAL AMOUNTS FROM THE ISSUER ON ACCOUNT OF SUCH TAX FROM AMOUNTS PAYABLE UNDER OR IN RESPECT OF THIS COUPON.

**THIS SECURITY HAS 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, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.**

**[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.]<sup>7</sup>**

[Coupon appertaining to a Covered Bond in the denomination of [Specified Currency and Specified Denomination]].<sup>8</sup>

#### **Part A**

##### **[For Fixed Rate Covered Bonds:**

This Coupon is payable to bearer, separately negotiable and subject to the Terms and Conditions of the said Covered Bonds. Coupon for [●] due on [●], [●]]

#### **Part B**

##### **[For Floating Rate Covered Bonds or Variable Interest Covered Bonds:**

Coupon for the amount due in accordance with the Terms and Conditions endorsed on, attached to or incorporated by reference into the said Covered Bonds on [the Interest Payment Date falling in [●] [●]/[●]].

This Coupon is payable to bearer, separately negotiable and subject to such Terms and Conditions, under which it may become void before its due date.

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<sup>7</sup> Delete where the original maturity of the Covered Bonds is 1 year or less.

<sup>8</sup> Delete where the Covered Bonds are all of the same denomination.

| [No.] | [0,000/00,000] | [ISIN] | [Series] | [Serial No.] |
|-------|----------------|--------|----------|--------------|
|-------|----------------|--------|----------|--------------|

**PART 5**  
**FORM OF TALON**

NO OFFSHORE ASSOCIATE OF THE ISSUER (AS DEFINED BELOW) MAY (DIRECTLY OR INDIRECTLY) ACQUIRE THIS TALON OR ANY INTEREST IN OR RIGHT IN RESPECT OF THIS TALON (OTHER THAN AN OFFSHORE ASSOCIATE WHO ACQUIRES THIS TALON OR SUCH INTEREST OR RIGHT IN THE CAPACITY OF A DEALER, MANAGER OR UNDERWRITER IN RELATION TO THE PLACEMENT OF THE TALON, INTEREST OR RIGHT, OR A CLEARING HOUSE, CUSTODIAN, FUNDS MANAGER OR RESPONSIBLE ENTITY OF A REGISTERED SCHEME WITHIN THE MEANING OF THE CORPORATIONS ACT 2001 OF AUSTRALIA).

**"OFFSHORE ASSOCIATE"** MEANS AN ASSOCIATE (AS DEFINED IN SECTION 128F OF THE INCOME TAX ASSESSMENT ACT 1936 (THE **"TAX ACT"**, WHICH TERM INCLUDES ANY SUCCESSOR LEGISLATION)) OF THE ISSUER THAT IS EITHER A NON-RESIDENT OF THE COMMONWEALTH OF AUSTRALIA WHICH DOES NOT ACQUIRE THE COVERED BONDS IN CARRYING ON A BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA OR, ALTERNATIVELY, A RESIDENT OF AUSTRALIA THAT ACQUIRES THE COVERED BONDS IN CARRYING ON BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT OUTSIDE OF AUSTRALIA.

EACH PERSON WHO SO ACQUIRES THIS TALON OR SUCH INTEREST OR RIGHT IS TAKEN TO HAVE WARRANTED IN FAVOUR OF THE ISSUER THAT THE PERSON IS NOT AN OFFSHORE ASSOCIATE, RESIDENT OF AUSTRALIA OR NON-RESIDENT OF AUSTRALIA WHO HAS ENGAGED IN CARRYING ON BUSINESS IN AUSTRALIA AT OR THROUGH A PERMANENT ESTABLISHMENT WITHIN AUSTRALIA.

ANY OFFSHORE ASSOCIATE, RESIDENT OF AUSTRALIA OR NON-RESIDENT OF AUSTRALIA WHO HAS ENGAGED IN CARRYING ON BUSINESS IN AUSTRALIA AT OR THROUGH A PERMANENT ESTABLISHMENT WITHIN AUSTRALIA WHO ACQUIRES THIS TALON OR ANY INTEREST OR RIGHT IN RESPECT OF THIS TALON CONTRARY TO THE RESTRICTION ABOVE MAY BE SUBJECT TO AUSTRALIAN TAX AND, IF SO, WILL NOT BE ENTITLED TO RECEIVE ANY PAYMENT OF ADDITIONAL AMOUNTS FROM THE ISSUER ON ACCOUNT OF SUCH TAX FROM AMOUNTS PAYABLE UNDER OR IN RESPECT OF THIS TALON.

**THIS SECURITY HAS 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, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT.**

**[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.]<sup>9</sup>**

[Face of Talon]

**NATIONAL AUSTRALIA BANK LIMITED**  
(ABN 12 004 044 937)  
(the **Issuer**)

Specified Currency/Nominal Amount  
**COVERED BONDS DUE [Year of Maturity]**

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

**[●]**  
**(AS TRUSTEE OF THE NAB COVERED BOND TRUST)**  
*(incorporated with limited liability under the laws of [New South Wales])*  
(the **Covered Bond Guarantor**)

**Series No. [●]**

[Talon appertaining to a Covered Bond in the denomination of Specified Currency/Nominal Amount]<sup>10</sup>

On and after [●] further Coupons [and a further Talon]<sup>11</sup> appertaining to the Covered Bond to which this Talon appertains will be issued at the specified office of any of the Paying Agents set out on the reverse hereof (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Covered Bondholders) upon production and surrender of this Talon.

This Talon may, in certain circumstances, become void under the Terms and Conditions endorsed on the Covered Bond to which this Talon appertains.

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| [No.] | [0,000/00,000] | [ISIN] | [Series] | [Serial No.] |
|-------|----------------|--------|----------|--------------|
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<sup>9</sup> Delete where the original maturity of the Covered Bonds is 1 year or less.  
<sup>10</sup> Delete where the Covered Bonds are all of the same denomination.  
<sup>11</sup> Not required on last Coupon sheet.

## **PART 6**

### **FORM OF REGISTERED GLOBAL COVERED BOND**

NO OFFSHORE ASSOCIATE OF THE ISSUER (AS DEFINED BELOW) MAY (DIRECTLY OR INDIRECTLY) ACQUIRE THIS COVERED BOND OR ANY INTEREST IN OR RIGHT IN RESPECT OF THIS COVERED BOND (OTHER THAN AN OFFSHORE ASSOCIATE WHO ACQUIRES THIS COVERED BOND OR SUCH INTEREST OR RIGHT IN THE CAPACITY OF A DEALER, MANAGER OR UNDERWRITER IN RELATION TO THE PLACEMENT OF THE COVERED BOND, INTEREST OR RIGHT, OR A CLEARING HOUSE, CUSTODIAN, FUNDS MANAGER OR RESPONSIBLE ENTITY OF A REGISTERED SCHEME WITHIN THE MEANING OF THE CORPORATIONS ACT 2001 OF AUSTRALIA).

**"OFFSHORE ASSOCIATE"** MEANS AN ASSOCIATE (AS DEFINED IN SECTION 128F OF THE INCOME TAX ASSESSMENT ACT 1936 (THE **"TAX ACT"**, WHICH TERM INCLUDES ANY SUCCESSOR LEGISLATION)) OF THE ISSUER THAT IS EITHER A NON-RESIDENT OF THE COMMONWEALTH OF AUSTRALIA WHICH DOES NOT ACQUIRE THE COVERED BONDS IN CARRYING ON A BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA OR, ALTERNATIVELY, A RESIDENT OF AUSTRALIA THAT ACQUIRES THE COVERED BONDS IN CARRYING ON BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT OUTSIDE OF AUSTRALIA.

EACH PERSON WHO SO ACQUIRES THIS COVERED BOND OR SUCH INTEREST OR RIGHT IS TAKEN TO HAVE WARRANTED IN FAVOUR OF THE ISSUER THAT THE PERSON IS NOT AN OFFSHORE ASSOCIATE.

ANY OFFSHORE ASSOCIATE WHO ACQUIRES THIS COVERED BOND OR ANY INTEREST OR RIGHT IN RESPECT OF THIS COVERED BOND CONTRARY TO THE RESTRICTION ABOVE MAY BE SUBJECT TO AUSTRALIAN WITHHOLDING TAX AND, IF SO, WILL NOT BE ENTITLED TO RECEIVE ANY PAYMENT OF ADDITIONAL AMOUNTS FROM THE ISSUER IN RESPECT OF ANY AMOUNT DEDUCTED BY THE ISSUER ON ACCOUNT OF SUCH TAX FROM AMOUNTS PAYABLE UNDER OR IN RESPECT OF THE COVERED BOND.

**[THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE PRINCIPAL AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY AGREEMENT) AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITY OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY**



FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY WILL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH WILL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).]<sup>1</sup>

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS, BY ITS PURCHASE AND HOLDING OF THIS COVERED BOND (OR ANY INTEREST HEREIN), EACH PURCHASER AND HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED, THAT EITHER (1) IT IS NOT AND FOR SO LONG AS ITS HOLDS THIS COVERED BOND (OR ANY INTEREST HEREIN) WILL NOT BE (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (ERISA) AND SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE CODE), (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE, THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR (D) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, OR LOCAL LAW OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (SIMILAR LAW), OR (2) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS COVERED BOND (OR ANY INTEREST HEREIN) DOES NOT AND WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO SIMILAR LAW, A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

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<sup>1</sup> This legend shall be borne by each Rule 144A Global Covered Bond.

[THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS 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 (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.]<sup>2</sup>

[FOR THE PURPOSES OF APPLYING THE ORIGINAL ISSUE DISCOUNT RULES UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, (1) THE ISSUE DATE OF THIS REGISTERED GLOBAL COVERED BOND IS [ ]; (2) THE YIELD TO MATURITY IS [ ]% (COMPOUNDED SEMI-ANNUALLY); (3) THIS COVERED BOND IS BEING ISSUED WITH ORIGINAL ISSUE DISCOUNT IN THE AMOUNT OF U.S.\$[ ] PER U.S.\$1,000 PRINCIPAL AMOUNT; (4) THE [ ] METHOD SPECIFIED IN THE PROPOSED TREASURY REGULATIONS HAS BEEN USED TO DETERMINE YIELD AND THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ALLOCABLE TO THE SHORT INITIAL ACCRUAL PERIOD BEGINNING [ ] AND ENDING [ ]; AND (5) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ALLOCABLE TO SUCH ACCRUAL PERIOD IS U.S.\$[ ] PER U.S.\$[ ] PRINCIPAL AMOUNT.]<sup>3</sup>

[THIS REGISTERED GLOBAL COVERED BOND IS A GLOBAL COVERED BOND WITHIN THE MEANING OF THE BOND TRUST DEED REFERRED TO HEREINAFTER. THIS REGISTERED GLOBAL COVERED BOND MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A COVERED BOND REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS REGISTERED GLOBAL COVERED BOND, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS REGISTERED GLOBAL COVERED BOND MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.]<sup>4</sup>

[UNLESS THIS REGISTERED GLOBAL COVERED BOND IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, (DTC), TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED GLOBAL COVERED BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.]<sup>5</sup>

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<sup>2</sup> This legend shall be borne by each Regulation S Global Covered Bond.

<sup>3</sup> Insert and complete if original issue discount applies.

<sup>4</sup> Insert and complete if original issue discount applies.

<sup>5</sup> This legend shall be borne by each Registered Global Covered Bond held by DTC.

**NATIONAL AUSTRALIA BANK LIMITED**  
**(ABN 12 004 044 937)**  
(the **Issuer**)

**REGISTERED GLOBAL COVERED BOND**  
*Unconditionally and irrevocably guaranteed as to payment of interest and principal by*

[●]  
**(AS TRUSTEE OF THE NAB COVERED BOND TRUST)**  
*(incorporated with limited liability under the laws of [New South Wales])*  
**(the Covered Bond Guarantor)**

This Covered Bond is a **Registered Global Covered Bond** in respect of a duly authorised issue of Covered Bonds of the Issuer (the **Covered Bonds**) of the Principal Amount Outstanding, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms applicable to the Covered Bonds (the **Final Terms**), a copy of which is annexed hereto. References herein to the Conditions shall be to the Conditions of the Covered Bonds as set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to the Bond Trust Deed (as defined below) as supplemented, replaced and modified by the Final Terms but, in the event of any conflict between the provisions of the said Conditions and the information in the Final Terms, the Final Terms will prevail.

Words and expressions defined in the Conditions shall bear the same meanings when used in this Registered Global Covered Bond.

This Registered Global Covered Bond is issued subject to, and with the benefit of, the Conditions and a bond trust deed (as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) dated [●] 2011 and made between the Issuer, the Covered Bond Guarantor and Deutsche Trustee Company Limited (the **Bond Trustee**).

The Issuer, subject to and in accordance with the Conditions and the Bond Trust Deed, agrees to pay to such registered holder on the Final Maturity Date and/or on such earlier date(s) as all or any of the Covered Bonds represented by this Registered Global Covered Bond may become due and repayable in accordance with the Conditions and the Bond Trust Deed, the amount payable under the Conditions in respect of such Covered Bonds on each such date and to pay interest (if any) on the Principal Amount Outstanding of the Covered Bonds from time to time represented by this Registered Global Covered Bond calculated and payable as provided in the Conditions and the Bond Trust Deed together with any other sums payable under the Conditions and the Bond Trust Deed, upon presentation and, at maturity, surrender of this Registered Global Covered Bond at the specified office of the Registrar at [●] or such other specified office as may be specified in the Final Terms. On any redemption in whole or in part or payment of interest being made in respect of, or purchase and cancellation of, any of the Covered Bonds represented by this Registered Global Covered Bond details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule One hereto and the relevant space in Schedule One hereto recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption or purchase and cancellation the Principal Amount Outstanding of this Registered Global Covered Bond and the Covered Bonds held by the registered holder hereof shall be reduced by the Principal Amount Outstanding of such Covered Bonds so redeemed or purchased and cancelled. The Principal Amount Outstanding of this Registered Global Covered Bond and of the Covered Bonds held by the registered holder hereof following any such redemption or purchase and cancellation as aforesaid or any transfer or exchange as referred to below shall be the Principal Amount

Outstanding most recently entered in the relevant column in Part II or III of Schedule One hereto or in Schedule Two hereto.

This Registered Global Covered Bond may be exchanged (free of charge) in whole, but not in part, for Registered Definitive Covered Bonds without Coupons or Talons attached only upon the occurrence of an Exchange Event.

An "**Exchange Event**" means:

- (f) in the case of Covered Bonds registered in the name of the Depository Trust Company at its office at 55 Water Street, New York, NY 10041, United States of America (**DTC**) or its nominee, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act; or
- (g) in the case of Covered Bonds registered in the name of a common depository for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) or its nominee, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available.

Upon the occurrence of an Exchange Event:

- (i) the Issuer will promptly give notice to Covered Bondholders in accordance with Condition [13] (Notices) of the occurrence of such Exchange Event; and
- (ii) Euroclear and/or Clearstream, Luxembourg and/or DTC (acting on the instructions of any holder of an interest in this 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 in (g) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Covered Bonds represented by this Registered Global Covered Bond are transferable only in accordance with, and subject to, the provisions hereof and of the applicable Principal Agency Agreement (as amended, supplemented, restated and/or novated from time to time) and the rules and operating procedures of Euroclear and/or Clearstream, Luxembourg and/or DTC.

On any exchange or transfer pursuant to which either (i) Covered Bonds represented by this Registered Global Covered Bond are no longer to be so represented or (ii) Covered Bonds not so represented are to be so represented, details of such exchange or transfer shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such transfer shall be signed by or on behalf of the Issuer, whereupon the Principal Amount Outstanding of this Registered Global Covered Bond and the Covered Bonds held by the registered holder hereof shall be increased or reduced (as the case may be) by the Principal Amount Outstanding so exchanged or transferred.

Subject as provided in the following two paragraphs, until the exchange of the whole of this Registered Global Covered Bond as aforesaid, the registered holder hereof shall in all respects be entitled to the same benefits as if he were the registered holder of Registered Definitive Covered Bonds in the form set out in Part 7 (Form of *Registered Definitive Covered Bond*) of Schedule 2 (*Forms of Global and Definitive Covered Bonds, , Coupons and Talons*) to the Bond Trust Deed.

Where this Registered Global Covered Bond is registered in the name of a common depository for Euroclear and/or Clearstream, Luxembourg or its nominee, and subject as provided in the Bond Trust Deed, each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as entitled to a particular Principal Amount Outstanding of the Covered Bonds represented by this Registered Global Covered Bond (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the Principal Amount Outstanding of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such Principal Amount Outstanding of the Covered Bonds for all purposes other than with respect to payments of principal and interest on such Principal Amount Outstanding of such Covered Bonds for which purpose the registered holder of this Registered Global Covered Bond shall be deemed to be the holder of such Principal Amount Outstanding of the Covered Bonds in accordance with and subject to the terms of this Registered Global Covered Bond and the Bond Trust Deed.

Where this Registered Global Covered Bond is registered in the name of DTC or its nominee, and subject as provided in the Bond Trust Deed, each person who is for the time being shown in the records of DTC as entitled to a particular Principal Amount Outstanding of the Covered Bonds represented by this Registered Global Covered Bond (in which regard any certificate or other document issued by DTC as to the Principal Amount Outstanding of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such Principal Amount Outstanding of the Covered Bonds for all purposes other than with respect to payments of principal and interest on and voting, giving consents and making requests in respect of, such Principal Amount Outstanding of such Covered Bonds for which purpose the registered holder of this Registered Global Covered Bond shall be deemed to be the holder of such Principal Amount Outstanding of the Covered Bonds in accordance with and subject to the terms of this Registered Global Covered Bond and the Bond Trust Deed.

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Registered Global Covered Bond, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Registered Global Covered Bond and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

This Registered Global Covered Bond shall not be valid unless authenticated by [●], as Registrar.

**IN WITNESS** whereof the Issuer has caused this Registered Global Covered Bond to be signed manually or in facsimile by a person duly authorised on its behalf

**NATIONAL AUSTRALIA BANK LIMITED**

By: .....  
**Authorised Signatory**<sup>12</sup>

Authenticated by  
[●]  
as Registrar

By: .....  
**Authorised Signatory**

**Important Notes:**

The Covered Bond Guarantor has guaranteed certain obligations of the Issuer in respect of this Registered Global Covered Bond only in its role as trustee of the Trust and in no other capacity. Any obligation or liability of the Covered Bond Guarantor arising under or in any way connected with the Trust under the Establishment Deed, the Bond Trust Deed, this Registered Global Covered Bond or any other Programme Document is limited to the extent to which it can be satisfied out of the assets of the Trust out of which the Covered Bond Guarantor is actually indemnified for the obligation or liability. This limitation will not apply to any obligation or liability of the Covered Bond Guarantor only to the extent that it is not so satisfied because of any fraud, negligence or wilful default on the part of the Covered Bond Guarantor. Full terms of the Covered Bond Guarantor's limitation of liability (including certain exceptions to it) are set out in the Programme Documents.

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<sup>12</sup> This signature may be affixed manually or by facsimile – see clause 3.2(c) of the Bond Trust Deed.

## Schedule One to Part 7

## Part I

## INTEREST PAYMENTS

[illegible]





## Part III

## PURCHASES AND CANCELLATIONS

[illegible]

\* See most recent entry in Part II or III or Schedule Two in order to determine this amount.

## SCHEDULE OF TRANSFERS

[illegible]

229

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## **PART 7**

### **FORM OF REGISTERED DEFINITIVE COVERED BOND**

NO OFFSHORE ASSOCIATE OF THE ISSUER (AS DEFINED BELOW) MAY (DIRECTLY OR INDIRECTLY) ACQUIRE THIS COVERED BOND OR ANY INTEREST IN OR RIGHT IN RESPECT OF THIS COVERED BOND (OTHER THAN AN OFFSHORE ASSOCIATE WHO ACQUIRES THIS COVERED BOND OR SUCH INTEREST OR RIGHT IN THE CAPACITY OF A DEALER, MANAGER OR UNDERWRITER IN RELATION TO THE PLACEMENT OF THE COVERED BOND, INTEREST OR RIGHT, OR A CLEARING HOUSE, CUSTODIAN, FUNDS MANAGER OR RESPONSIBLE ENTITY OF A REGISTERED SCHEME WITHIN THE MEANING OF THE CORPORATIONS ACT 2001 OF AUSTRALIA).

**"OFFSHORE ASSOCIATE"** MEANS AN ASSOCIATE (AS DEFINED IN SECTION 128F OF THE INCOME TAX ASSESSMENT ACT 1936 (THE **"TAX ACT"**, WHICH TERM INCLUDES ANY SUCCESSOR LEGISLATION)) OF THE ISSUER THAT IS EITHER A NON-RESIDENT OF THE COMMONWEALTH OF AUSTRALIA WHICH DOES NOT ACQUIRE THE COVERED BONDS IN CARRYING ON A BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA OR, ALTERNATIVELY, A RESIDENT OF AUSTRALIA THAT ACQUIRES THE COVERED BONDS IN CARRYING ON BUSINESS AT OR THROUGH A PERMANENT ESTABLISHMENT OUTSIDE OF AUSTRALIA.

EACH PERSON WHO SO ACQUIRES THIS COVERED BOND OR SUCH INTEREST OR RIGHT IS TAKEN TO HAVE WARRANTED IN FAVOUR OF THE ISSUER THAT THE PERSON IS NOT AN OFFSHORE ASSOCIATE.

ANY OFFSHORE ASSOCIATE WHO ACQUIRES THIS COVERED BOND OR ANY INTEREST OR RIGHT IN RESPECT OF THIS COVERED BOND CONTRARY TO THE RESTRICTION ABOVE MAY BE SUBJECT TO AUSTRALIAN WITHHOLDING TAX AND, IF SO, WILL NOT BE ENTITLED TO RECEIVE ANY PAYMENT OF ADDITIONAL AMOUNTS FROM THE ISSUER IN RESPECT OF ANY AMOUNT DEDUCTED BY THE ISSUER ON ACCOUNT OF SUCH TAX FROM AMOUNTS PAYABLE UNDER OR IN RESPECT OF THE COVERED BOND.

**[THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER 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 AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY AGREEMENT) AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITY OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF**

ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF SUCH SECURITY SENT TO ITS REGISTERED ADDRESS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

IF REQUESTED BY THE ISSUER OR BY A DEALER, THE PURCHASER AGREES TO PROVIDE THE INFORMATION NECESSARY TO DETERMINE WHETHER THE TRANSFER OF THIS REGISTERED DEFINITIVE COVERED BOND IS PERMISSIBLE UNDER THE SECURITIES ACT. THIS REGISTERED DEFINITIVE COVERED BOND AND RELATED DOCUMENTATION MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR REALES AND OTHER TRANSFERS OF THIS REGISTERED DEFINITIVE COVERED BOND TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO THE RESALE OR TRANSFERS OF RESTRICTED SECURITIES GENERALLY. BY THE ACCEPTANCE OF THIS REGISTERED DEFINITIVE COVERED BOND, THE HOLDER HEREOF SHALL BE DEEMED TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT.]<sup>1</sup>

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

[THIS SECURITY HAS 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

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<sup>1</sup> This legend shall be borne by Registered Definitive Covered Bonds issued in exchange for a Rule 144A Global Covered Bond.

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 (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.]<sup>2</sup>

[FOR THE PURPOSES OF APPLYING THE ORIGINAL ISSUE DISCOUNT RULES UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, (1) THE ISSUE DATE OF THIS REGISTERED DEFINITIVE COVERED BOND IS [ ]; (2) THE YIELD TO MATURITY IS [ ]% (COMPOUNDED SEMI-ANNUALLY); (3) THIS REGISTERED DEFINITIVE COVERED BOND IS BEING ISSUED WITH ORIGINAL ISSUE DISCOUNT IN THE AMOUNT OF U.S.\$[ ] PER U.S.\$1,000 PRINCIPAL AMOUNT; (4) THE [ ] METHOD SPECIFIED IN THE TREASURY REGULATIONS HAS BEEN USED TO DETERMINE YIELD AND THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ALLOCABLE TO THE SHORT INITIAL ACCRUAL PERIOD BEGINNING [ ] AND ENDING [ ]; AND (5) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ALLOCATED TO SUCH ACCRUAL PERIOD IS U.S.\$[ ] PER U.S.\$[ ] PRINCIPAL AMOUNT.]<sup>3</sup>

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<sup>2</sup> This legend shall be borne by Registered Definitive Covered Bonds issued in exchange for a Regulation S Global Covered Bond.

<sup>3</sup> Insert and complete if original issue discount applies.

**NATIONAL AUSTRALIA BANK LIMITED**  
(ABN 12 004 044 937)

(the **Issuer**)

**REGISTERED DEFINITIVE COVERED BOND**

*Unconditionally and irrevocably guaranteed as to payment of interest and principal by*

[●]

**(AS TRUSTEE OF THE NAB COVERED BOND TRUST)**

*(incorporated with limited liability under the laws of [New South Wales])*

**(the Covered Bond Guarantor)**

This Covered Bond is a **Registered Definitive Covered Bond** in respect of a duly authorised issue of Covered Bonds of [Specified Currency(ies) and Specified Denomination(s)] each of the Issuer (the **Covered Bonds**) of the Aggregate Principal Amount Outstanding, Specified Currency(ies) and the Specified Denomination(s) as are specified in the Final Terms applicable to the Covered Bonds (the **Final Terms**), a copy of which is annexed hereto. References herein to the Conditions shall be to the Terms and Conditions of the Covered Bonds as set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to the Bond Trust Deed (as defined below) as supplemented, replaced and modified by the Final Terms but, in the event of any conflict between the provisions of the said Conditions and the information in the Final Terms, the Final Terms will prevail.

Words and expressions defined in the Conditions shall bear the same meanings when used in this Registered Definitive Covered Bond.

This Registered Definitive Covered Bond is issued subject to, and with the benefit of, the Conditions and a bond trust deed (such bond trust deed as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) dated [●] 2011 and made between (*inter alios*) the Issuer, the Covered Bond Guarantor and Deutsche Trustee Company Limited (the **Bond Trustee**).

THIS IS TO CERTIFY that [ ] is/are the registered holder(s) of one or more of the above-mentioned Registered Definitive Covered Bonds and is/are entitled on the Final Maturity Date and/or on such earlier date as this Registered Definitive Covered Bond may become due and repayable in accordance with the Conditions and the Bond Trust Deed, to the amount payable or assets deliverable, as the case may be, on redemption of this Registered Definitive Covered Bond and to receive interest (if any) on the Principal Amount Outstanding of this Registered Definitive Covered Bond calculated and payable as provided in the Conditions and the Bond Trust Deed together with any other sums payable under the Conditions and the Bond Trust Deed.

This Registered Definitive Covered Bond and any non-contractual obligations arising out of or in connection with it shall be governed by, and shall be construed in accordance with, English law.

This Registered Definitive Covered Bond shall not be valid unless authenticated by [●], as Registrar.

**IN WITNESS** whereof this Registered Definitive Covered Bond has been executed on behalf of the Issuer.

Issued as of [ ], 20[ ].

**NATIONAL AUSTRALIA BANK LIMITED**

By: .....  
**Authorised Signatory**<sup>13</sup>

Authenticated by  
[●]  
as Registrar

By: .....  
**Authorised Signatory**

**Important Notes:**

The Covered Bond Guarantor has guaranteed certain obligations of the Issuer in respect of this Registered Definitive Covered Bond only in its role as trustee of the Trust and in no other capacity. Any obligation or liability of the Covered Bond Guarantor arising under or in any way connected with the Trust under the Establishment Deed, the Bond Trust Deed, this Registered Definitive Covered Bond or any other Programme Document is limited to the extent to which it can be satisfied out of the assets of the Trust out of which the Covered Bond Guarantor is actually indemnified for the obligation or liability. This limitation will not apply to any obligation or liability of the Covered Bond Guarantor only to the extent that it is not so satisfied because of any fraud, negligence or wilful default on the part of the Covered Bond Guarantor. Full terms of the Covered Bond Guarantor's limitation of liability (including certain exceptions to it) are set out in the Programme Documents.

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<sup>13</sup> This signature may be affixed manually or by facsimile – see clause 3.3(c) of the Bond Trust Deed.



**- FORM OF TRANSFER OF REGISTERED DEFINITIVE COVERED BOND -**

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) to

.....  
.....  
.....

(Please print or type name and address (including postal code) of transferee)

[Specified Currency][ ] Principal Amount Outstanding of this Registered Definitive Covered Bond and all rights hereunder, hereby irrevocably constituting and appointing as attorney to transfer such Principal Amount Outstanding of this Registered Definitive Covered Bond in the Register maintained by the Registrar on behalf of NATIONAL AUSTRALIA BANK LIMITED with full power of substitution.

Signature(s).....  
.....

Date:.....

**N.B.:** This form of transfer must be accompanied by such documents, evidence and information as may be required pursuant to the Conditions and must be executed under the hand of the transferor or, if the transferor is a corporation, either under its common seal or under the hand of two of its officers duly authorised in writing and, in such latter case, the document so authorising such officers must be delivered with this form of transfer.

**[Conditions]**

[Conditions to be as set out in Schedule 1 (*Terms and Conditions of the Covered Bonds*) to this Bond Trust Deed or such other form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), but shall not be endorsed if not required by the relevant Stock Exchange (if any).]

### **Final Terms**

[Here to be set out text of the relevant information supplementing, replacing or modifying the Conditions which appear in the Final Terms relating to the Covered Bonds]

### SCHEDULE 3

#### FORM OF NOTICE TO PAY

*[On the letterhead of the Bond Trustee]*

To: [●] (as trustee of the nab Covered Bond Trust) (the **Covered Bond Guarantor**)

Copy: [●] (Security Trustee)  
[●] (**Trust Manager**)

*[insert date]*

Dear Sirs,

#### **Notice to Pay under Covered Bond Guarantee**

We refer to the [US\$][20] billion nab Covered Bond Programme of the Issuer and the Bond Trust Deed dated [●] 2011 made between the Issuer, the Covered Bond Guarantor and the Bond Trustee (the **Bond Trust Deed**).

We hereby confirm that an Issuer Event of Default has occurred and that we have served an Issuer Acceleration Notice on the Issuer. Accordingly, this notice shall constitute a Notice to Pay which is served upon the Covered Bond Guarantor pursuant to clause 11 of the Bond Trust Deed.

Unless the context otherwise requires, capitalised terms used in this Notice to Pay and not defined herein shall have the meanings provided in the Definitions Schedule entered into between, *inter alios*, the Issuer, the Covered Bond Guarantor and the Bond Trustee.

Yours faithfully,

[●]

**[Bond Trustee]**

## SCHEDULE 4

### PROVISIONS FOR MEETINGS OF COVERED BONDHOLDERS

2. (a) As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:
- (i) **voting certificate** means an English language certificate issued by a Paying Agent and dated in which it is stated:
- (A) that on the date thereof Bearer Covered Bonds (whether in definitive form or represented by a Bearer Global Covered Bond and not being Bearer Covered Bonds in respect of which a block voting instruction has been issued and is outstanding in respect of the meeting specified in such voting certificate or any adjourned such meeting) were deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control or blocked in an account with a clearing system and that no such Bearer Covered Bonds will cease to be so deposited or held or blocked until the first to occur of:
- I. the conclusion of the meeting specified in such certificate or, if later, of any adjourned such meeting; and
- II. the surrender of the certificate to the Paying Agent who issued the same; and
- (B) that the bearer thereof is entitled to attend and vote at such meeting and any adjourned such meeting in respect of the Bearer Covered Bonds represented by such certificate;
- (ii) **block voting instruction** means an English language document issued by a Paying Agent and dated in which:
- (A) it is certified that Bearer Covered Bonds (whether in definitive form or represented by a Bearer Global Covered Bond and not being Bearer Covered Bonds in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in such block voting instruction and any adjourned such meeting) have been deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control or blocked in an account with a clearing system and that no such Bearer Covered Bonds will cease to be so deposited or held or blocked until the first to occur of:
- I. the conclusion of the meeting specified in such document if later, of any adjourned such meeting; and
- II. the surrender to the Paying Agent not less than 48 hours before the time for which such meeting or any adjourned such meeting is convened of the receipt issued by such Paying Agent in respect of each such deposited Bearer Covered Bond which is to be released or (as the case may require) the Bearer Covered Bond or Bearer

Covered Bonds ceasing with the agreement of the Paying Agent to be held to its order or under its control or so blocked and the giving of notice by the Paying Agent to the Issuer in accordance with paragraph 18 hereof of the necessary amendment to the block voting instruction;

- (B) it is certified that each holder of such Bearer Covered Bonds has instructed such Paying Agent that the vote(s) attributable to the Bearer Covered Bond or Bearer Covered Bonds so deposited or held or blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjourned such meeting and that all such instructions are during the period commencing 48 hours prior to the time for which such meeting or any adjourned such meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;
  - (C) the aggregate principal amount of the Bearer Covered Bonds so deposited or held or blocked are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
  - (D) one or more persons named in such document (each hereinafter called a proxy) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Bearer Covered Bonds so listed in accordance with the instructions referred to in (B) above as set out in such document;
- (iii) **24 hours** means a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held, in each of the places where the Paying Agents have their specified offices and in the location of the A\$ Register maintained by the A\$ Registrar (disregarding for this purpose the day upon which such meeting is to be held) and such period will be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid; and
- (iv) **48 hours** means a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held in each of the places where the Paying Agents have their specified offices and in the location of the A\$ Register maintained by the A\$ Registrar (disregarding for this purpose the day upon which such meeting is to be held) and such period will be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.
- (b) A holder of a Bearer Covered Bond (whether in definitive form or represented by a Bearer Global Covered Bond) may obtain a voting certificate in respect of such Covered Bond from a Paying Agent or require a Paying Agent to issue a block voting instruction in respect of such Covered Bond by depositing such Bearer Covered Bond with such Paying Agent or (to the satisfaction of such Paying Agent) by such Bearer Covered Bond being held to its order or under its control or being blocked in an account with a clearing system, in each case not

less than 48 hours before the time fixed for the relevant meeting and on the terms set out in subparagraph 2(a)(i)(A) or 2(a)(ii)(A) above (as the case may be), and (in the case of a block voting instruction) instructing such Paying Agent to the effect set out in subparagraph 2(a)(ii)(B) above. The holder of any voting certificate or the proxies named in any block voting instruction will for all purposes in connection with the relevant meeting or adjourned meeting of Covered Bondholders be deemed to be the holder of the Bearer Covered Bonds to which such voting certificate or block voting instruction relates and the Paying Agent with which such Bearer Covered Bonds have been deposited or the person holding the same to the order or under the control of such Paying Agent or the clearing system in which such Bearer Covered Bonds have been blocked will be deemed for such purposes not to be the holder of those Bearer Covered Bonds.

- (c)
  - (i) A holder of Registered Covered Bonds (including, for the avoidance of doubt, an N Covered Bond for the purposes of this schedule) (whether in definitive form or represented by a Registered Global Covered Bond) or A\$ Registered Covered Bonds may, by an instrument in writing in the English language (a **form of proxy**) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar or, in the case of A\$ Registered Covered Bonds, the A\$ Registrar not less than 48 hours before the time fixed for the relevant meeting, appoint any person (a **proxy**) to act on his or its behalf in connection with any meeting of the Covered Bondholders and any adjourned such meeting.
  - (ii) Any holder of Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bond) or A\$ Registered Covered Bonds which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (a **representative**) in connection with any meeting of the Covered Bondholders and any adjourned such meeting.
  - (iii) Any proxy appointed pursuant to subparagraph (i) above or representative appointed pursuant to subparagraph (ii) above will so long as such appointment remains in force be deemed, for all purposes in connection with the relevant meeting or adjourned meeting of the Covered Bondholders, to be the holder of the A\$ Registered Covered Bonds or Registered Covered Bonds to which such appointment relates and the holder of the A\$ Registered Covered Bonds or Registered Covered Bonds will be deemed for such purposes not to be the holder.
  - (iv) For so long as any of the Registered Covered Bonds are represented by a Global Covered Bond registered in the name of DTC or its nominee, DTC may mail an Omnibus Proxy to the Issuer in accordance with and in the form used by DTC as part of its usual procedures from time to time in relation to meetings of Covered Bondholders. Such Omnibus Proxy will assign the voting rights in respect of the relevant meeting to DTC's direct participants as of the record date specified therein. Any such assignee participant may, by an instrument in writing in the English language (a form of sub-proxy) signed by such assignee participant, or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar or any Transfer Agent before the time fixed for the relevant meeting, appoint any person (a **sub-proxy**) to act on his or its behalf in connection with any meeting of Covered Bondholders and any adjourned such meeting. All references to proxy or proxies in this Schedule other than in this paragraph will be read so as to

include references to sub-proxy or sub-proxies and all references to a form of proxy or forms of proxy will be read to include references to form of sub proxy or forms of sub proxy.

- (v) For so long as the Covered Bonds are eligible for settlement through DTC's book entry settlement system, the Issuer and/or the Covered Bond Guarantor may fix a record date for the purpose of any meeting, provided such date is not more than 10 days prior to the date fixed for such a meeting or such other number of days prior thereto as the Bond Trustee will in its absolute discretion determine. The person in whose name a Covered Bond is registered on the record date will be the holder for the purposes of the relevant meeting.

3. The Issuer, the Covered Bond Guarantor (acting on the direction of the Trust Manager) or the Bond Trustee or (in relation to a meeting for the passing of a Programme Resolution) the Covered Bondholders of any Series may at any time and the Issuer must upon a requisition in writing in the English language signed by the holders of not less than one tenth of the Principal Amount Outstanding of the Covered Bonds for the time being outstanding convene a meeting of the Covered Bondholders and if the Issuer defaults for a period of seven days in convening such a meeting the same may be convened by the Bond Trustee or the requisitionists. Every such meeting will be held at such time and place as the Bond Trustee may approve. 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 the holders of the relevant Series, in which event the provisions of this Schedule will apply thereto *mutatis mutandis*.
4. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) specifying the place, day and hour of meeting must be given to the holders of the relevant Covered Bonds prior to any meeting of such holders in the manner provided by Condition 13 (Notices) of the relevant Conditions. Such notice, which must be in the English language, must state generally the nature of the business to be transacted at the meeting thereby convened but (except for an Extraordinary Resolution) it will not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice must include statements, if applicable, to the effect that: (a) Bearer Covered Bonds may, not less than 48 hours before the time fixed for the meeting, be deposited with Paying Agents or (to their satisfaction) held to their order or under their control or blocked in an account with a clearing system for the purpose of obtaining voting certificates or appointing proxies; and (b) the holders of Registered Covered Bonds and A\$ Registered Covered Bonds may appoint proxies by executing and delivering a form of proxy in the English language to the specified office of the Registrar or, in the case of the A\$ Registered Covered Bonds, the A\$ Registrar not less than 48 hours before the time fixed for the meeting or, in the case of corporations, may appoint representatives by resolution of their directors or other governing body. A copy of the notice must be sent to the Bond Trustee (unless the meeting is convened by the Bond Trustee), and to the Issuer (unless the meeting is convened by the Issuer) and to the Covered Bond Guarantor (unless the meeting is convened by the Covered Bond Guarantor).
5. A person (who may but need not be a Covered Bondholder) nominated in writing by the Bond Trustee will be entitled to take the chair at the relevant meeting or adjourned meeting but if no such nomination is made or if at any meeting or adjourned meeting the person nominated is not be present within 15 minutes after the time appointed for holding the meeting or adjourned meeting the Covered Bondholders present must choose one of their number to be Chairman, failing which the Issuer may appoint a Chairman. The Chairman of an adjourned meeting need not be the same person as was Chairman of the meeting from which the adjournment took place.



6. At any such meeting one or more persons present holding Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than one twentieth of the Principal Amount Outstanding of the Covered Bonds of the relevant Series for the time being outstanding will (except for the purpose of passing an Extraordinary Resolution or a Programme Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) will be transacted at any meeting unless the requisite quorum be present at the commencement of the relevant business. The quorum at any such meeting for passing an Extraordinary Resolution (subject as provided below) will be one or more persons present holding Bearer Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in the aggregate a clear majority in Principal Amount Outstanding of the Covered Bonds of the relevant Series for the time being outstanding provided that at any meeting the business of which includes any of the following matters (each of which will, subject only to Clause 24.1, only be capable of being effected after having been approved by Extraordinary Resolution) namely:
- (a) 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;
  - (b) alteration of the currency in which payments under the Covered Bonds and Coupons are to be made other than pursuant to Condition 5(i) of the Programme Conditions;
  - (c) alteration of the quorum or the majority required to pass an Extraordinary Resolution;
  - (d) any amendment to the Covered Bond Guarantee or the Security Deed (other than any amendment that Bond Trustee determines is not materially prejudicial to the interests of the Covered Bondholders of any Series or any amendment which is of a formal, minor or technical nature or is in the opinion of the Bond Trustee made to correct a manifest error or proven error or to comply with mandatory provisions of law);
  - (e) except in accordance with Condition 6(i) (Redemption and Purchase – Cancellation) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) and/or in accordance with Condition 6.6 (Redemption – Cancellation of N Covered Bond upon Redemption or Purchase) of the N Covered Bond Conditions (in the case of N Covered Bonds) or the provision relating to substitution in Condition 14 of the Programme Conditions, the sanctioning of any scheme or proposal as is described in paragraph 19(j) below; and
  - (f) alteration of this proviso or the proviso to paragraph 7 below or the alteration of the definition of Series Reserved Matter in Condition 14 of the relevant Conditions,
- (each a **Series Reserved Matter**), the quorum will be one or more persons present holding Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than two thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding. Notwithstanding the foregoing, the quorum at any such meeting for passing a Programme Resolution will be one or more persons present holding or representing in the aggregate at least a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding.
7. If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any

particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting will if convened upon the requisition of Covered Bondholders be dissolved. In any other case it will stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it will stand adjourned for such period, being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Bond Trustee). If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting will be dissolved. At any adjourned meeting one or more persons present holding Bearer Definitive Covered Bonds or voting certificates or being proxies or representatives (whatever the Principal Amount Outstanding of the Covered Bonds then outstanding so held or represented by them) of the relevant Series will (subject as provided below) form a quorum and will have power to pass any Extraordinary Resolution, or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present provided that at any adjourned meeting the quorum for the transaction of business comprising any of the matters specified in the proviso to paragraph 6 above will be one or more persons present holding Bearer Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than one-third of the aggregate Principal Amount Outstanding of the Covered Bonds for the time being outstanding.

8. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted must be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 4 above and such notice must state the relevant quorum. Subject as aforesaid it will not be necessary to give any notice of an adjourned meeting.
9. Every question submitted to a meeting must be decided in the first instance by a show of hands and in case of equality of votes the Chairman will both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Covered Bondholder or as a holder of a voting certificate or as a proxy or as a representative.
10. At any meeting unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, the Issuer, the Covered Bond Guarantor, the Bond Trustee or any person present holding a Definitive Covered Bond or a voting certificate or being a proxy or representative (whatever the Principal Amount Outstanding of the Covered Bonds so held or represented by him) a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority will be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
11. Subject to paragraph 13 below, if at any such meeting a poll is so demanded it must be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll will not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
12. The Chairman may with the consent of (and must if directed by) any such meeting adjourn the same from time to time and from place to place but no business will be transacted at any adjourned

meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.

13. Any poll demanded at any such meeting on the election of the Chairman or on any question of adjournment must be taken at the meeting without adjournment.
14. The Bond Trustee and its lawyers and any director, officer or employee of a corporation being a bond trustee of this Bond Trust Deed and any director or officer of the Issuer or the Covered Bond Guarantor, as the case may be, and its or their lawyers and any other person authorised so to do by the Bond Trustee may attend and speak at any meeting. Save as aforesaid, but without prejudice to the proviso to the definition of outstanding in the Definitions Schedule, no person will be entitled to attend and speak nor will any person be entitled to vote at any meeting of Covered Bondholders or join with others in requesting the convening of such a meeting or to exercise the rights conferred on Covered Bondholders by Condition 9 unless he either produces the Bearer Definitive Covered Bond or Bearer Definitive Covered Bonds of which he is the holder or a voting certificate or is a proxy or a representative or is the holder of an A\$ Registered Covered Bond, a Registered Definitive Covered Bond or Registered Definitive Covered Bonds. No person will be entitled to vote at any meeting in respect of Covered Bonds held by, for the benefit of, or on behalf of, the Issuer or the Covered Bond Guarantor, any Subsidiary of the Issuer or the Covered Bond Guarantor, any holding company of the Issuer or the Covered Bond Guarantor or any other Subsidiary of any such holding company. Nothing herein will prevent any of the proxies named in any block voting instruction or form of proxy or any representative from being a director, officer or representative of or otherwise connected with the Issuer or the Covered Bond Guarantor.
15. Subject as provided in paragraph 14 hereof at any meeting:
  - (a) on a show of hands every person who is present in person and produces a Bearer Definitive Covered Bond or voting certificate or is a holder of an A\$ Registered Covered Bond or a Registered Definitive Covered Bond or is a proxy or representative will have one vote; and
  - (b) on a poll every person who is so present will have one vote in respect of each A\$1 or such other amount as the Bond Trustee may in its absolute discretion stipulate (or, in the case of meetings of holders of Covered Bonds denominated in another currency, such amount in such other currency as the Bond Trustee in its absolute discretion may stipulate) in the Principal Amount Outstanding of the Bearer Definitive Covered Bonds so produced or represented by the voting certificate so produced or in respect of which he is a proxy or representative or in respect of which (being an A\$ Registered Covered Bonds or Registered Definitive Covered Bond) he is the registered holder.

Without prejudice to the obligations of the proxies named in any block voting instruction or form of proxy any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

16. The proxies named in any block voting instruction or form of proxy and representatives need not be Covered Bondholders.
17. Each block voting instruction together (if so requested by the Bond Trustee) with proof satisfactory to the Bond Trustee of its due execution on behalf of the relevant Paying Agent and each form of proxy must be deposited by the relevant Paying Agent or (as the case may be) by the Registrar or the Transfer Agent at such place as the Bond Trustee will approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction or form of proxy propose to vote and in default the block voting instruction or

form of proxy will not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A copy of each block voting instruction and form of proxy must (if the Bond Trustee so requires) be deposited with the Bond Trustee before the commencement of the meeting or adjourned meeting but the Bond Trustee will not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such block voting instruction or form of proxy.

18. Any vote given in accordance with the terms of a block voting instruction or form of proxy will be valid notwithstanding the previous revocation or amendment of the block voting instruction or form of proxy or of any of the relevant Covered Bondholders' instructions pursuant to which it was executed provided that no intimation in writing of such revocation or amendment will have been received from the relevant Paying Agent or in the case of an A\$ Registered Covered Bonds or a Registered Covered Bond from the holder thereof by the Issuer at its registered office (or such other place as may have been required or approved by the Bond Trustee for the purpose) by the time being 24 hours and 48 hours respectively before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction or form of proxy is to be used.
19. A meeting of the Covered Bondholders will in addition to the powers hereinbefore given have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 6 and 7 above) namely:
  - (a) Power to sanction any compromise or arrangement proposed to be made between the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, any Appointee and the Covered Bondholders and Couponholders or any of them.
  - (b) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Bond Trustee, any Appointee, the Covered Bondholders, Couponholders, the Issuer or the Covered Bond Guarantor or against any other or others of them or against any of their property whether such rights arise under this Bond Trust Deed or otherwise.
  - (c) Power to assent to any modification of the provisions of this Bond Trust Deed which are proposed by the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee or any Covered Bondholder.
  - (d) Power to sanction any consent or approval or direction to be given by the Bond Trustee or the Security Trustee under or in relation to any of the Programme Documents.
  - (e) Power to give any authority or sanction which under the provisions of this Bond Trust Deed is required to be given by Extraordinary Resolution.
  - (f) Power to appoint any persons (whether Covered Bondholders or not) as a committee or committees to represent the interests of the Covered Bondholders and to confer upon such committee or committees any powers or discretions which the Covered Bondholders could themselves exercise by Extraordinary Resolution.
  - (g) Power to approve of a person to be appointed a trustee, and power to remove any trustee or trustees, for the time being of the trusts established under this Bond Trust Deed.
  - (h) Power to discharge or exonerate the Bond Trustee and/or any Appointee from all liability in respect of any act or omission for which the Bond Trustee and/or such Appointee may have become responsible under this Bond Trust Deed.

- (i) Power to authorise the Bond Trustee and/or any Appointee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.
  - (j) Power to sanction 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 aforesaid 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 A\$ Registered Covered Bonds or 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.
  - (k) Power to approve the substitution of any entity for the Issuer or the Covered Bond Guarantor (or any previous substitute) as principal debtor or guarantor under this Bond Trust Deed.
20. Any resolution (i) passed at a meeting of the Covered Bondholders in respect of one or more Series duly convened and held in accordance with this Bond Trust Deed, (ii) passed as a resolution in writing in accordance with this Bond Trust Deed or (iii) passed by way of electronic consents given by holders through the relevant clearing system(s) in accordance with this Bond Trust Deed will be binding upon all the Covered Bondholders in respect of the relevant Series whether present or not present at any meeting and whether or not voting on the resolution and upon all Couponholders in respect of the relevant Series and each of them will be bound to give effect thereto accordingly and the passing of any such resolution will be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Covered Bondholders in respect of the relevant Series must be published in accordance with Condition 13 (Notices) of the relevant Conditions by the Issuer within 14 days of such result being known provided that the non-publication of such notice will not invalidate such result.
21. The expression **Extraordinary Resolution** when used in this Bond Trust Deed means: (a) a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with this 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 seventy five per cent. 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) 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.
22. 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**) 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 (acting at the direction of the Trust Manager) 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.

23. Minutes of all resolutions and proceedings at every meeting of the Covered Bondholders must be made and entered in books to be from time to time provided for that purpose by the Issuer and any such minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings transacted will be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made will be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.
24. (a) If and whenever the Issuer will have issued and have outstanding Covered Bonds of more than one Series the foregoing provisions of this Schedule will have effect subject to the following modifications:
  - (i) a resolution which in the opinion of the Bond Trustee affects the Covered Bonds of only one Series will be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series;
  - (ii) a resolution which in the opinion of the Bond Trustee affects the Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected will be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series so affected;
  - (iii) a resolution which in the opinion of the Bond Trustee affects the Covered Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected will be deemed to have been duly passed only if passed at separate meetings of the holders of the Covered Bonds of each Series or group of Series so affected;
  - (iv) a Programme Resolution will be deemed to have been duly passed only if passed at a single meeting of the Covered Bondholders of all Series then outstanding; and
  - (v) to all such meetings all the preceding provisions of this Schedule will *mutatis mutandis* apply as though references therein to Covered Bonds and Covered Bondholders were references to the Covered Bonds of the Series or group of Series in question or to the holders of such Covered Bonds, as the case may be.
- (b) If the Issuer will have issued and have outstanding Covered Bonds which are not denominated in Australian Dollars, in the case of any meeting of holders of Covered Bonds of more than one currency, the Principal Amount Outstanding of such Covered Bonds will:

- (i) for the purposes of paragraph 2 above be the equivalent in Australian dollars, converted at the relevant Covered Bond Swap Rate on the seventh dealing day prior to the day on which the requisition in writing is received by the Issuer; and
- (ii) for the purposes of paragraphs 5, 6 and 14 above (whether in respect of the meeting or any adjourned such meeting or any poll resulting therefrom) be the equivalent in Australian dollars, converted at the relevant Covered Bond Swap Rate. In such circumstances, on any poll each person present will have one vote for each A\$1 (or such other A\$ amount as the Bond Trustee may in its absolute discretion stipulate) in Principal Amount Outstanding of the Covered Bonds (converted as above) which he holds or represents.

25. Subject to all other provisions of this Bond Trust Deed the Bond Trustee may without the consent of the Issuer, the Covered Bond Guarantor, the Covered Bondholders or the Couponholders prescribe such further, alternative or other regulations regarding the requisitioning and/or the holding of meetings of Covered Bondholders and attendance and voting thereat as the Bond Trustee may in its sole discretion think fit.

## SCHEDULE 5

### FORMS OF FINAL TERMS

#### PART 1

#### **FORM OF FINAL TERMS IN RESPECT OF COVERED BONDS, OTHER THAN RULE 144A GLOBAL COVERED BONDS (AND ANY RELATED REGULATION S GLOBAL 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, other than Tranches of Rule 144A Global Covered Bonds (and any Regulation S Global Covered Bonds sold as part of the same Series), issued under the Programme (other than N Covered Bonds). Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.*

[Date]

**National Australia Bank Limited**  
**Issue of [Aggregate Nominal Amount of Tranche]**  
**under the US\$30 billion nab Covered Bond Programme**  
**unconditionally and irrevocably guaranteed as to payments of interest and principal by**  
**Perpetual Corporate Trust Limited**  
**as trustee of the nab Covered Bond Trust and Covered Bond Guarantor**

#### **PART A—CONTRACTUAL TERMS**

Terms used herein will be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 17 November 2016 [and the supplement to the Prospectus dated [insert date]] ([together,] the **Prospectus**), which constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (as amended) (the **Prospectus Directive**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. Pursuant to Article 14(2) of the Prospectus Directive, copies of the Prospectus [and supplement to the Prospectus[s]] and Final Terms are available for viewing, free of charge, at the registered office of the Issuer and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and copies may be obtained, free of charge, from the registered office of the Principal Paying Agent at [●], the Registrar at [●] and the Transfer Agent at [●].

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [●] which are incorporated by reference in the Base Prospectus dated [●] [and the supplement to the Prospectus dated [insert date]] ([together,] the **Prospectus**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (as amended) (the **Prospectus Directive**) and must be read in conjunction with the Prospectus dated [●] [and the supplements to the Prospectus dated [●]] which together constitute a base prospectus for the purposes of Article 5.4 of the Prospectus Directive. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Prospectus dated [●]. Pursuant to Article 14(2) of the



Prospectus Directive, copies of such Prospectus [and supplement to the Prospectus[s]] and Final Terms are available for viewing, free of charge, at the registered office of the Issuer and on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and copies may be obtained, free of charge, from the registered office of the Principal Paying Agent at [●], the Registrar at [●] and the Transfer Agent at [●].

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). The numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

26. (a) Series Number: [ ]
- (b) Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)*
- (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]
27. Specified Currency or Currencies: [ ]
28. Aggregate Nominal Amount of Covered Bonds admitted to trading:
- (a) Series: [ ]
- (b) Tranche: [ ]
29. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
30. (a) Specified Denominations: [●]  
 (As referred to under Condition 1) *(Covered Bond – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*  
*"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Covered Bonds in definitive form will be issued with a denomination above [€199,000].")*

*(N.B. If an issue of Covered Bonds is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €100,000 minimum denomination is not required.)*

*[In the case of Covered Bonds offered in Australia, the minimum subscription amount in respect of an issue or transfer is A\$500,000 (disregarding any amount lent by the offeror, the Issuer or any associated person of the offeror or Issuer) (or, if the Covered Bonds are denominated in a currency other than Australian Dollars, at least the equivalent amount in such currency).]*

- (b) Calculation Amount (in relation to calculation of interest for Covered Bonds in global form see Conditions): [     ]  
*(If only one Specified Denomination, insert the Specified Denomination.*

*If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*

31. (a) Issue Date: [     ]  
 (b) Interest Commencement Date: [specify/Issue Date/Not Applicable]  
 (c) A\$ Record Date: [specify/Not Applicable — only applies to A\$ Registered Covered Bonds]

32. Final Maturity Date: [Fixed rate—specify date/undated  
 Floating rate—Interest Payment Date falling in or nearest to [specify month and year]

33. Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee: [specify month and year, in each case falling one year after the Maturity Date]  
 [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)].]

34. Interest Basis:  
(As referred to under Condition 4)
- [[ ] per cent. per annum Fixed Rate]
- [[LIBOR/EURIBOR/HIBOR/BA-  
CDOR/SIBOR/NIBOR] +/- [ ] per cent. per  
annum Floating Rate]  
[[BBSW Rate/BKBM Rate] +/- [ ] per cent. per  
annum Floating Rate]
- [Zero Coupon]  
(see paragraphs 15, 16 and 17)
- (N.B. It is expected that BBSW Rate or BKBM Rate  
will only be selected where “BBSW Determination”  
or “BKBM Determination”, respectively, are  
marked as “Applicable” below)*
35. Redemption/Payment Basis:  
(As referred to under Condition 6)
- 100 per cent. of the nominal amounts
- (N.B. If the Final Redemption Amount is more or less  
than 100 per cent. of the nominal value the Covered  
Bonds will be derivative securities for the purposes  
of the Prospectus Directive and the requirements of  
Annex XII to the Prospectus Directive Regulation  
will apply.)*
36. Change of Interest Basis or Redemption/Payment Basis:  
(As referred to under Conditions 4 and 6)
- [Not applicable][from Fixed to Floating][from  
Floating to Fixed]
37. Put/Call Options:  
(As referred to under Conditions 6(c) and  
6(d))
- [Investor Put]  
[Issuer Call]
- [Not Applicable] [(see paragraphs 18 and 19 below)]
38. Date of Board approval for issuance of Covered Bonds obtained: [●]
39. Method of distribution: [Syndicated/Non-syndicated]

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

40. Fixed Rate Covered Bond Provisions:  
(As referred to under Condition 4(a))
- [Applicable/Not Applicable]  
*(If not applicable, delete the remaining  
subparagraphs of this paragraph)*
- (a) Rate[(s)] of Interest:  
(As referred to under Condition  
4(a))
- [ ] per cent. per annum [payable  
[annually/semi-annually/quarterly/[●] (specify)] in  
arrear] on each Interest Payment Date *(If payable*

*other than annually, consider amending Condition 4(b)(ii)*

- (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]/ *[specify other]*  
(N.B. This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount(s): for Covered Bonds in definitive form (and in relation to Covered Bonds in global form, see Conditions):  
(As referred to under Condition 4(a)) [[ ] per Calculation Amount/Not Applicable]
- (d) Broken Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form, see Conditions):  
(As referred to under Condition 4(a)) [ ] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●] [Not Applicable]
- (e) Day Count Fraction:  
(As referred to under Condition 4(a)) [30/360 or Actual/Actual (ICMA) or RBA Bond Basis/Australian Bond Basis]
- (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
- (ii) Adjusted: [Applicable/Not Applicable]
- (iii) Non-Adjusted: [Applicable/Not Applicable]
- (g) Additional Business Centres: [ ] *[If there are Business Centre(s) applicable to the Covered Bonds by operation of the Conditions which are not referenced here, add the following: "For the avoidance of doubt, in accordance with the Conditions these Additional Business Centres are in addition to [ ]"]*
- (h) Determination Date(s):  
(As referred to under Condition 4(a)) [ ] in each year

*(Insert regular interest payment dates, ignoring issue date or final maturity date in the case of a long or short first or last coupon N.B. This will need to be amended in the case of regular interest payment*

dates which are not of equal duration N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA).)

41. Floating Rate Covered Bond Provisions:  
(As referred to under Condition 4(b))
- [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates:  
(As referred to under Condition 4(b))
- [ ] 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]
- (b) Business Day Convention:  
(As referred to under Condition 4(b))
- [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (c) Additional Business Centre(s):  
(As referred to under Condition 4(b))
- [ ] [If there are Business Centre(s) applicable to the Covered Bonds by operation of the Conditions which are not referenced here, add the following: "For the avoidance of doubt, in accordance with the Conditions these Additional Business Centres are in addition to [ ]"]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined:  
(As referred to under Condition 4(b))
- [Screen Rate Determination/ISDA Determination/BBSW Determination/BKBM Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):  
(As referred to under Condition 4(b))
- [ ]  
(If there is a calculation agent responsible for calculating the Rate of Interest and Interest Amount, include the name and address of such calculation agent)
- (f) Screen Rate Determination:
- [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this Paragraph)
- (iv) Reference Rate and Relevant Financial Centre:
- Reference Rate: [●] month [●]  
[LIBOR/EURIBOR/HIBOR/BA-CDOR/BBSW/SIBOR/BKBM/NIBOR]
- Relevant Financial Centre: [London/New York/Brussels/Hong Kong/Toronto/Sydney/Singapore/Auckland/Oslo]
- (v) Interest Determination Date(s):  
(As referred to under Condition 4(b))
- [Second London business day prior to the start of each Interest Period]  
[First day of each Interest Period]  
[Second day on which the TARGET2 System is open]

- prior to the start of each Interest Period]  
[Second Singapore business day prior to the start of each Interest Period]  
[[●] Auckland business day prior to the start of each Interest Period]  
[Second Oslo business day prior to the start of each Interest Period]  
[[●] days prior to the start of each Interest Period]
- (vi) Relevant Screen Page: [ ]
- (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.)*
- (It is anticipated that ISDA determination will be used on an issue by issue basis, unless otherwise agreed between the Relevant Issuer and the relevant dealer or the relevant managers on the launch of a particular issue.)*
- (g) ISDA Determination: [Applicable/Not Applicable]  
(As referred to under Condition 4(b)) *(If not applicable, delete the remaining subparagraphs of this Paragraph)*
- (vii) Floating Rate Option: [ ]
- (viii) Designated Maturity: [ ]
- (ix) Reset Date: [ ]
- (h) BBSW Determination: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this Paragraph)*
- (x) Relevant Financial Centre: [Sydney]
- (xi) Interest Determination Date(s): [●]
- (i) BKBM Determination: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this Paragraph)*
- (xii) Relevant Financial Centre: [Auckland and Wellington]
- (xiii) Interest Determination Date(s): [●]
- (j) Linear Interpolation: [Not Applicable][Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be

calculated using Linear Interpolation (*specify for each short or long interest period*)

- (k) Margin(s):  
(As referred to under Condition 4(b)) [ +/ - ] [ ] per cent. per annum
- (l) Minimum Rate of Interest:  
(As referred to under Condition 4(b)) [ ] per cent. per annum
- (m) Maximum Rate of Interest:  
(As referred to under Condition 4(b)) [ ] per cent. per annum
- (n) 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)]
- (o) Interest Amounts Non-Adjusted: [Applicable/Not Applicable]
42. Zero Coupon Covered Bond Provisions:  
(As referred to under Condition 6(f)(iii)) [Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Day Count Fraction in relation to Early Redemption Amounts and late payment: [30/360] [Actual/365]

## PROVISIONS RELATING TO REDEMPTION

43. Notice periods for Condition 6(b) (Redemption for tax reasons) or Condition 6(e) (Redemption due to illegality): Minimum Period: [30] days  
Maximum Period: [60] days
44. Issuer Call: [Applicable/Not Applicable]  
  
(*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (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]] [*insert Business Centres*] Business Days' notice to the Bond Trustee, 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 DTC 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 DTC and/or Austraclear.]

[[*insert Business Centres*] **Business Day** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [●]]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Bond Trustee.)*

45. Investor Put:  
(As referred to under Condition 6(d)) [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(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



*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Bond Trustee.)*

46. Final Redemption Amount:  
(As referred to under Condition 6(a))
- [[ ] per Calculation Amount]  
*(N.B. If the Final Redemption Amount is more or less than 100 per cent. of the nominal value the Covered Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
47. 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 out in Condition [6(f)]):  
(As referred to under Condition 6(f))
- [Condition 6(f) is applicable [ ] per Calculation Amount/specify other]

#### **GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

48. 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.]

49. 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 [on 60 days' notice given at any time/only upon an Exchange Event]. The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]

[Temporary Bearer Global Covered Bond exchangeable for Definitive Covered Bonds on and after the Exchange Date. The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]

[Permanent Bearer Global Covered Bond exchangeable for Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event]. The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.]

Registered Covered Bonds:

[Regulation S Global Covered Bond (US\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Covered Bond (US\$[ ] nominal amount) registered in the name of a nominee for [DTC/ 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.]

*(Ensure that this is consistent with the wording in the "Form of the Covered Bonds" section in the Prospectus and the Covered Bonds themselves. NB:*

*The exchange event upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Covered Bonds in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Covered Bonds which is to be represented on issue by a Temporary Global Covered Bond exchangeable for a Definitive Covered Bond.)*

50. Additional Financial Centre(s) or other special provisions relating to Payment Days: (As referred to under Condition 5(g)) [Not Applicable/●] *[If there are Financial Centre(s) applicable to the Covered Bonds by operation of the Conditions which are not referenced here, add the following: "For the avoidance of doubt, in accordance with the Conditions these Additional Financial Centres are in addition to [ ]"]*

*(Covered Bond that this item relates to the place of payment and not Interest Period end dates to which items 17(c) and 19(g) relate.)*

51. [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]]

52. U.S. Selling Restrictions : [Reg S Compliance Category [1][2][3]; TEFRA C/TEFRA D/TEFRA not applicable/Specify other]

*(TEFRA D rules should apply to issues of Covered Bonds unless it is agreed by the Issuer at the time of completion of the applicable Final Terms that TEFRA C rules should apply or that TEFRA rules should not be applied to a particular issue of Covered Bonds.)*

### THIRD PARTY INFORMATION

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

## PART B—OTHER INFORMATION

### 53. LISTING AND ADMISSION TO TRADING

- (a) 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 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.]  
*(When documenting a fungible issue, need to indicate that original Covered Bonds are already admitted to trading.)*
- (b) Estimate of total expenses related to admission to trading: [●]

### 54. 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 Investors Services Limited and Fitch Ratings Limited]

### 55. 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 —*Amend as appropriate if there are other interests*]/[●]

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

### 56. TOTAL EXPENSES\*

- Estimated total expenses: [●] *(N.B.: Delete unless the Covered Bonds are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which*

case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i) disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.))

57. **YIELD** (*Fixed Rate Covered Bonds only*)

Indication of yield: [ ]

58. **OPERATIONAL INFORMATION**

(a) ISIN: [ ]

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

(c) [Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, S.A. and the relevant identification number(s):] [Not Applicable/Austraclear Services Limited, Level 4, 20 Bridge St, Sydney NSW 2000/ The Depository Trust Company, 55 Water Street, New York, NY 10041-0099, U.S.A./[●](give name(s) and number(s))[●][insert address]]

(d) Delivery: Delivery [against/free of] payment

(e) Name(s) and address(es) of initial Paying Agent(s) in relation to the Covered Bonds (other than the A\$ Registered Covered Bonds): [ ]

(f) 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): [ ]

(g) Name(s) and address(es) of A\$ Registrar in relation the A\$ Registered Covered Bonds: [●]

Signed on behalf of **National Australia Bank Limited (ABN 12 004 044 937):**

By:.....

*Duly authorised*

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

By:

.....

*Duly authorised*

By:

.....

*Duly authorised*

## PART 2

### FORM OF FINAL TERMS IN RESPECT OF RULE 144A COVERED BONDS TO BE ISSUED UNDER THE PROGRAMME

*Set out below is the form of Final Terms which, subject to any necessary amendment, will be completed for each Tranche of Rule 144A Global Covered Bonds issued under the Programme (and any Regulation S Global Covered Bonds sold as part of the same Series). Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.*

[Date]

**National Australia Bank Limited**

**Issue of [Aggregate Nominal Amount of Tranche]  
under the US\$30 billion nab Covered Bond Programme**

#### PART A—CONTRACTUAL TERMS

Terms used herein will be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated [date] [and the supplement to the Information Memorandum dated [insert date]] ([together,] the **Information Memorandum**). This document constitutes the Final Terms of the Covered Bonds described herein and must be read in conjunction with the Information Memorandum. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Information Memorandum [as so supplemented], including the information incorporated by reference therein. If the information in these Final Terms is inconsistent with any information in the Information Memorandum, these Final Terms will apply and supersede such information.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Information Memorandum with an earlier date.]*

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Information Memorandum dated [original date] [and the supplement to the Information Memorandum dated [insert date]] which are incorporated by reference in the Information Memorandum dated [current date] and are attached to these Final Terms. This document constitutes the Final Terms of the Covered Bonds described herein and must be read in conjunction with the Information Memorandum dated [●] [and the supplement to the Information Memorandum dated [insert date]]. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Information Memorandum dated [●]. If the information in these Final Terms is inconsistent with any information in the Information Memorandum, these Final Terms will apply and supersede such information.]

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). The numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs.]*

*[When adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Information Memorandum.]*

59. (a) Issuer: National Australia Bank Limited

- (b) Covered Bond Guarantor: Perpetual Corporate Trust Limited in its capacity as trustee of the nab Covered Bond Trust
- (c) A\$ Registrar: [Austraclear Services Limited ABN 28 003 284 419 /specify other][Not Applicable]
- (d) Calculation Agent: [Not Applicable/The Issuer/specify other]
60. (a) Series Number: [●]
- (b) Tranche Number: [●]  
(If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible)
- (c) Date on which Covered Bonds will be consolidated and form a single Series: [The Covered Bonds will be consolidated and form a single Series with [●] on [the Issue Date/the date that is 40 days after the Issue Date]/[exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph [●] below], which is expected to occur on or about [●]]/[Not Applicable]
61. Specified Currency or Currencies: [US\$/specify other]
62. Aggregate Nominal Amount of Covered Bonds admitted to trading:
- (a) Series: [●]
- (b) Tranche: [●]
63. Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
64. (a) Specified Denominations: [US\$250,000  
Minimum denomination and integral multiples of US\$1,000 thereafter/specify other]
- (b) Calculation Amount (in relation to calculation of interest for Covered Bonds in global form see Conditions): [US\$1,000/specify other]  
  
*If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*



65. (a) Issue Date: [●]  
 (b) Interest Commencement Date: [●/Issue Date/specify other]  
 (c) A\$ Record Date: [Not Applicable]
66. Final Maturity Date: [●/Interest Payment Date falling in or nearest to [●]]
67. 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).]
68. Interest Basis: [[●] per cent. per annum Fixed Rate]  
 [[LIBOR/EURIBOR/HIBOR/BA-CDOR/SIBOR/NIBOR] +/- [●] per cent. per annum Floating Rate]  
 [[BBSW Rate/BKBM Rate] +/- [●] per cent. per annum Floating Rate]  
 [Zero Coupon]  
 (see paragraphs 16, 17 and 18)  
 (N.B. It is expected that BBSW Rate or BKBM Rate will only be selected where “BBSW Determination” or “BKBM Determination”, respectively, are marked as “Applicable” below)
69. Redemption/Payment Basis: 100 per cent. of the nominal amounts  
 (As referred to under Condition 6)
70. Change of Interest Basis or Redemption/Payment Basis: [Not Applicable][From Fixed to Floating][From Floating to Fixed]
71. Put/Call Options: [Investor Put]  
 [Issuer Call]  
 [Not Applicable] [(see paragraphs 20 and 21 below)]
72. (a) Status of the Covered Bonds: Senior  
 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 section 13A(3)(a)-(e) of the Australian Banking Act provides that the Issuer's assets in Australia for these purposes does not include the assets in the Cover Pool. Further, under section 86 of the Reserve Bank Act, debts due by the Issuer to the Reserve Bank of Australia shall in a winding-up of the Issuer have priority over all other debts of the Issuer other than debts due to the Commonwealth of Australia.)

- (b) Date of Board approval for issuance of Covered Bonds and Covered Bond Guarantee obtained: [Not Applicable/●]  
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Covered Bonds)

73. Method of distribution: [Syndicated/Non-syndicated]

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

74. Fixed Rate Covered Bond Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)

- (a) Rate[(s)] of Interest: [●] per cent. per annum payable [annually/semi-annually/quarterly/other (specify) in arrears on each Interest Payment Date] (If payable other than annually, consider express reference to Condition 4(a))
- (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]/ [specify other] (N.B. This will need to be amended in the case of long or short coupons)
- (c) Fixed Coupon Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form, see Conditions): (As [[●] per Calculation Amount/Not Applicable]

referred to under Condition 4(a))

- (d) Broken Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form, see Conditions) [●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ] [Not Applicable]
  - (e) Day Count Fraction: [30/360 or Actual/Actual (ICMA)/RBA Bond Basis/Australian Bond Basis] (See Condition 4(a))
  - (f) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[specify other]]
  - (xiv) Adjusted: [Applicable/Not Applicable]
  - (xv) Non-Adjusted: [Applicable/Not Applicable]
  - (g) Additional Business Centres: [New York/specify other] [If there are Business Centre(s) applicable to the Covered Bonds by operation of the Conditions which are not referenced here, add the following: “For the avoidance of doubt, in accordance with the Conditions these Additional Business Centres are in addition to [●]”]
  - (h) Determination Date(s): [●] in each year  
  
(Insert regular interest payment dates, ignoring issue date or final maturity date in the case of a long or short first or last coupon N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA).)
75. Floating Rate Covered Bond Provisions: [Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
- (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]/ [specify other]
  - (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]]
  - (c) Additional Business Centre(s): [New York/specify other] [If there are Business

*Centre(s) applicable to the Covered Bonds by operation of the Conditions which are not referenced here, add the following: “For the avoidance of doubt, in accordance with the Conditions these Additional Business Centres are in addition to [●]”*

- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/BBSW Determination/BKBM Determination *specify other*]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): (As referred to under Condition 4(b)) [●]  
*(If there is a calculation agent responsible for calculating the Rate of Interest and Interest Amount, include the name and address of such calculation agent)*
- (f) Screen Rate Determination: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (xvi) Reference Rate and Relevant Financial Centre: Reference Rate: [●] month [●]  
[LIBOR/EURIBOR/HIBOR/BA-CDOR/BBSW/SIBOR/BKBM/NIBOR]  
  
Relevant Financial Centre: [London/New York/Brussels/Hong Kong/Toronto/Sydney/Singapore/Auckland/Oslo]
- (xvii) Interest Determination Date(s): Second London business day prior to the start of each Interest Period]  
[First day of each Interest Period]  
[Second day on which the TARGET2 System is open prior to the start of each Interest Period]  
[Second Singapore business day prior to the start of each Interest Period]  
[[●] Auckland business day prior to the start of each Interest Period]  
[Second Oslo business day prior to the start of each Interest Period]  
[[●] days prior to the start of each Interest Period]  
  
*(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR and the first day of each Interest Period if BBSW.)*
- (xviii) Relevant Screen Page: [●]  
  
*(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.)*

*(It is anticipated that ISDA determination will be used on an issue by issue basis, unless otherwise agreed between the Relevant Issuer and the relevant dealer or the relevant managers on the launch of a particular issue.)*

- |     |                                         |                                                                                                                                                                                                               |
|-----|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (g) | ISDA Determination:                     | [Applicable/Not Applicable]                                                                                                                                                                                   |
|     | (xix) Floating Rate Option:             | [●]                                                                                                                                                                                                           |
|     | (xx) Designated Maturity:               | [●]                                                                                                                                                                                                           |
|     | (xxi) Reset Date:                       | [●]                                                                                                                                                                                                           |
| (h) | BBSW Determination:                     | [Applicable/Not Applicable]                                                                                                                                                                                   |
|     | (xxii) Relevant Financial Centre:       | <i>(If not applicable, delete the remaining subparagraphs of this Paragraph)</i>                                                                                                                              |
|     | (xxiii) Interest Determination Date(s): | [Sydney]<br>[●]                                                                                                                                                                                               |
| (i) | BKBM Determination:                     | [Applicable/Not Applicable]                                                                                                                                                                                   |
|     | (xxiv) Relevant Financial Centre:       | <i>(If not applicable, delete the remaining subparagraphs of this Paragraph)</i>                                                                                                                              |
|     | (xxv) Interest Determination Date(s):   | [Auckland and Wellington]<br>[●]                                                                                                                                                                              |
| (j) | Linear Interpolation:                   | [Not Applicable][Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation ( <i>specify for each short or long interest period</i> ) |
| (k) | Margin(s):                              | [+/-] [●] per cent. per annum                                                                                                                                                                                 |
| (l) | Minimum Rate of Interest:               | [●] per cent. per annum                                                                                                                                                                                       |
| (m) | Maximum Rate of Interest:               | [●] per cent. per annum                                                                                                                                                                                       |
| (n) | Day Count Fraction:                     | [Actual/Actual (ISDA)<br>Actual/365 (Fixed)<br>Actual/365 (Sterling)<br>Actual/360<br>30/360<br>30E/360<br>30E/360 (ISDA)]                                                                                    |

RBA Bond Basis  
Australian Bond Basis]  
(See Condition 4(b) for alternatives)

(o) Interest Amounts Non-Adjusted: [Applicable/Not Applicable]

(p) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions: [●]

76. Zero Coupon Covered Bond Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)*

(a) Accrual Yield: [●] per cent. per annum

(b) Reference Price: [●]

(c) Any other formula/basis of determining amount payable: [●]

(d) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 6(f) and 6(k) apply] *(Consider applicable day count fraction if not U.S. dollar denominated)*

(e) Business Day Convention [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
RBA Bond Basis  
Australian Bond Basis]

(f) Additional Business Centre(s) [●]

#### PROVISIONS RELATING TO REDEMPTION

77. Notice periods for Condition 6(b) (Redemption for tax reasons) or Condition 6(e) (Redemption due to illegality): Minimum Period: [30] days  
Maximum Period: [60] days

78. Issuer Call: [Applicable/Not Applicable]

*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(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]] [*insert Business Centres*] Business Days' notice to the Bond Trustee, 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 DTC 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 DTC and/or Austraclear.]

[[*insert Business Centres*] Business Day means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [*insert Business Centres*]]

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Bond Trustee.)*

79. Investor Put:

[Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

(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

*(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Bond Trustee.)*

80. Final Redemption Amount:  
(As referred to under Condition 6(a))
- [[●] per Calculation Amount]  
*(N.B. If the Final Redemption Amount is more or less than 100 per cent. of the nominal value the Covered Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
81. 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 out in Condition 6(f)):
- [Condition 6(f) is applicable [●] per Calculation Amount/specify other]

#### **GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

82. 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.]

83. Form of Covered Bonds:

Registered Covered Bonds:

[Rule 144A Global Covered Bond (US\$[ ] nominal amount) registered in the name of a nominee for [DTC/ a common depository for Euroclear and Clearstream, Luxembourg] (*specify nominal amounts*)/Regulation S Global Covered Bond (US\$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depository for Euroclear and Clearstream, Luxembourg]]

*(Ensure that this is consistent with the wording in the "Form of the Covered Bonds" section in the Prospectus and the Covered Bonds themselves.)*

84. Additional Financial Centre(s) or other special provisions relating to Payment Days:

[Not Applicable/●]  
*(Note that this item relates to the place of payment and not Interest Payment Dates)*

85. [Talons for future Coupons to be attached to Definitive Bearer Covered Bonds:

[Yes/No. *If yes, give details*]]

86. Additional U.S. Federal Tax Considerations

[Not Applicable/For tap issuances:

For U.S. federal income tax purposes, a U.S. Holder (as defined in the Information Memorandum) will be treated as having purchased the Covered Bonds at a premium. See “Taxation—U.S. Taxation—Covered Bonds Purchased at a Premium” in the Information Memorandum.

Under relevant United States Treasury Regulations, if any portion of the purchase price that a U.S. Holder pays for the Covered Bonds is attributable to accrued but unpaid interest, such accrued interest will not be treated as income when it is paid to such U.S. Holder. Rather, the payment of such accrued interest will be treated as a return of capital which will reduce the U.S. Holder’s cost basis in the Covered Bonds.]

87. Additional final terms:

[Not applicable/*specify*]

## **DISTRIBUTION**

88. (a) If syndicated, names [and addresses] of Managers [and underwriting commitments]:

[Not Applicable/*give names [and addresses and underwriting commitments]*]

*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as Managers.)*

- (b) Date of Subscription Agreement [●]
- (c) Stabilising Manager (if any): [Not Applicable/give name]
89. If non-syndicated, name and address of Dealer: Not Applicable
90. U.S. Selling Restrictions: Rule 144A/Regulation S
91. ERISA [Employee benefit plans subject to ERISA can buy - Yes/No]
92. Additional selling restrictions: [Not Applicable/Regulation S/Rule 144A/give details]
93. Additional U.S. Federal Tax Considerations [Not Applicable/give details]

## **PART B—OTHER INFORMATION**

94. 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 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: [●]

## **95. 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: [●] ]
- A security rating is not a recommendation to buy, sell or hold securities and may be subject to

suspension, reduction or withdrawal at any time by an assigning rating agency and any rating should be evaluated independently of any other information.

## 96. 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.]*

## 97. TOTAL EXPENSES\*

[(i) Reasons for the offer [●]]

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

Indication of yield: [●]

## 99. OPERATIONAL INFORMATION

(i) ISIN Code: [●]

(ii) CUSIP: [●]

(iii) Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, S.A., DTC, the Austraclear System and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

(iv) Delivery: Delivery [against/free of] payment

(v) Name(s) and address(es) of initial Paying Agent(s) in relation to the Covered Bonds (other than the A\$ Registered Covered Bonds): [●]

(vi) 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): [●]

(vii) Name(s) and address(es) of A\$ Registrar in relation the A\$ Registered Covered Bonds: [●]

## 100. SELECTED STATISTICAL INFORMATION

The statistical and other information contained in these Final Terms has been compiled by reference to the Mortgage Loans in the Mortgage Loan Portfolio on [●] (the **Cut Off Date**). Columns stating percentage amounts may not add up to 100 per cent. due to rounding. The Seller has not revalued any of the mortgaged properties since the date of origination of the related Mortgage Loans for the purposes of the issue of the Covered Bonds, other than in respect of a Borrower that has remortgaged his Property or in relation to any Property in relation to which the Seller has made a Further Advance

#### Summary of Provisional Asset Pool Characteristics

|                                                                 |        |
|-----------------------------------------------------------------|--------|
| Portfolio Cut off Date                                          | [●]    |
| Current Principal Balance (AUD)                                 | A\$[●] |
| Number of Loans                                                 | [●]    |
| Number of Loan Groups                                           | [●]    |
| Average Loan Size                                               | [●]    |
| Maximum Housing Loan Balance                                    | [●]    |
| Weighted Average Loan Interest Rate                             | [●]    |
| Weighted Average Current Loan to Value Ratio (LVR)              | [●]    |
| Weighted Average Consolidated Indexed Loan to Value Ratio (LVR) | [●]    |
| Weighted Average Seasoning (WAS)                                | [●]    |
| Weighted Average Remaining Term (Months)                        | [●]    |

The following tables show the distribution of Mortgaged Properties securing the Mortgage Loans throughout each State and Territory of Australia as of the Cut Off Date, as well as the distribution between metropolitan and non-metropolitan locations. No Property is situated outside of Australia.

#### Geographical Distribution (State)

| Region                       | Number of Loans | (% ) Number of Loans | Total Loan Balance (A\$) | Loan Balance (%) |
|------------------------------|-----------------|----------------------|--------------------------|------------------|
| Australian Capital Territory | [●]             | [●]%                 | [●]                      | [●]              |
| New South Wales              | [●]             | [●]%                 | [●]                      | [●]              |
| Northern Territory           | [●]             | [●]%                 | [●]                      | [●]              |
| Queensland                   | [●]             | [●]%                 | [●]                      | [●]              |
| South Australia              | [●]             | [●]%                 | [●]                      | [●]              |
| Tasmania                     | [●]             | [●]%                 | [●]                      | [●]              |
| Victoria                     | [●]             | [●]%                 | [●]                      | [●]              |
| Western Australia            | [●]             | [●]%                 | [●]                      | [●]              |
|                              | [●]             | [●]%                 | [●]                      | [●]              |

#### Geographical Distribution (Region)

---

| <b>Region</b>    | <b>Number of Loans</b> | <b>(% ) Number of<br/>Loans</b> | <b>Total Loan Balance<br/>(A\$)</b> | <b>Loan Balance (%)</b> |
|------------------|------------------------|---------------------------------|-------------------------------------|-------------------------|
| Inner city       | [●]                    | [●]%                            | [●]                                 | [●]%                    |
| Metropolitan     | [●]                    | [●]%                            | [●]                                 | [●]%                    |
| Non-metropolitan | [●]                    | [●]%                            | [●]                                 | [●]%                    |
|                  | [●]                    | [●]%                            | [●]                                 | [●]%                    |

---

The following tables show the range of current loan to value ratios, or LVR, which express the Current Principal Balance of a Mortgage Loan as at the Cut Off Date divided by the value of the Property securing that Mortgage Loan at the same date. The Seller has not revalued any of the Properties since the date of the origination of the related Mortgage Loan, [other than in respect of a Property of a related Borrower that has remortgaged its property or to which the Seller has made a Further Advance].

### Balance Outstanding

|                             | Number of Loans | (%) Number of Loans | Total Loan Balance (A\$) | Loan Balance (%) |
|-----------------------------|-----------------|---------------------|--------------------------|------------------|
| ≤\$30,000                   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$30,000 and ≤\$50,000     | [●]             | [●]%                | [●]                      | [●]%             |
| >\$50,000 and ≤\$100,000    | [●]             | [●]%                | [●]                      | [●]%             |
| >\$100,000 and ≤\$150,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$150,000 and ≤\$200,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$200,000 and ≤\$250,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$250,000 and ≤\$300,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$300,000 and ≤\$350,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$350,000 and ≤\$400,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$400,000 and ≤\$450,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$450,000 and ≤\$500,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$500,000 and ≤\$550,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$550,000 and ≤\$600,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$600,000 and ≤\$700,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$700,000 and ≤\$800,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$800,000 and ≤\$900,000   | [●]             | [●]%                | [●]                      | [●]%             |
| >\$900,000 and ≤\$1,000,000 | [●]             | [●]%                | [●]                      | [●]%             |
| >\$1,000,000                | [●]             | [●]%                | [●]                      | [●]%             |
|                             | [●]             | [●]%                | [●]                      | [●]%             |
|                             | [●]             | [●]%                | [●]                      | [●]%             |

### Seasoning - Months

| Seasoning – Months | Number of Loans | (%) Number of Loans | Total Loan Balance (A\$) | Loan Balance (%) |
|--------------------|-----------------|---------------------|--------------------------|------------------|
| ≤0                 | [●]             | [●]%                | [●]                      | [●]%             |
| >0 and ≤3          | [●]             | [●]%                | [●]                      | [●]%             |
| >3 and ≤6          | [●]             | [●]%                | [●]                      | [●]%             |
| >6 and ≤12         | [●]             | [●]%                | [●]                      | [●]%             |
| >12 and ≤18        | [●]             | [●]%                | [●]                      | [●]%             |
| >18 and ≤24        | [●]             | [●]%                | [●]                      | [●]%             |
| >24 and ≤36        | [●]             | [●]%                | [●]                      | [●]%             |
| >36 and ≤48        | [●]             | [●]%                | [●]                      | [●]%             |
| >48 and ≤60        | [●]             | [●]%                | [●]                      | [●]%             |
| >60 and ≤360       | [●]             | [●]%                | [●]                      | [●]%             |
| >360               | [●]             | [●]%                | [●]                      | [●]%             |
|                    | [●]             | [●]%                | [●]                      | [●]%             |

### Current LTV - %

|                     | Number of Loans | (%) Number of Loans | Total Loan Balance (A\$) | Loan Balance (%) |
|---------------------|-----------------|---------------------|--------------------------|------------------|
| ≤ 0.00              | [●]             | [●]%                | [●]                      | [●]%             |
| >0.00 and ≤ 50.00   | [●]             | [●]%                | [●]                      | [●]%             |
| >50.00 and ≤ 55.00  | [●]             | [●]%                | [●]                      | [●]%             |
| >55.00 and ≤ 60.00  | [●]             | [●]%                | [●]                      | [●]%             |
| >60.00 and ≤ 65.00  | [●]             | [●]%                | [●]                      | [●]%             |
| >65.00 and ≤ 70.00  | [●]             | [●]%                | [●]                      | [●]%             |
| >70.00 and ≤ 75.00  | [●]             | [●]%                | [●]                      | [●]%             |
| >75.00 and ≤ 80.00  | [●]             | [●]%                | [●]                      | [●]%             |
| >80.00 and ≤ 85.00  | [●]             | [●]%                | [●]                      | [●]%             |
| >85.00 and ≤ 90.00  | [●]             | [●]%                | [●]                      | [●]%             |
| >90.00 and ≤ 95.00  | [●]             | [●]%                | [●]                      | [●]%             |
| >95.00 and ≤ 100.00 | [●]             | [●]%                | [●]                      | [●]%             |
| >100.00             | [●]             | [●]%                | [●]                      | [●]%             |
|                     | [●]             | [●]%                | [●]                      | [●]%             |

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**Mortgage Insurer**

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| <b>Insurer</b>         | <b>Number of Loans</b> | <b>(%) Number of Loans</b> | <b>Total Loan Balance (A\$)</b> | <b>Loan Balance (%)</b> |
|------------------------|------------------------|----------------------------|---------------------------------|-------------------------|
| Genworth Financial     | [●]                    | [●]%                       | [●]                             | [●]%                    |
| PMI Mortgage Insurance | [●]                    | [●]%                       | [●]                             | [●]%                    |
| Pool Insurance         | [●]                    | [●]%                       | [●]                             | [●]%                    |
| Uninsured              | [●]                    | [●]%                       | [●]                             | [●]%                    |
|                        | [●]                    | [●]%                       | [●]                             | [●]%                    |

Signed on behalf of **National Australia Bank Limited (ABN 12 004 044 937)**:

By: .....

*Duly authorised*

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

By: .....

*Duly authorised*

By: .....

*Duly authorised*



## SCHEDULE 6

### FORMS OF N COVERED BOND AND N COVERED BOND AGREEMENT

#### PART 1

#### FORM OF N COVERED BOND

##### N COVERED BOND (*GEDECKTE NAMENSSCHULDVERSCHREIBUNG*)

THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS 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.

**NATIONAL AUSTRALIA BANK LIMITED (ABN 12 004 044 937)**

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

##### **SERIES [●] N COVERED BOND (*GEDECKTE NAMENSSCHULDVERSCHREIBUNG*)**

[EUR][●] [●],000,000 (in words: [EUR][●] [●] million)

Issue Date: [●]

Final Maturity Date: [●]

**[insert if applicable: Extended Due for Payment Date: [●]]**

**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 nab Covered Bond Trust and Covered Bond Guarantor**

This certificate (the **Certificate**) represents the Series [●] **[insert currency and principal amount]** N Covered Bond (*gedeckte Namensschuldverschreibung*) (the **N Covered Bond**) issued by National Australia Bank Limited (the **Issuer**) described, and having the provisions specified, in the N Covered Bond Conditions attached as Schedule 1 hereto (the **N Covered Bond Conditions**) which form an integral part of this certificate. Words and expressions defined or set out in the N Covered Bond Conditions shall have the same meaning when used in this Certificate.

The Issuer shall pay to the registered holder of this N Covered Bond the amounts payable in respect thereof pursuant to the N Covered Bond Conditions. The rights and claims arising out of this N Covered Bond as well as the title to this Certificate will be transferred solely on the basis of assignment and due registration in the register (the **Register**) maintained by Deutsche Bank AG, Frankfurt am Main as registrar (the **N Covered Bond Registrar**) as further set out in the N Covered Bond Conditions. Solely the duly registered N Covered Bondholder in the Register may claim payments under this N Covered Bond.

The Issuer hereby certifies that at the date hereof **[insert name and complete address of Initial N Covered Bondholder]** has been entered in the Register as the holder of this N Covered Bond (the **Initial N Covered Bondholder**) in the aforesaid principal amount.

This N Covered Bond is not valid unless authenticated by the N Covered Bond Registrar. **[Insert if a German translation is provided: Only the English version of this Certificate is binding. A German language translation is provided for convenience only].**

IN WITNESS whereof the Issuer has caused this N Covered Bond to be duly executed on its behalf.

**[Insert Issue Date]**

|                                                             |  |                       |  |
|-------------------------------------------------------------|--|-----------------------|--|
| <b>NATIONAL AUSTRALIA BANK LIMITED (ABN 12 004 044 937)</b> |  | Authenticated without |  |
|-------------------------------------------------------------|--|-----------------------|--|

|                  |  |                                                        |  |
|------------------|--|--------------------------------------------------------|--|
| as <b>Issuer</b> |  | recourse, warranty or                                  |  |
| By: _____        |  | liability by<br><b>Deutsche Bank AG,<br/>Frankfurt</b> |  |
| Name:            |  | as N Covered Bond                                      |  |
| Title:           |  | Registrar                                              |  |
|                  |  | _____                                                  |  |

## SCHEDULE 1 TO N COVERED BOND

### N COVERED BOND CONDITIONS

This N Covered Bond forms a Series of Covered Bonds issued by National Australia Bank Limited (**nab** and the **Issuer**) with the benefit of 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 15 November 2011, as amended and restated on 20 September 2012 (as further amended, modified, superseded or replaced from time to time) made between, amongst others, the Issuer, Perpetual Corporate Trust Limited ABN 99 000 341 533 in its capacity as trustee of the nab Covered Bond Trust (the **Covered Bond Guarantor**), nab as trust manager (the **Trust Manager**) and Deutsche Trustee Company Limited as bond trustee (in such capacity, the **Bond Trustee**, which expression will include any successor as Bond Trustee).

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 10 November 2011 and made between the Covered Bond Guarantor, the Issuer, the Bond Trustee, P.T. Limited ABN 67 004 454 666 as trustee of the Security Trust (the **Security Trustee**) and certain other Secured Creditors.

These N Covered Bond Conditions include summaries of, and are subject to, the provisions of the Bond Trust Deed, the Security Deed and the Agency Agreements (as applicable), as further provided by the N Covered Bond Agreement attached as Schedule 3 below.

Pursuant to the N Covered Bond Agreement, the parties thereto agree that the Initial N Covered Bondholder shall take the benefit of and be bound by certain provisions of the Bond Trust Deed and of the terms and conditions of the Covered Bonds issued under the Programme (the **Programme Conditions**), in particular the provisions on meetings of holders of Covered Bonds set out in condition 14 of the Programme Conditions (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*) and schedule 4 (*Provisions for Meetings of Covered Bondholders*) to the Bond Trust Deed stipulating certain quorum and majority requirements for meetings of the holders of Covered Bonds to consider any matter affecting their interests including the modification of the terms and conditions of the Covered Bonds and the Bond Trust Deed.

**Certain provisions applicable to this N Covered Bond by virtue of the N Covered Bond Agreement are described in Conditions 9 and 14 below for information purposes. Only the terms of the N Covered Bond Agreement are legally binding.**

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these N Covered Bond Conditions will bear the meanings given to them in the nab Covered Bond Trust Definitions Schedule made between the parties to the Programme Documents on 10 November 2011 as amended and restated on 20 September 2012 (as further amended, modified, superseded or replaced from time to time) (the **Definitions Schedule**).

## 1. CURRENCY AND PRINCIPAL AMOUNT, FORM AND CERTAIN DEFINITIONS

### 1.1 *Currency and Principal Amount.*

This N Covered Bond (*gedeckte Namensschuldverschreibung*) is issued by National Australia Bank Limited (the **Issuer**) in [Euro][●] (the **Specified Currency**) in the principal amount of [*insert principal amount*] (the **Principal Amount**) on [*insert issue date*] (the **Issue Date**).

### 1.2 *Form.*

This N Covered Bond is represented by a certificate (the **Certificate**) which bears the manual signature of one duly authorised signatory of the Issuer and is manually authenticated by or on behalf of the N Covered Bond Registrar and which is registered in the name of the Initial N Covered Bondholder (as defined in the Certificate). In case of any assignment of this N Covered Bond (a) new certificate(s) will only be issued as further described and under the conditions set out in Condition 2.4 (*Issue of new certificates in case of transfers*) below. [**Insert if Deutsche Bank does not act as Lead Manager (if Deutsche Bank acts as Lead Manager the Certificate will be deposited with Deutsche Bank):** If no new certificates are issued upon an assignment, the Certificate shall be surrendered from the assignor to the assignee and is valid together with the executed N Covered Bond Assignment Agreement attached or, in the case of partial assignment, the assignee shall receive a certified copy of the Certificate which is valid with the executed N Covered Bond Assignment Agreement attached.]

### 1.3 *Certain Definitions.*

In these N Covered Bond Conditions:

**N Covered Bond Agreement** means the agreement between the Issuer, the Covered Bond Guarantor, the Bond Trustee and the Initial N Covered Bondholder pursuant to which this N Covered Bond forms part of the Programme.

**N Covered Bond Assignment Agreement** means an assignment agreement relating to this N Covered Bond substantially in the form attached as Schedule 2 to the Certificate.

**N Covered Bondholder** means the Initial N Covered Bondholder and, following an assignment, any person who is at any time registered in the Register maintained by the N Covered Bond Registrar as N Covered Bondholder.

**Register** means the register maintained by the N Covered Bond Registrar (as defined in Condition 11 (*N Covered Bond Paying Agent and N Covered Bond Registrar*)) in relation to N Covered Bonds issued under the Programme.

## 2. TRANSFER

### 2.1 *General.*

The rights of the N Covered Bondholder arising from this N Covered Bond and title to the Certificate pass by assignment and registration in the Register as further set out in the below sub-paragraphs. Except as ordered by a court of competent jurisdiction or as required by mandatory law, the Issuer, the N Covered Bond Registrar, the N Covered Bond Paying Agent and any other Agent shall deem and treat the registered holder of this N Covered Bond as the sole owner of the Certificate and holder of the rights arising from this N Covered Bond.

### 2.2 *Transfer by assignment and registration.*

The N Covered Bondholder may transfer its rights arising from this N Covered Bond and title to the Certificate in whole or, subject to Condition 2.3 (*Minimum Transfer Amount*) below, in part by (i) assignment in the form of the N Covered Bond Assignment Agreement attached as Schedule 2 to the Certificate (which must include that the assignee agrees to be bound by the terms of the N Covered

Bond Agreement entered into by the initial N Covered Bondholder as set out in clause 4 of the form of N Covered Bond Assignment Agreement) and (ii), upon submission of the duly completed and executed N Covered Bond Assignment Agreement to the N Covered Bond Registrar, registration of the new N Covered Bondholder in the Register by the N Covered Bond Registrar. A copy of the N Covered Bond Agreement is available from the Issuer.

### 2.3 *Minimum transfer amount.*

Any transfer of part of this N Covered Bond is permitted only for a minimum nominal amount of [Euro 1,000,000 or integral multiples of Euro 500,000 in excess thereof][●]. The date stated in an executed N Covered Bond Assignment Agreement as the date, on which the economic effects of the assignments shall occur, shall be the **Transfer Date** to be entered into the Register by the N Covered Bond Registrar.

### 2.4 *New certificates in case of transfers.*

In case of a transfer of this N Covered Bond, an individual certificate in the name of the assignee (or, in case of a partial assignment, individual certificates in the name of the assignee and the assignor in respect of the balance transferred and the balance not transferred) will only be issued upon the request and at the cost of the relevant N Covered Bondholder entitled to the new certificate and may be collected at the specified office of the N Covered Bond Registrar or, at the request and risk of the N Covered Bondholder entitled to the new certificate, be mailed to its address as specified in the executed N Covered Bond Assignment Agreement and in either case against submission to the N Covered Bond Registrar of any certificate issued previously to the relevant assignor.

### 2.5 *Costs of transfers.*

The relevant assignor and assignee 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 may require from the relevant assignor and assignee the payment of a sum sufficient to enable it to pay or satisfy any stamp duty, tax or other governmental charge that may be imposed in relation to the registration and/or the transfer of the relevant N Covered Bond.

### 2.6 *Transfer to central banks for collateral purposes.*

The formal requirements for an assignment and agreement of the assignee to the terms of the N Covered Bond Agreement of Condition 2.2 (*Transfer by assignment and registration*) will not apply where the assignment is made for collateral purposes to a central bank of the European System of Central Banks. In such case, the assignment and agreement of the assignee to the terms of the N Covered Bond Agreement is not subject to any formal or notification requirements.

### 2.7 *No transfer prior to payment dates.*

The N Covered Bondholder may not require the transfer of this N Covered Bond to be registered (i) during the period from, and including, the 15th Business Day prior to the due date for any payment of principal or interest (for the purposes of this subparagraph only, the **Due Date**) to, and including, the Due Date, (ii) during the period from, and including, the 15th Business Day prior to any date on which this N Covered Bond may be redeemed at the option of the Issuer (for the purposes of this subparagraph only, the **Redemption Date**) to, and including, the Redemption Date or (iii) after this N Covered Bond has been called for redemption in whole or in part.

## 3. STATUS

### 3.1 *Status of the N Covered Bond.*

This N Covered Bond constitutes direct, unconditional, unsubordinated and unsecured obligations of the Issuer and ranks *pari passu* without any preference with other covered bonds (including, for the avoidance of doubt, other N Covered Bonds) issued under the Issuer's US\$ 20 billion programme for the issuance of covered bonds (the **Programme** and the **Covered Bonds**) and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, other than any obligations preferred by mandatory provisions of applicable law.

### 3.2 *Status of the Covered Bond Guarantee.*

Subject to the execution of the N Covered Bond Agreement between the Issuer, the Covered Bond Guarantor, the Bond Trustee and the Initial N Covered Bondholder or, in the case of an assignment of this N Covered Bond, the agreement by the assignee to be bound by the terms of the N Covered Bond Agreement (as provided in the form of the N Covered Bond Assignment Agreement), this N Covered Bond forms part of the Programme under which the liabilities of the Issuer as to the payments of interest and principal are unconditionally and irrevocably guaranteed by the Covered Bond Guarantor in favour of the Bond Trustee for the benefit of the holders of Covered Bonds in the circumstances further described in the Bond Trust Deed.

#### **Important Notes**

*The Covered Bond Guarantor has guaranteed certain obligations of the Issuer in respect of this N Covered Bond only in its role as trustee of the Trust and in no other capacity. Any obligation or liability of the Covered Bond Guarantor arising under or in any way connected with the Trust under the Establishment Deed, the Bond Trust Deed, this N Covered Bond or any other Programme Document is limited to the extent to which it can be satisfied out of the assets of the Trust out of which the Covered Bond Guarantor is actually indemnified for the obligation or liability. This limitation will not apply to any obligation or liability of the Covered Bond Guarantor only to the extent that it is not so satisfied because of any fraud, negligence or wilful default on the part of the Covered Bond Guarantor. Full terms of the Covered Bond Guarantor's limitation of liability (including certain exceptions to it) are set out in the Programme Documents.*

## **4. INTEREST**

### 4.1 *Rate of Interest and Interest Periods.*

This N Covered Bond bears interest on its Principal Amount Outstanding from (and including) [●] (the **Interest Commencement Date**) to (but excluding) the Final Maturity Date (as defined in Condition 6.1 (Final Redemption)) at the rate(s) per annum equal to [●] per cent. per annum (the **Rate of Interest**). Interest will accrue in respect of each Interest Period.

### 4.2 *Interest Payment Dates.*

Interest shall be payable in arrear on [●] in each year up to (and including) the Final Maturity Date (as defined in Condition 6.1 (*Final Redemption*)) (each such date, an **Interest Payment Date**). The first payment of interest shall be made on [●]. If any Interest Payment Date would otherwise fall on a day which is not a Business Day, the Interest Payment Date itself remains unadjusted but the payment shall be postponed to the next day which is a Business Day and the N Covered Bondholder shall not be entitled to further interest or other payment in respect of such delay.

### 4.3 *Calculation of Interest Amount.*

If interest is required to be calculated for a period other than one full year, such interest shall be calculated by the N Covered Bond Paying Agent by applying the Rate of Interest to the Principal Amount Outstanding, multiplying such sum by the day count fraction, and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

#### 4.4 *In these N Covered Bond Conditions:*

**[Day Count Fraction]** means[, in respect of the calculation of an amount of interest, the actual number of days in the Interest Period divided by the number of days (365 or 366) in the respective year][●].

**Business Day** means [any day (other than a Saturday or a Sunday):

- (i) 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], [London] and [Frankfurt am Main]][●]; and
- (ii) on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is operative.][●]

**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.

**Principal Amount Outstanding** means in respect of this N Covered Bond on any day the Principal Amount on the Issue Date thereof less principal amounts received by the N Covered Bondholders in respect thereof on or prior to that day.

**[Insert if applicable:**

#### 4.5 *Accrual of Interest in case of an Extension of Maturity.*

In case of an Extension of Maturity as set out in Condition 6.2 (*Extension of Maturity*), this N Covered Bond bears interest on its Principal Amount Outstanding from and including the Final Maturity Date to and excluding the Extended Due for Payment Date calculated as provided**[If no change of interest basis for the extension period applies, insert: above.][If change of interest basis applies for the extension period, insert: in sub-paragraphs (a) to (g) below.**

##### (a) *Interest Payment Dates.*

Interest will be payable in arrear on [●] of each month up to (and including) the Extended Due for Payment Date (for the purpose of this Condition 4.5 (*Accrual of Interest in case of an Extension of Maturity*), each such date, an **Interest Payment Date**).

##### (b) *Rate of Interest.*

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) if there is more than one quotation on the Relevant Screen Page, 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 on [●] (the **Interest Determination Date**) plus [●] per cent. per annum (the **Margin**), all as determined by the N Covered Bond Paying Agent. 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) shall be disregarded by the N Covered Bond Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Principal Agency Agreement contains provisions for determining the Rate of Interest pursuant to this sub-paragraph (b) in the event that the Relevant Screen Page is not available or

if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) *Determination of Rate of Interest and calculation of Interest Amounts.*

The N Covered Bond Paying Agent 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 N Covered Bond Paying Agent will calculate the amount of interest payable by applying the Rate of Interest to the Principal Amount Outstanding, multiplying such sum by the Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

(d) *Notification of Rate of Interest and Interest Amounts.*

The N Covered Bond Paying Agent 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 N Covered Bond Registrar, the Bond Trustee, the Issuer and the N Covered Bondholders in accordance with Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth Business Day thereafter.

(e) *Determination or Calculation by the Bond Trustee.*

If for any reason the N Covered Bond Paying Agent, defaults in its obligation to determine the Rate of Interest or in its obligation to calculate any Interest Amount in accordance with subparagraph (c) above, the Bond Trustee may (i) determine (or appoint an agent to determine) the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition,) it deems fair and reasonable in all the circumstances or, as the case may be (ii) calculate the Interest Amount(s) in such manner as it deems fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the N Covered Bond Paying Agent.

(f) *Certificates to be final.*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4.5 (*Accrual of Interest in case of an Extension of Maturity*), whether by the N Covered Bond Paying Agent or the Bond Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Covered Bond Guarantor, the N Covered Bond Paying Agent, the N Covered Bond Registrar, any other Agent, the Bond Trustee and the N Covered Bondholders.

(g) For the purposes of this Condition 4.5 only:

**Business Day** means [●].

**Day Count Fraction** means[, in respect of an Interest Period, the actual number of days in the Interest Period divided by 360][●].

**Interest Period** means the period from (and including) the Final Maturity Date to (but excluding) the first Interest Payment Date and thereafter from (and including) each Interest Payment Date to (but excluding) the next following Interest Payment Date. If there is no numerically corresponding day of the calendar month in which an Interest Payment Date should occur or if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, such Interest Payment Date shall 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 shall be brought forward to the immediately preceding Business Day.][*Insert other applicable interest provisions for the extension period*]



## 5 PAYMENTS

### 5.1 *General.*

Payments of principal and, subject to Condition 5.2 (*Assignments without Accrued Interest*), interest on this N Covered Bond shall be made on the respective due date thereof to the person shown in the Register as the N Covered Bondholder at the close of business on the 15th Business Day before such due date (the **Record Date**) by credit or electronic transfer to a [euro][●] account (or any other account to which [euro][●] may be credited or transferred) maintained by the N Covered Bondholder (the **Designated Account**) the details of which have been notified by the N Covered Bondholder to the N Covered Bond Paying Agent not later than the Record Date.

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 (*Taxation*).[ References to [Euro][●] will include any successor currency under applicable law.] For the avoidance of doubt, any amounts to be paid on the N Covered Bonds will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (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.

### 5.2 *Assignments without Accrued Interest.*

In case of a transfer of this N Covered Bond (in whole or in part) occurring during any Interest Period, payment of interest on this N Covered Bond or, in case of a transfer in part on a *pro rata* basis on the resulting N Covered Bonds, shall be made on the respective due date thereof to (i) the assignee shown in the Register as the new N Covered Bondholder on the Record Date, for the period from and including the relevant Transfer Date to but excluding the relevant Interest Payment Date and (ii) the assignor for the period from and including the last Interest Payment Date or the Interest Commencement Date, as the case may be, to but excluding the relevant Transfer Date, and (iii) if more than one assignment of this N Covered Bond has occurred during one Interest Period, to each N Covered Bondholder with respect to the period of his holding of the N Covered Bond for the period from and including each relevant Transfer Date to but excluding the respective next following Transfer Date.

### 5.3 *Payment Day.*

If the due date for payment of any amount in respect of this N Covered Bond is not a Payment Day, then the N Covered Bondholder shall not be entitled to payment until the next following Payment Day and shall not be entitled to further interest or other payment in respect of such postponed payment.

**Payment Day** means [any day which is a Business Day (as defined in Condition 4.4)].[●]

### 5.4 *Interpretation of principal and interest.*

Any reference in these N Covered Bond Conditions to principal in respect of the N Covered Bond shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);
- (b) the Final Redemption Amount of the N Covered Bond;
- (c) any premium and any other amounts (other than interest) which may be payable under or in respect of the N Covered Bonds;

- (d) any Excess Proceeds attributable to principal which may be payable by the Bond Trustee to the Covered Bond Guarantor under or in respect of the N Covered Bonds.

**Excess Proceeds** means monies received by the Bond Trustee from the Issuer or any administrator, administrative receiver, receiver, liquidator, trustee in sequestration, bank administrator, bank liquidator or other similar official appointed in relation to the Issuer.

Any reference in these N Covered Bond Conditions to interest in respect of the N Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*).

## 6. REDEMPTION

### 6.1 *Final Redemption.*

To the extent not previously redeemed in whole or in part, or purchased and cancelled, this N Covered Bond will be redeemed by the Issuer at par (the **Final Redemption Amount**) in the Specified Currency on [●] (the **Final Maturity Date**).

**[Insert if applicable:**

### 6.2 *Extension of Maturity.*

Under the terms of the Covered Bond Guarantee and without prejudice to condition 9 (*Events of Default and Enforcement*) of the Programme Conditions, if the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in Condition 6.1 (*Final Redemption*) (or after expiry of the grace period set out in condition 9.1(a) of the Programme Conditions) 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 the Covered Bond Guarantor has insufficient moneys available under the Guarantee Priority of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the N Covered Bond 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 9.1(a) of the Programme Conditions) 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 shall be deferred until the Extended Due for Payment Date in respect of this N Covered Bond, provided that the Covered Bond Guarantor (at the direction of the Trust Manager) may pay any amount representing the Final Redemption Amount on the Final Maturity Date and any amount representing all or part of the Final Redemption Amount due and remaining unpaid on the earlier of (a) and (b) above may also be paid by the Covered Bond Guarantor on any Interest Payment Date thereafter up to (and including) the Extended Due for Payment Date.

The Trust Manager must notify each N Covered Bondholder (in accordance with Condition 13 (*Notices*)), the Rating Agencies, the Bond Trustee, the Security Trustee, the N Covered Bond Paying Agent and the N Covered Bond Registrar as soon as reasonably practicable and in any event at least one Business Day prior to the dates specified in (a) and (b) above of any inability of the Covered Bond Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the N Covered Bond pursuant to the Covered Bond Guarantee.

In the circumstances outlined above, 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 9.1(a) of the Programme Conditions), 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) *pro rata* in part payment of an amount equal to the Final Redemption Amount of the N Covered Bond and must pay Guaranteed Amounts constituting the Scheduled Interest in respect of the N 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 shall be deferred as described above. Such failure to pay by the Covered Bond Guarantor will not constitute an Covered Bond Guarantor Event of Default under condition 9.2(a) of the Programme Conditions.

Any discharge of the obligations of the Issuer as the result of the payment of Excess Proceeds to the Bond Trustee must be disregarded for the purposes of determining the amounts to be paid by the Covered Bond Guarantor under the Covered Bond Guarantee in connection with this Condition 6.2 (*Extension of Maturity*).

For the purposes of these N Covered Bond Conditions:

**Extension Determination Date** means the date falling two Business Days after the expiry of seven days starting on (and including) the Final Maturity Date.

**Extended Due for Payment Date** means [●]

6.[●] *Redemption for Taxation Reasons.*

This N Covered Bond may be redeemed at the option of the Issuer in whole, but not in part, at any time giving not less than 30 nor more than 60 days' notice to the Bond Trustee and, in accordance with Condition 13 (*Notices*) the N Covered Bondholders (which notice shall 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 in Condition 7 (*Taxation*). If this N Covered Bond is redeemed pursuant to this Condition 6.3 (*Redemption for Taxation Reasons*) it will be redeemed at its Final Redemption Amount (defined in Condition 6.1 (*Final Redemption*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.[●] *Redemption due to Illegality.*

This N Covered Bond may be redeemed (together with the Covered Bonds of all Series under the Programme outstanding) 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 to the Bond Trustee, the N Covered Bond Paying Agent and the N Covered Bond Registrar and, in accordance with Condition 13 (*Notices*), the N 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 under the Programme, become unlawful for the Issuer in its capacity as Intercompany Note Subscriber (in such capacity, the **Intercompany Note Subscriber**) under the Intercompany Note Subscription Agreement and/or the Issuer in its capacity as Demand Note Subscriber (in such capacity, the **Demand Note Subscriber**) under the Demand Note Subscription Agreement 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 of any such Covered Bond of any series.

For these purposes:

**Demand Note Subscription Agreement** means the demand note subscription agreement entered into on 11 November 2011 between, amongst others, the Issuer in its capacity as Demand Note Subscriber,

the Covered Bond Guarantor and the Security Trustee under which the Demand Note Subscriber has agreed to subscribe for demand notes (the **Demand Notes**) issued by the Covered Bond Guarantor to enable the Covered Bond Guarantor to acquire assets to support its obligations under the Covered Bond Guarantee.

**Intercompany Note Subscription Agreement** means the intercompany note subscription agreement entered into on 11 November 2011, between, amongst others, the Issuer in its capacity as Intercompany Note Subscriber, the Covered Bond Guarantor and the Security Trustee under which the Intercompany Note Subscriber has agreed to subscribe for intercompany notes (the **Intercompany Notes**) issued by the Covered Bond Guarantor to enable the Covered Bond Guarantor to acquire assets to support its obligations under the Covered Bond Guarantee.

6.[●] *Purchase of N Covered Bond.*

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 the N Covered Bond at any price in the open market either by tender or private agreement or otherwise. If the purchase is made by tender, the tender must be available to all N Covered Bondholders alike. The N Covered Bond so purchased may be held, reissued, resold or, at the option of the Issuer or its relevant subsidiary, surrendered to the N Covered Bond Paying Agent and/or the N Covered Bond Registrar for cancellation (except if purchased or otherwise acquired by the Covered Bond Guarantor in which case it must immediately be surrendered to the N Covered Bond Paying Agent and/or the N Covered Bond Registrar for cancellation).

6.[●] *Cancellation of N Covered Bond upon Redemption or Purchase.*

If this N Covered Bond is redeemed in accordance with this Condition 6 (*Redemption*) or surrendered for cancellation pursuant to Condition 6.5 (*Purchase of N Covered Bond*), it will be cancelled forthwith and may not be reissued or resold.

6.[●] *Early Redemption Amount.*

For the purposes of Condition 6.[●] (*Redemption for Taxation Reasons*) and Condition 6.[●] (*Redemption due to Illegality*) this N Covered Bond will be redeemed at its Early Redemption Amount which shall be the Final Redemption Amount.

## 7. TAXATION

7.1 *Payments by and on behalf of the Issuer.*

All payments of principal and interest in respect of this N Covered Bond by or on behalf of the Issuer 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. 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 N Covered Bondholders after such withholding or deduction will equal the respective amounts of principal and interest which would otherwise have been receivable in respect of this N Covered Bond 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 this N Covered Bond; or
- (b) which is payable by reason of the N Covered Bondholder 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 this N Covered Bonds 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 N Covered Bondholder'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 N Covered Bondholder, or other beneficial owner of this N Covered Bond;
- (d) which is payable by reason of a change in law that becomes effective more than thirty 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 thirtieth day assuming that day to have been a Payment Day;
- (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 N Covered Bondholder or beneficial owner of this N Covered Bond 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) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (i) which is payable on this N Covered Bonds presented for payment by or on behalf of an N Covered Bondholder who would have been able to avoid such withholding or deduction by presenting this N Covered Bond, to another N Covered Bond Paying Agent in a member state of the European Union;
- (j) with respect to any payment of principal of or interest (including original issue discount) on this N Covered Bond by the Issuer to any N Covered Bondholder, 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 this N Covered Bond; or
- (k) any combination of (a) through (j) above.

For the avoidance of doubt, any amounts to be paid on the N 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.

As used herein:

**Relevant Date** means the date on which such payment in respect of this N Covered Bond first becomes due and payable, except that, if the full amount of the monies payable on such date has not been received by the Bond Trustee, the N Covered Bond Registrar or the N Covered Bond Paying Agent on or prior to such date, it means the date on which such monies shall have been so received and notice to that effect has been given to the holder of this N Covered Bond in accordance with Condition 13 (*Notices*) of these N Covered Bond Conditions.

#### 7.2 *Payments by and on behalf of the Covered Bond Guarantor.*

Under the terms of the Covered Bond Guarantee, if any withholding or deduction is required by the Covered Bond Guarantor in respect of a payment of a Guaranteed Amount to be made by it, the Covered Bond Guarantor must pay the Guaranteed Amounts net of such withholding or deduction and must account to the appropriate Tax Authority for the amount required to be withheld or deducted. The Covered Bond Guarantor will not be obliged to pay any additional amount to the Bond Trustee or any N Covered Bondholder in respect of the amount of such withholding or deduction. For purposes of the preceding sentence, 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 shall be deemed a tax imposed by the United States.

### 8. **PRESCRIPTION**

The obligations of the Issuer to pay principal and interest in respect of this N Covered Bond shall be prescribed (i) in respect of principal upon the expiry of ten years following the respective due date for the payment of principal and (ii) in respect of interest upon the expiry of five years following the respective due date for the relevant payment of interest.

### 9. **EVENTS OF DEFAULT AND ENFORCEMENT**

In accordance with the Bond Trust Deed and as provided in the N Covered Bond Agreement, upon the occurrence of an Issuer Event of Default and/or a Covered Bond Guarantor Event of Default, any acceleration and enforcement of this N Covered Bond will be effected by the Bond Trustee or, as the case may be, the Security Trustee at its discretion or being instructed by the holders of Covered Bonds under the Programme. The Issuer Events of Default, the Covered Bond Guarantor Events of Default, their respective consequences and the instruction of the Bond Trustee and the Security Trustee by the holders of Covered Bonds at programme level are described below for information purposes only.

#### (a) *Issuer Events of Default.*

As more specifically set out in condition 9(a) of the Programme Conditions, the following events constitute an Issuer Event of Default:

- (i) default by the Issuer in any payment when due of principal on any of the Covered Bonds and the default continues for a period of seven days;
- (ii) default by the Issuer in payment when due of any instalment of interest on any Covered Bonds and the default continues for a period of 30 days;
- (iii) a failure by the Issuer to perform or observe any of its other obligations under the conditions of the Covered Bonds or the Bond Trust Deed and the failure continues for the period of 30 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;
- (ix) 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 the Issuer enters into any arrangement or agreement for any sale or disposal of the whole of its business by amalgamation or otherwise as further set out in, and subject to the limitations of, condition 9(a)(ix) of the Programme Conditions;
- (x) breach of an asset coverage test as further set out in condition 9(a)(x) of the Programme Conditions; or
- (xi) breach of a pre-maturity test as further set out in condition 9(a)(xi) of the Programme Conditions.

(b) *Consequences of an Issuer Event of Default.*

As further set out in the Bond Trust Deed, in case of an Issuer Event of Default, the Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. of the aggregate principal amount outstanding of all Covered Bonds under the Programme or if so directed by a Programme Resolution (as defined in paragraph (d) below and as further described in the Bond Trust Deed) will (but in the case of the occurrence of any of the events mentioned in subparagraph (iii), (iv), (v), (vi), (viii) or (ix) above, 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 holders of Covered Bonds of any series), serve an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the Covered Bond Guarantor.

As a consequence of the service of an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the Covered Bond Guarantor:

- (A) all Covered Bonds outstanding will be accelerated (but, for the avoidance of doubt, not the obligation of the Covered Bond Guarantor under the Covered Bond Guarantee) and any moneys received by the Bond Trustee from the Issuer (or any administrator, administrative receiver, receiver, liquidator, trustee in sequestration, bank administrator, bank liquidator or other similar official appointed in relation to the Issuer) will be paid by the Bond Trustee to the Covered Bond Guarantor; and

- (B) the Covered Bond Guarantor will be required to pay to the holders of Covered Bonds the Guaranteed Amounts owed by it under the Covered Bond Guarantee.

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 which is set out in clause 17.5 of the establishment deed relating to the Programme (the **Establishment Deed**) and described under "Cashflows — Guarantee Priority of Payments" in the prospectus relating to the Programme.

(c) *Guarantor Events of Default and Consequences of a Guarantor Event of Default.*

As more specifically set out in condition 9(b) of the Programme Conditions, the following events constitute a Covered Bond Guarantor Event of Default:

- (i) a failure by the Covered Bond Guarantor to pay the amounts owed by it under the Covered Bond Guarantee when Due for Payment for a period of 14 days (except in the circumstances set out in condition (9)(b)(i) of the Programme Conditions),
- (ii) a default by the Covered Bond Guarantor in the performance or observance of any other obligation, condition or provision binding on it as further set out in, and subject to the limitations of, condition 9(b)(ii) of the Programme Conditions;
- (iii) the occurrence of an insolvency event in respect of the Covered Bond Guarantor (as further described in condition 9(b)(iii) of the Programme Conditions);
- (iv) a failure to satisfy the amortisation test (as further described in condition 9(b)(iv) of the Programme Conditions); or
- (v) the Covered Bond Guarantee is not, or is claimed by the Covered Bond Guarantor not to be, in full force and effect.

In case of an Covered Bond Guarantor Event 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 all Covered Bonds under the Programme or if so directed by a Programme Resolution (as indicated under (f) below and as further described in the Bond Trust Deed) will (but in the case of the happening of any of the events mentioned under (ii) above, 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 holders of Covered Bonds of any series), serve a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor.

As a consequence of the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor:

- (A) the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will accelerate and the Bond Trustee will then have a claim against the Covered Bond Guarantor for an amount equal to the respective early redemption amount in respect of each Covered Bond (including this N Covered Bond) together with accrued interest; and
- (B) the Security Trustee will be entitled to enforce the security granted to it under the Programme.

Payments made by the Security Trustee will be made subject to, and in accordance with, the Post-Enforcement Priority of Payments which is set out in clause 8.2 of the Security Deed relating to the Programme and described under "Cashflows — Post-Enforcement Priority of Payments" in the prospectus relating to the Programme.

(d) *Instruction of the Bond Trustee and the Security Trustee at Programme Level.*

As further set out in condition 14 of the Programme Conditions and clause 21 of schedule 4 to the Bond Trust Deed (*Provisions for Meetings of Covered Bondholders*), any extraordinary resolution to direct the Bond Trustee to serve an Issuer Acceleration Notice and a Notice to Pay 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 then outstanding under the Programme (such resolution being a **Programme Resolution**). No holder of Covered Bonds (including any N Covered Bondholder) will be entitled to proceed directly against the Issuer or the Covered Bond Guarantor or to take any action with regard to the Bond Trust Deed, the Covered Bonds or the security, unless the Bond Trustee or the Security Trustee, as applicable, has become bound to so proceed, fails to do so within a reasonable time and such failure is continuing.

## **10. REPLACEMENT OF THE CERTIFICATE**

If the Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the N Covered Bond Registrar upon payment by the applicant 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. A mutilated or defaced Certificate must be surrendered before a replacement certificate will be issued.

## **11. N COVERED BOND PAYING AGENT AND N COVERED BOND REGISTRAR**

### **11.1 *Appointment.***

The names of the initial N Covered Bond Paying Agent and the initial N Covered Bond Registrar and their initial specified offices are set out below:

#### **N Covered Bond Paying Agent and N Covered Bond Registrar**

##### ***[For issuances with DB as Lead Manager:***

Deutsche Bank Aktiengesellschaft  
GBS FISOS Frankfurt Issuance and Treasury Support  
Grosse Gallusstrasse 10-14  
60272 Frankfurt am Main

Tel.: +49 69 910 31441  
Fax: +49 69 910 41325  
Email: GTO-FFT.SDO@db.com]

##### ***[If DB acts as paying agent and registrar only:***

Deutsche Bank Aktiengesellschaft  
Trust and Securities Services  
Grosse Gallusstraße 10-14  
60272 Frankfurt am Main

Tel.: +49 69 910-30094  
Fax: +49 69 910-38672  
Email: Frankfurt.clientservices@db.com][●]

The N Covered Bond Paying Agent and the N Covered Bond Registrar reserve the right at any time to change their respective offices to some other specified office in the same city. Notice of any such change shall be given to the Issuer and, in accordance with Condition 13 (*Notices*), to the N Covered Bondholders as soon as reasonably practicable

### **11.2 *Variation or Termination of Appointment.***

The Issuer is entitled, with the prior written approval of the Bond Trustee, to vary or terminate the appointment of any N Covered Bond Paying Agent or the N Covered Bond Registrar and/or appoint additional or other N Covered Bond Paying Agents or the N Covered Bond Registrar and/or approve

any change in the specified office through which any N Covered Bond Paying Agent or the N Covered Bond Registrar acts, provided that:

- (a) there will at all times be a N Covered Bond Paying Agent and a N Covered Bond Registrar; and
- (b) the Issuer will ensure that it maintains a N Covered Bond Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to such Directive if any.

Notice of any variation, termination, appointment or change will be given by the Issuer to the N Covered Bondholders as soon as reasonably practicable in accordance with Condition 13 (*Notices*).

### 11.3 *Agents of the Issuer.*

In acting under the principal agency agreement dated 15 November 2011 as amended and restated on 20 September 2012 (as further amended and/or supplemented and/or restated from time to time, the **Principal Agency Agreement**), the N Covered Bond Paying Agent and the N Covered Bond Registrar and any other agent appointed thereunder (each an **Agent**) act solely as agents of the Issuer and (after the service of a Notice to Pay) the Covered Bond Guarantor and, in certain circumstances specified therein, of the Bond Trustee and do not assume any obligation to, or relationship of agency or trust with, any holders of the N Covered Bonds. The Principal 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. COUNTERCLAIMS

### 12.1 *Set-off with unchallenged or recognised claims only.*

The Issuer shall only be entitled to set-off against claims of any N Covered Bondholder under the N Covered Bond if the Issuer's claims are unchallenged or have been recognised by judgement

### 12.2 *No set-off against restricted or cover pool assets.*

As long as, and to the extent that, this N Covered Bond (i) forms part of the restricted assets (*gebundenes Vermögen*) of an insurance company within the meaning of § 54 of the German Insurance Supervisory Act (*Versicherungsaufsichtsgesetz*), (ii) has been assigned to a German professional pension fund (*Versorgungswerk*) or (iii) belongs to a cover pool for the issuance of Pfandbriefe pursuant to the German Pfandbrief Act (*Pfandbriefgesetz*) or other covered bonds under any domestic covered bonds legislation, the Issuer waives (also in the event of insolvency or similar proceedings) any right of set-off as well as any right to exercise any pledges, rights of retention and other rights which could affect the rights under the N Covered Bond.

## 13. NOTICES

### 13.1 *Notices via the N Covered Bond Paying Agent and N Covered Bond Registrar.*

Subject to any written notification of change of address, all notices and communications of the N Covered Bondholders to the Issuer and all notices and communications of the Issuer the N Covered Bondholders, shall be given via:

**[For issuances with DB as Lead Manager:**

Deutsche Bank Aktiengesellschaft  
GBS FISOS Frankfurt Issuance and Treasury Support  
Grosse Gallusstrasse 10-14  
60272 Frankfurt am Main

Tel.: +49 69 910 31441

Fax: +49 69 910 41325  
Email: GTO-FFT.SDO@db.com]

**[If DB acts as paying agent and registrar only:**

Deutsche Bank Aktiengesellschaft  
Trust and Securities Services  
Grosse Gallusstraße 10-14  
60272 Frankfurt am Main

Tel.: +49 69 910-30094  
Fax: +49 69 910-38672  
Email: [●][●]

### 13.2 *Form of Notices.*

Notices to the N Covered Bondholders may be given by first class mail (or equivalent) or, if posted to an overseas address, by air mail to them at their address as recorded in the Register. Notices will be deemed to have been validly given on the fourth day after the date of such mailing.[ Notices to the N Covered Bondholders may also be given by email to the email address recorded in the Register.][ If sent by email notices will be deemed to have been validly given [on the next Business Day following the dispatch of such email][ ●].]

## 14 MEETINGS OF COVERED BONDHOLDERS

Pursuant to the N Covered Bond Agreement, the parties thereto agree that the Initial N Covered Bondholder will be bound by the provisions on meetings of holders of Covered Bonds set out in condition 14 of the Programme Conditions and schedule 4 (*Provisions for Meetings of Covered Bondholders*) to the Bond Trust Deed stipulating certain quorum and majority requirements for meetings of the holders of Covered Bonds to consider any matter affecting their interests including the modification of the terms and conditions of the Covered Bonds and the Bond Trust Deed. A resolution passed at any meeting of the Covered Bondholders of a specific series (a **Series**, for which purpose (i) such tranches of Covered Bonds (i.e. Covered Bonds identical in all respects) issued under the Programme which are expressed to be consolidated and form a single series and are identical in all respects except for their respective issue dates, interest commencement dates and/or issue prices form a single series and (ii) this N Covered Bond issuance will form a single series) will be binding on all the holders of Covered Bonds of such Series, whether or not they are present at the meeting.

Pursuant to the Bond Trust Deed, the Bond Trustee may also convene a single meeting of the holders of Covered Bonds of more than one Series (e.g. the holders of this N Covered Bond together with the holders of other Series of Covered Bonds issued under the Programme) if in the opinion of the Bond Trustee there is no conflict between the respective interests of the holders of the affected Series of Covered Bonds and any resolution passed at a single meeting of all Series so affected will be binding on all holders of Covered Bonds of such Series.

Furthermore, the Bond Trustee may (as set out in condition 14 of the Programme Conditions and clause 21 of the Bond Trust Deed) agree to the modification and waiver, inter alia, of the terms and conditions of the Covered Bonds (including this N Covered Bond) without the consent of the holders of Covered Bonds if such modification (i) does not relate to certain series reserved matters and in the opinion of the Bond Trustee is not materially prejudicial to the interests of the holders (ii) is 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 (iii) the modification falls within the scope of certain matters set out in clause 21.4 of the Bond Trust Deed.

## **15. GOVERNING LAW, PLACE OF JURISDICTION AND PARTIAL INVALIDITY**

### **15.1 *Governing Law.***

With the exception of Conditions 3.2 (*Status of the Covered Bond Guarantee*), 4.5 (*Accrual of Interest in case of an Extension of Maturity*), 6.2 (*Extension of Maturity*), 7.2 (*Payments by and on behalf of the Covered Bond Guarantor*), 9 (*Events of Default and Enforcement*) and 14 (*Meetings of Covered Bondholders*) which shall be governed by and construed in accordance with English law, this N Covered Bond and all rights and obligations arising under this N Covered Bond (including any non-contractual rights and obligations) shall be governed by and construed in accordance with German law.

### **15.2 *Place of Jurisdiction.***

The courts of England and Wales shall have the exclusive jurisdiction for any dispute arising out of or in connection with this N Covered Bond and the Issuer and the N Covered Bondholder waives any right to invoke, and undertake not to invoke, any claim of *forum non conveniens* and irrevocably submit to the jurisdiction of the courts of England and Wales in respect of any action or proceeding relating in any way to this N Covered Bond.

### **15.3 *Partial Invalidity.***

If any provision of these N Covered Bond Conditions is or becomes invalid or unenforceable in whole or in part, the validity and enforceability of the remaining provisions shall not be affected thereby.

## **16. LANGUAGE**

These N Covered Bond Conditions are written in the English language. A German language translation is provided for convenience. Only the English text shall be binding.

## SCHEDULE 2 TO N COVERED BOND

### FORM OF N COVERED BOND ASSIGNMENT AGREEMENT

**THIS N COVERED BOND ASSIGNMENT AGREEMENT** (the **Agreement**) is made on [*insert date*] **BETWEEN:**

- (1) [*insert name and complete address of assignor*] (the **Assignor**); and
- (2) [*insert name and complete address of assignee*] (the **Assignee**);

together the **Parties** and each a **Party**.

#### **WHEREAS:**

- (A) This Agreement relates to the Series [*insert series*] [Euro][●] [●],000,000 N Covered Bond due [*insert maturity date*] (the **N Covered Bond**) issued by National Australia Bank Limited (the **Issuer**).
- (B) Pursuant to an N Covered Bond Agreement the N Covered Bond forms part of the Issuer's US\$30 billion covered bond programme (the **Programme**) under which the liabilities of the Issuer as to the payments of interest and principal are unconditionally and irrevocably guaranteed by Perpetual Corporate Trust Limited as trustee of the nab Covered Bond Trust (the **Covered Bond Guarantor**) in favour of Deutsche Trustee Company Limited (the **Bond Trustee**) for the benefit of the Covered Bondholders under the Programme as further described in the bond trust deed dated 15 November 2011 (as amended and restated on 20 September 2012) (as further amended, modified, superseded or replaced from time to time, the **Bond Trust Deed**).

**NOW IT IS HEREBY AGREED** as follows:

#### **1. DEFINITIONS AND INTERPRETATION**

Unless specified otherwise, capitalised terms used, but not defined in this Agreement shall have the meaning given to them in the **N Covered Bond Conditions** which are attached as Schedule 1 to the N Covered Bond.

#### **2. ASSIGNMENT**

- 2.1 The Assignor hereby assigns to the Assignee its claims against the Issuer under the N Covered Bond together with all rights relating thereto (subject to Condition 5.2 (*Assignments without Accrued Interest*) of the N Covered Bond Conditions),

in the amount of:

[Euro][●] [●],000,000

(in words: [●] million [Euro][●])

with effect from: [*insert transfer date*] (the **Transfer Date**).

- 2.2 The Assignee hereby accepts such assignment.

### 3. NOTIFICATION AND EFFECTIVENESS OF THE ASSIGNMENT

- 3.1 The Assignor shall immediately notify the N Covered Bond Registrar of the assignment contemplated hereunder by sending an executed copy of this Agreement to:

**[For issuances with DB as Lead Manager:**

Deutsche Bank Aktiengesellschaft  
GBS FISOS Frankfurt Issuance and Treasury Support  
Grosse Gallusstrasse 10-14  
60272 Frankfurt am Main

Tel.: +49 69 910 31441

Fax: +49 69 910 41325

Email: GTO-FFT.SDO@db.com]

**[If DB acts as paying agent and registrar only:**

Deutsche Bank Aktiengesellschaft  
Trust and Securities Services  
Grosse Gallusstraße 10-14  
60272 Frankfurt am Main

Tel.: +49 69 910-30094

Fax: +49 69 910-38672

Email: Frankfurt.clientservices@db.com[●]

or such other office notified by the N Covered Bond Registrar.

- 3.2 The assignment shall only become effective upon registration thereof in the Register maintained by the N Covered Bond Registrar and provided that the other requirements set out in Condition 2 (*Transfers*) of the N Covered Bond Conditions have been met.

### 4. ACCESSION TO N COVERED BOND AGREEMENT

- 4.1 Upon the execution by the Assignee of this Agreement, the Assignee agrees in relation to the (or part of the) N Covered Bond assigned hereunder to be bound by and take the benefit of the N Covered Bond Agreement entered into by the initial N Covered Bondholder as if it were an original signatory thereof. Upon due registration of the assignment in the Register by the N Covered Bond Registrar, the Assignor ceases to be bound by and is released from such N Covered Bond Agreement with respect to the (or part of the) N Covered Bond assigned hereunder.
- 4.2 The Assignor shall make available, and the Assignee confirms that it has received, a copy of the N Covered Bond Agreement for these purposes. A copy of the N Covered Bond Agreement is also available from the Issuer or the N Covered Bond Registrar upon request.

### 5. DESIGNATED ACCOUNT OF AND NOTICES TO THE ASSIGNEE

- 5.1 For the purpose of Condition 5 (*Payments*) of the N Covered Bond Conditions the Designated Account of the Assignee shall be the bank account with the following references:

|                         |     |
|-------------------------|-----|
| Name of bank:           | [●] |
| Name of Account holder: | [●] |
| Account number:         | [●] |
| SWIFT CODE:             | [●] |
| IBAN:                   | [●] |

Reference: [●]

- 5.2 For the purpose of Condition 13 (*Notices*) of the N Covered Bond Conditions the contact details of the Assignee as N Covered Bondholder shall be the following:

Name: [●]  
Address: [●]  
Attention: [●]  
Telephone: [●]  
Fax: [●]  
Email: [●]

## 6. COPIES

- 6.1 This Agreement shall be executed in three original copies, each of which may be executed in any number of counterparts. This shall have the same effect as if the Parties had executed a single copy of this Agreement. One original copy shall be retained by the Assignor and Assignee respectively and one original copy shall be sent to the N Covered Bond Registrar.
- 6.2 The N Covered Bond Registrar shall submit without undue delay a copy of this Agreement to DEUTSCHE TRUSTEE COMPANY LIMITED, Winchester House, 1 Great Winchester Street, London EC2N 2DB as Bond Trustee.

## 7. GOVERNING LAW; JURISDICTION; PARTIAL INVALIDITY

- 7.1 This Agreement (including any non-contractual rights and obligations arising out of or in connection with this Agreement) shall be governed by and construed in accordance with German law with the exception of Clause 4 (*Accession to N Covered Bond Agreement*) which in all respects shall be governed by English law.
- 7.2 The courts of England and Wales shall have the exclusive jurisdiction over any dispute arising out of or in connection with this Agreement.
- 7.3 If any provision of this Agreement or part thereof should be or become invalid or unenforceable, this shall not affect the validity or enforceability of the remaining provisions hereof.

**[Insert if a German translation is provided:]**

## 8. LANGUAGE

This Agreement is written in the English language. A German language translation is provided for convenience. Only the English text shall be binding.]

|                 |              |
|-----------------|--------------|
| <b>Assignor</b> |              |
| By: _____       | By: _____    |
| Name: _____     | Name: _____  |
| Title: _____    | Title: _____ |
|                 |              |
| <b>Assignee</b> |              |
| By: _____       | By: _____    |

|        |        |
|--------|--------|
| Name:  | Name:  |
| Title: | Title: |



## PART 2

### FORM OF N COVERED BOND AGREEMENT

#### N COVERED BOND AGREEMENT

**THIS N COVERED BOND AGREEMENT** (the **Agreement**) is made on [●]

#### **BETWEEN:**

- (7) **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937** as issuer of the Covered Bonds, having its registered office at 800 Bourke Street, Docklands, Victoria 3008, Australia (in such capacity, the **Issuer**);
- (8) **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533**, in its capacity as trustee of the nab Covered Bond Trust, acting as Covered Bond Guarantor having its registered office at Level 12, 123 Pitt Street, Sydney, NSW 2000, Australia (in such capacity, the **Covered Bond Guarantor**);
- (9) **DEUTSCHE TRUSTEE COMPANY LIMITED**, having its registered office at Winchester House, 1 Great Winchester Street, London EC2N 2DB, United Kingdom, in its capacity as the Bond Trustee for the Covered Bondholders and the Couponholders (**in such capacity, the Bond Trustee**);  
**and**
- (10) [●], whose registered office is at [●] as initial holder of the N Covered Bond (in such capacity, the **Initial N Covered Bondholder**).

#### **WHEREAS:**

- (D) The Issuer has established a US\$30 billion nab covered bond programme (the **Programme**) as further described in a prospectus dated 15 November 2011, as supplemented from time to time pursuant to which the Issuer may from time to time issue covered bonds (the **Covered Bonds**) denominated in any currency as may be agreed by the Issuer, the relevant Dealer(s) and the Principal Paying Agent.
- (E) Deutsche Trustee Company Limited has agreed to act as the Bond Trustee for the benefit of the Covered Bondholders and the Couponholders under the Programme, upon and subject to the terms of a bond trust deed dated 15 November 2011 and made between the Issuer, the Covered Bond Guarantor and the Bond Trustee (as amended and restated from time to time, the **Bond Trust Deed**).
- (F) The Covered Bond Guarantor has agreed to guarantee interest and principal payments on all Covered Bonds (including, without limitation, the N Covered Bonds) issued under the Programme as more particularly set out in the Bond Trust Deed and in the circumstances described therein.
- (G) Together with the execution of this Agreement, the Issuer will issue to the Initial N Covered Bondholder the [insert series] N Covered Bond in the principal amount of [EUR][●] [●],000,000 represented by a certificate executed by the Issuer (the **N Covered Bond**) to which this Agreement relates.

**NOW IT IS HEREBY AGREED** as follows:

## **1. DEFINITIONS AND INTERPRETATION**

1.1 For the purposes of this Agreement, the following definitions shall apply:

**Programme Conditions** means the terms and conditions set out in Schedule 1 of the Bond Trust Deed as the same may from time to time be modified in accordance with the Bond Trust Deed.

1.2 Any reference in this Agreement to the N Covered Bondholder shall include a reference to the Initial N Covered Bondholder (unless the Initial N Covered Bondholder has ceased to be a party to this Agreement in accordance with Clause 10 (iii)) and to any assignees which have agreed to be bound by this Agreement by way of an N Covered Bond Assignment Agreement as set out in Clause 10 (iii) and who are registered as N Covered Bondholders by the N Covered Bond Registrar.

1.3 The nab Covered Bond Trust Definitions Schedule made between the parties to the Programme Documents on 10 November 2011 as amended and restated on 20 September 2012 (as the same may be further amended, varied and/or supplemented from time to time with the consent of the parties thereto) (the **Definitions Schedule**) is expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in the Definitions Schedule shall, except where the context otherwise requires and save where otherwise defined (i) in the N Covered Bond Conditions, or (ii) herein, have the same meanings in this Agreement, including the recitals hereto and this Agreement shall be construed in accordance with the interpretation provisions set out in Clause 2 (*Interpretation and Construction*) of the Definitions Schedule.

## **2. N COVERED BOND AGREEMENT**

In consideration of the Issuer issuing the N Covered Bond and the Covered Bond Guarantor (acting at the direction of the Trust Manager) extending its Covered Bond Guarantee to the N Covered Bond, the Initial N Covered Bondholder hereby agrees with the Issuer, the Covered Bond Guarantor and the Bond Trustee with respect to the N Covered Bond that it shall take the benefit of and be bound by and subject to:

- (a) (as if it was a party thereto in its capacity as Covered Bondholder) the Bond Trust Deed (excluding, except as specified herein, the Programme Conditions but including, without limitation and for the avoidance of doubt, the declaration of trust pursuant to Clause 2.4 thereof, the Covered Bond Guarantee granted pursuant to Clause 7 thereof, the provisions on Proceedings, Action and Indemnification pursuant to Clause 10 thereof, the provisions relating to Waiver, Authorisation and Determination pursuant to Clause 20 thereof, the provisions in relation to Modification pursuant to Clause 21 thereof, the provisions in relation to Substitution pursuant to Clause 22 thereof and the provisions in relation to Meetings of Covered Bondholders pursuant to Schedule 4 thereof which are attached as Annex 1 hereto), and the other Programme Documents to the extent relevant to the N Covered Bond and this N Covered Bond Agreement;
- (b) the provisions of this N Covered Bond Agreement; and
- (c) Condition 9 (*Events of Default and Enforcement*), Condition 14 (*Meetings of Covered Bondholders of the Covered Bonds, Modification, Waiver, Substitution*), Condition 15 (*Indemnification of the Bond Trustee and/or Security Trustee and Bond Trustee and/or Security Trustee Contracting with the Issuer and/or the Covered Bond Guarantor*), and Condition 17 (*Non-petition and limited recourse*) of the Programme Conditions.

### 3. NO ENFORCEMENT BY N COVERED BONDHOLDER

Subject to and in accordance with the Bond Trust Deed, the N Covered Bondholder agrees with the Covered Bond Guarantor, the Issuer and the Bond Trustee that only the Bond Trustee or, as the case may be, the Security Trustee may take action to enforce the terms of the N Covered Bond and the Bond Trust Deed and it shall not take any steps or institute proceedings unless the Bond Trustee or the Security Trustee having become bound to do so proceed fails to do so within a reasonable time and such failure is continuing (in which case the N Covered Bondholder shall be entitled to take such steps) except procuring the winding up, administration or liquidation of the Issuer and/or the Covered Bond Guarantor.

### 4. NOTICES AND ACCOUNT DETAILS

- 4.1 All notices that are required to be given to the N Covered Bondholder pursuant to this Agreement shall be delivered in accordance with Condition 10 (*Notices*) of the N Covered Bond Conditions.

|            |     |
|------------|-----|
| Name:      | [●] |
| Address:   | [●] |
| Attention: | [●] |
| Telephone: | [●] |
| Fax:       | [●] |
| Email:     | [●] |

- 4.2 For the purposes of Condition 5 (*Payments*) of the N Covered Bond Conditions the Designated Account of the N Covered Bondholder shall be as follows:

|                         |     |
|-------------------------|-----|
| Name of bank:           | [●] |
| Name of Account holder: | [●] |
| Account number:         | [●] |
| SWIFT CODE:             | [●] |
| IBAN:                   | [●] |
| Reference:              | [●] |

### 5. CONFLICTS

- 5.1 The N Covered Bondholder agrees with the Covered Bond Guarantor, the Issuer and the Bond Trustee that in the event of any conflict between the provisions of (i) the N Covered Bond Conditions and/or this Agreement and (ii) the Bond Trust Deed, the provisions of the N Covered Bond Conditions and this Agreement will prevail.
- 5.2 The N Covered Bondholder agrees with the Covered Bond Guarantor, the Issuer and the Bond Trustee that the N Covered Bond Conditions are supplemented and modified hereby and that in the event of any conflict between the provisions of the N Covered Bond Conditions and any provisions contained in this Agreement, this Agreement will prevail.

### 6. ASSIGNMENT

Subject to the terms of the Bond Trust Deed, neither this Agreement nor any of the rights or obligations under this Agreement will be assignable or transferable by any party except (i) by an N Covered Bondholder together with the transfer of the N Covered Bond as further described in condition 2 (*Transfer*) of the N Covered Bond Conditions (in which case, upon due registration of the assignment, the assignor will be released from these Confirmation Terms with respect to the N

Covered Bond or the part of the N Covered Bond so assigned); (ii) by the Issuer in accordance with Clause 22 of the Bond Trust Deed; and (iii) in the case of the Bond Trustee, any successor or new Bond Trustee appointed pursuant to the terms of the Bond Trust Deed.

## **7. COVERED BOND GUARANTOR**

### **7.1 Limited recourse to the Covered Bond Guarantor**

Clause 32 (Limited Recourse) of the Bond Trust Deed shall be deemed to be incorporated by reference into this document *mutatis mutandis*.

### **7.2 Capacity of the Covered Bond Guarantor**

It is acknowledged and agreed by all parties to this document that the Covered Bond Guarantor enters into this document solely in its capacity as trustee of the Trust and in no other capacity.

## **8. GOVERNING LAW**

This Agreement and all non contractual or other obligations arising out of or in connection with it are governed by English law.

## **9. PLACE OF JURISDICTION**

The courts of England and Wales shall have the exclusive jurisdiction for any actions or other legal proceedings arising out of or in connection with this Agreement and the parties hereto agree to waive any right to invoke, and agree not to invoke, any claim of forum *non conveniens* and each party hereto irrevocably submits to the jurisdiction of the courts of England and Wales in respect of any action or proceeding relating in any way to this Agreement. [Any documents relating to such dispute may be served on the N Covered Bondholder by being delivered to *[insert agent for service of process]*].

## **10. PARTIAL INVALIDITY**

If any provision of this Agreement is or becomes invalid in whole or in part, the remaining provisions shall remain unaffected thereby.

## **11. THIRD PARTY BENEFICIARIES**

Subject to any provision(s) of this Agreement under which rights are granted to third parties by express reference to the Contracts (Rights of Third Parties) Act 1999, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **12. COUNTERPARTS**

12.1 This Agreement may be executed in any number of counterparts, each of which is an original and all of which together evidence the same agreement.

12.2 This Agreement shall not come into effect until each party has executed at least one counterpart.

**IN WITNESS** whereof this Agreement has been executed as a deed by each of the parties hereto and delivered on the date stated on page 1 of this Agreement.

## SIGNATORIES

### EXECUTED AS A DEED BY

**NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937**

|                                                                                                                      |   |  |
|----------------------------------------------------------------------------------------------------------------------|---|--|
|                                                                                                                      | ) |  |
| by its Attorney acting under a Power of Attorney dated [●]                                                           | ) |  |
| and the Attorney declares that the Attorney has not received any notice of the revocation on such Power of Attorney, |   |  |
| in the presence of                                                                                                   | ) |  |
| Witness's Signature:                                                                                                 | ) |  |
| Name:                                                                                                                | ) |  |
| Address:                                                                                                             | ) |  |

### EXECUTED AS A DEED BY

**PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533**

|                                                                                                                        |   |  |
|------------------------------------------------------------------------------------------------------------------------|---|--|
| by its Attorneys acting under a Power of Attorney dated [●]                                                            | ) |  |
| and the Attorneys declare that the Attorneys have not received any notice of the revocation on such Power of Attorney, |   |  |
| in the presence of                                                                                                     | ) |  |
| Witness's Signature:                                                                                                   | ) |  |
| Name:                                                                                                                  | ) |  |
| Address:                                                                                                               | ) |  |

|                                              |   |  |
|----------------------------------------------|---|--|
| THE COMMON SEAL of                           | ) |  |
| DEUTSCHE TRUSTEE COMPANY                     | ) |  |
| LIMITED                                      | ) |  |
| in its capacity as Bond Trustee              | ) |  |
| was affixed to this deed in the presence of: | ) |  |
|                                              | ) |  |
| Associate Director:                          |   |  |
|                                              |   |  |
| Associate Director:                          |   |  |

### EXECUTED AS A DEED BY

*[Name of Initial N Covered Bondholder]*

|             |             |
|-------------|-------------|
| By: _____   | By: _____   |
| Name: _____ | Name: _____ |

|        |        |
|--------|--------|
| Title: | Title: |
|--------|--------|

## ANNEX 1 TO N COVERED BOND AGREEMENT

### PROVISIONS FOR MEETINGS OF COVERED BONDHOLDERS

101. (a) As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:
- (i) **voting certificate** means an English language certificate issued by a Paying Agent and dated in which it is stated:
    - (A) that on the date thereof Bearer Covered Bonds (whether in definitive form or represented by a Bearer Global Covered Bond and not being Bearer Covered Bonds in respect of which a block voting instruction has been issued and is outstanding in respect of the meeting specified in such voting certificate or any adjourned such meeting) were deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control or blocked in an account with a clearing system and that no such Bearer Covered Bonds will cease to be so deposited or held or blocked until the first to occur of:
      - I. the conclusion of the meeting specified in such certificate or, if later, of any adjourned such meeting; and
      - II. the surrender of the certificate to the Paying Agent who issued the same; and
    - (B) that the bearer thereof is entitled to attend and vote at such meeting and any adjourned such meeting in respect of the Bearer Covered Bonds represented by such certificate;
  - (ii) **block voting instruction** means an English language document issued by a Paying Agent and dated in which:
    - (A) it is certified that Bearer Covered Bonds (whether in definitive form or represented by a Bearer Global Covered Bond and not being Bearer Covered Bonds in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in such block voting instruction and any adjourned such meeting) have been deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control or blocked in an account with a clearing system and that no such Bearer Covered Bonds will cease to be so deposited or held or blocked until the first to occur of:
      - I. the conclusion of the meeting specified in such document if later, of any adjourned such meeting; and
      - II. the surrender to the Paying Agent not less than 48 hours before the time for which such meeting or any adjourned such meeting is convened of the receipt issued by such Paying Agent in respect of each such deposited Bearer Covered Bond which is to be released or (as the case may require) the Bearer Covered Bond or Bearer

Covered Bonds ceasing with the agreement of the Paying Agent to be held to its order or under its control or so blocked and the giving of notice by the Paying Agent to the Issuer in accordance with paragraph 18 hereof of the necessary amendment to the block voting instruction;

- (B) it is certified that each holder of such Bearer Covered Bonds has instructed such Paying Agent that the vote(s) attributable to the Bearer Covered Bond or Bearer Covered Bonds so deposited or held or blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjourned such meeting and that all such instructions are during the period commencing 48 hours prior to the time for which such meeting or any adjourned such meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;
  - (C) the aggregate principal amount of the Bearer Covered Bonds so deposited or held or blocked are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
  - (D) one or more persons named in such document (each hereinafter called a proxy) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Bearer Covered Bonds so listed in accordance with the instructions referred to in 2(a)(ii)(B) above as set out in such document;
- (iii) **24 hours** means a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held, in each of the places where the Paying Agents have their specified offices and in the location of the A\$ Register maintained by the A\$ Registrar (disregarding for this purpose the day upon which such meeting is to be held) and such period will be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid; and
- (iv) **48 hours** means a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held in each of the places where the Paying Agents have their specified offices and in the location of the A\$ Register maintained by the A\$ Registrar (disregarding for this purpose the day upon which such meeting is to be held) and such period will be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.
- (b) A holder of a Bearer Covered Bond (whether in definitive form or represented by a Bearer Global Covered Bond) may obtain a voting certificate in respect of such Covered Bond from a Paying Agent or require a Paying Agent to issue a block voting instruction in respect of such Covered Bond by depositing such Bearer Covered Bond with such Paying Agent or (to the satisfaction of such Paying Agent) by such Bearer Covered Bond being held to its order or under its control or being blocked in an account with a clearing system, in each case not



less than 48 hours before the time fixed for the relevant meeting and on the terms set out in subparagraph 2(a)(i)(A) or 2(a)(ii)(A) above (as the case may be), and (in the case of a block voting instruction) instructing such Paying Agent to the effect set out in subparagraph 2(a)(ii)(B) above. The holder of any voting certificate or the proxies named in any block voting instruction will for all purposes in connection with the relevant meeting or adjourned meeting of Covered Bondholders be deemed to be the holder of the Bearer Covered Bonds to which such voting certificate or block voting instruction relates and the Paying Agent with which such Bearer Covered Bonds have been deposited or the person holding the same to the order or under the control of such Paying Agent or the clearing system in which such Bearer Covered Bonds have been blocked will be deemed for such purposes not to be the holder of those Bearer Covered Bonds.

- (c) (i) A holder of Registered Covered Bonds (including, for the avoidance of doubt, an N Covered Bond for the purposes of this schedule) (whether in definitive form or represented by a Registered Global Covered Bond) or A\$ Registered Covered Bonds may, by an instrument in writing in the English language (a **form of proxy**) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar or, in the case of A\$ Registered Covered Bonds, the A\$ Registrar not less than 48 hours before the time fixed for the relevant meeting, appoint any person (a **proxy**) to act on his or its behalf in connection with any meeting of the Covered Bondholders and any adjourned such meeting.
- (ii) Any holder of Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bond) or A\$ Registered Covered Bonds which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (a **representative**) in connection with any meeting of the Covered Bondholders and any adjourned such meeting.
- (iii) Any proxy appointed pursuant to subparagraph 2(a)(c)(i) above or representative appointed pursuant to subparagraph 2(a)(c)(ii) above will so long as such appointment remains in force be deemed, for all purposes in connection with the relevant meeting or adjourned meeting of the Covered Bondholders, to be the holder of the A\$ Registered Covered Bonds or Registered Covered Bonds to which such appointment relates and the holder of the A\$ Registered Covered Bonds or Registered Covered Bonds will be deemed for such purposes not to be the holder.
- (iv) For so long as any of the Registered Covered Bonds are represented by a Global Covered Bond registered in the name of DTC or its nominee, DTC may mail an Omnibus Proxy to the Issuer in accordance with and in the form used by DTC as part of its usual procedures from time to time in relation to meetings of Covered Bondholders. Such Omnibus Proxy will assign the voting rights in respect of the relevant meeting to DTC's direct participants as of the record date specified therein. Any such assignee participant may, by an instrument in writing in the English language (a form of sub-proxy) signed by such assignee participant, or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar or any Transfer Agent before the time fixed for the relevant meeting, appoint any person (a **sub-proxy**) to act on his or its behalf in connection with any meeting of Covered Bondholders and any adjourned such meeting. All references to proxy or proxies in this Schedule other than in this paragraph will be read so as to

include references to sub-proxy or sub-proxies and all references to a form of proxy or forms of proxy will be read to include references to form of sub proxy or forms of sub proxy.

- (v) For so long as the Covered Bonds are eligible for settlement through DTC's book entry settlement system, the Issuer and/or the Covered Bond Guarantor may fix a record date for the purpose of any meeting, provided such date is not more than 10 days prior to the date fixed for such a meeting or such other number of days prior thereto as the Bond Trustee will in its absolute discretion determine. The person in whose name a Covered Bond is registered on the record date will be the holder for the purposes of the relevant meeting.

- 102. The Issuer, the Covered Bond Guarantor (acting on the direction of the Trust Manager) or the Bond Trustee or (in relation to a meeting for the passing of a Programme Resolution) the Covered Bondholders of any Series may at any time and the Issuer must upon a requisition in writing in the English language signed by the holders of not less than one tenth of the Principal Amount Outstanding of the Covered Bonds for the time being outstanding convene a meeting of the Covered Bondholders and if the Issuer defaults for a period of seven days in convening such a meeting the same may be convened by the Bond Trustee or the requisitionists. Every such meeting will be held at such time and place as the Bond Trustee may approve. 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 the holders of the relevant Series, in which event the provisions of this Schedule will apply thereto *mutatis mutandis*.
- 103. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is to be held) specifying the place, day and hour of meeting must be given to the holders of the relevant Covered Bonds prior to any meeting of such holders in the manner provided by Condition 13 (Notices) of the relevant Conditions. Such notice, which must be in the English language, must state generally the nature of the business to be transacted at the meeting thereby convened but (except for an Extraordinary Resolution) it will not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice must include statements, if applicable, to the effect that: (a) Bearer Covered Bonds may, not less than 48 hours before the time fixed for the meeting, be deposited with Paying Agents or (to their satisfaction) held to their order or under their control or blocked in an account with a clearing system for the purpose of obtaining voting certificates or appointing proxies; and (b) the holders of Registered Covered Bonds and A\$ Registered Covered Bonds may appoint proxies by executing and delivering a form of proxy in the English language to the specified office of the Registrar or, in the case of the A\$ Registered Covered Bonds, the A\$ Registrar not less than 48 hours before the time fixed for the meeting or, in the case of corporations, may appoint representatives by resolution of their directors or other governing body. A copy of the notice must be sent to the Bond Trustee (unless the meeting is convened by the Bond Trustee), and to the Issuer (unless the meeting is convened by the Issuer) and to the Covered Bond Guarantor (unless the meeting is convened by the Covered Bond Guarantor).
- 104. A person (who may but need not be a Covered Bondholder) nominated in writing by the Bond Trustee will be entitled to take the chair at the relevant meeting or adjourned meeting but if no such nomination is made or if at any meeting or adjourned meeting the person nominated is not be present within 15 minutes after the time appointed for holding the meeting or adjourned meeting the Covered Bondholders present must choose one of their number to be Chairman, failing which the Issuer may appoint a Chairman. The Chairman of an adjourned meeting need not be the same person as was Chairman of the meeting from which the adjournment took place.

105. At any such meeting one or more persons present holding Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than one twentieth of the Principal Amount Outstanding of the Covered Bonds of the relevant Series for the time being outstanding will (except for the purpose of passing an Extraordinary Resolution or a Programme Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) will be transacted at any meeting unless the requisite quorum be present at the commencement of the relevant business. The quorum at any such meeting for passing an Extraordinary Resolution (subject as provided below) will be one or more persons present holding Bearer Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in the aggregate a clear majority in Principal Amount Outstanding of the Covered Bonds of the relevant Series for the time being outstanding provided that at any meeting the business of which includes any of the following matters (each of which will, subject only to Clause 24.1, only be capable of being effected after having been approved by Extraordinary Resolution) namely:
- (a) 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;
  - (b) alteration of the currency in which payments under the Covered Bonds and Coupons are to be made other than pursuant to Condition 5(i) of the Programme Conditions;
  - (c) alteration of the quorum or the majority required to pass an Extraordinary Resolution;
  - (d) any amendment to the Covered Bond Guarantee or the Security Deed (other than any amendment that Bond Trustee determines is not materially prejudicial to the interests of the Covered Bondholders of any Series or any amendment which is of a formal, minor or technical nature or is in the opinion of the Bond Trustee made to correct a manifest error or proven error or to comply with mandatory provisions of law);
  - (e) except in accordance with Condition 6(i) (Redemption and Purchase – Cancellation) of the Programme Conditions (in the case of Covered Bonds which are not N Covered Bonds) and/or in accordance with Condition 6.6 (Redemption – Cancellation of N Covered Bond upon Redemption or Purchase) of the N Covered Bond Conditions (in the case of N Covered Bonds) or the provision relating to substitution in Condition 14 of the Programme Conditions, the sanctioning of any scheme or proposal as is described in paragraph 18(j) below; and
  - (f) alteration of this proviso or the proviso to paragraph 7 above or the alteration of the definition of Series Reserved Matter in Condition 14 of the relevant Conditions,
- (each a **Series Reserved Matter**), the quorum will be one or more persons present holding Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than two thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding. Notwithstanding the foregoing, the quorum at any such meeting for passing a Programme Resolution will be one or more persons present holding or representing in the aggregate at least a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding.
106. If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any such meeting a quorum is not present for the transaction of any

particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting will if convened upon the requisition of Covered Bondholders be dissolved. In any other case it will stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it will stand adjourned for such period, being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the Chairman either at or subsequent to such meeting and approved by the Bond Trustee). If within 15 minutes (or such longer period not exceeding 30 minutes as the Chairman may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting will be dissolved. At any adjourned meeting one or more persons present holding Bearer Definitive Covered Bonds or voting certificates or being proxies or representatives (whatever the Principal Amount Outstanding of the Covered Bonds then outstanding so held or represented by them) of the relevant Series will (subject as provided below) form a quorum and will have power to pass any Extraordinary Resolution, or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present provided that at any adjourned meeting the quorum for the transaction of business comprising any of the matters specified in the proviso to paragraph 6 above will be one or more persons present holding Bearer Definitive Covered Bonds or voting certificates or being proxies or representatives and holding or representing in the aggregate not less than one-third of the aggregate Principal Amount Outstanding of the Covered Bonds for the time being outstanding.

107. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted must be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 4 above and such notice must state the relevant quorum. Subject as aforesaid it will not be necessary to give any notice of an adjourned meeting.
108. Every question submitted to a meeting must be decided in the first instance by a show of hands and in case of equality of votes the Chairman will both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Covered Bondholder or as a holder of a voting certificate or as a proxy or as a representative.
109. At any meeting unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, the Issuer, the Covered Bond Guarantor, the Bond Trustee or any person present holding a Definitive Covered Bond or a voting certificate or being a proxy or representative (whatever the Principal Amount Outstanding of the Covered Bonds so held or represented by him) a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority will be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
110. Subject to paragraph 12 below if at any such meeting a poll is so demanded it must be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll will be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll will not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
111. The Chairman may with the consent of (and must if directed by) any such meeting adjourn the same from time to time and from place to place but no business will be transacted at any adjourned

meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.

112. Any poll demanded at any such meeting on the election of the Chairman or on any question of adjournment must be taken at the meeting without adjournment.
113. The Bond Trustee and its lawyers and any director, officer or employee of a corporation being a bond trustee of this Bond Trust Deed and any director or officer of the Issuer or the Covered Bond Guarantor, as the case may be, and its or their lawyers and any other person authorised so to do by the Bond Trustee may attend and speak at any meeting. Save as aforesaid, but without prejudice to the proviso to the definition of outstanding in the Definitions Schedule, no person will be entitled to attend and speak nor will any person be entitled to vote at any meeting of Covered Bondholders or join with others in requesting the convening of such a meeting or to exercise the rights conferred on Covered Bondholders by Condition 9 unless he either produces the Bearer Definitive Covered Bond or Bearer Definitive Covered Bonds of which he is the holder or a voting certificate or is a proxy or a representative or is the holder of an A\$ Registered Covered Bond, a Registered Definitive Covered Bond or Registered Definitive Covered Bonds. No person will be entitled to vote at any meeting in respect of Covered Bonds held by, for the benefit of, or on behalf of, the Issuer or the Covered Bond Guarantor, any Subsidiary of the Issuer or the Covered Bond Guarantor, any holding company of the Issuer or the Covered Bond Guarantor or any other Subsidiary of any such holding company. Nothing herein will prevent any of the proxies named in any block voting instruction or form of proxy or any representative from being a director, officer or representative of or otherwise connected with the Issuer or the Covered Bond Guarantor.
114. Subject as provided in paragraph 14 hereof at any meeting:
  - (a) on a show of hands every person who is present in person and produces a Bearer Definitive Covered Bond or voting certificate or is a holder of an A\$ Registered Covered Bond or a Registered Definitive Covered Bond or is a proxy or representative will have one vote; and
  - (b) on a poll every person who is so present will have one vote in respect of each A\$1 or such other amount as the Bond Trustee may in its absolute discretion stipulate (or, in the case of meetings of holders of Covered Bonds denominated in another currency, such amount in such other currency as the Bond Trustee in its absolute discretion may stipulate) in the Principal Amount Outstanding of the Bearer Definitive Covered Bonds so produced or represented by the voting certificate so produced or in respect of which he is a proxy or representative or in respect of which (being an A\$ Registered Covered Bonds or Registered Definitive Covered Bond) he is the registered holder.

Without prejudice to the obligations of the proxies named in any block voting instruction or form of proxy any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

115. The proxies named in any block voting instruction or form of proxy and representatives need not be Covered Bondholders.
116. Each block voting instruction together (if so requested by the Bond Trustee) with proof satisfactory to the Bond Trustee of its due execution on behalf of the relevant Paying Agent and each form of proxy must be deposited by the relevant Paying Agent or (as the case may be) by the Registrar or the Transfer Agent at such place as the Bond Trustee will approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction or form of proxy propose to vote and in default the block voting instruction or

form of proxy will not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A copy of each block voting instruction and form of proxy must (if the Bond Trustee so requires) be deposited with the Bond Trustee before the commencement of the meeting or adjourned meeting but the Bond Trustee will not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such block voting instruction or form of proxy.

117. Any vote given in accordance with the terms of a block voting instruction or form of proxy will be valid notwithstanding the previous revocation or amendment of the block voting instruction or form of proxy or of any of the relevant Covered Bondholders' instructions pursuant to which it was executed provided that no intimation in writing of such revocation or amendment will have been received from the relevant Paying Agent or in the case of an A\$ Registered Covered Bonds or a Registered Covered Bond from the holder thereof by the Issuer at its registered office (or such other place as may have been required or approved by the Bond Trustee for the purpose) by the time being 24 hours and 48 hours respectively before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction or form of proxy is to be used.
118. A meeting of the Covered Bondholders will in addition to the powers hereinbefore given have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 6 and 7 above) namely:
  - (a) Power to sanction any compromise or arrangement proposed to be made between the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, any Appointee and the Covered Bondholders and Couponholders or any of them.
  - (b) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Bond Trustee, any Appointee, the Covered Bondholders, Couponholders, the Issuer or the Covered Bond Guarantor or against any other or others of them or against any of their property whether such rights arise under this Bond Trust Deed or otherwise.
  - (c) Power to assent to any modification of the provisions of this Bond Trust Deed which are proposed by the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee or any Covered Bondholder.
  - (d) Power to sanction any consent or approval or direction to be given by the Bond Trustee or the Security Trustee under or in relation to any of the Programme Documents.
  - (e) Power to give any authority or sanction which under the provisions of this Bond Trust Deed is required to be given by Extraordinary Resolution.
  - (f) Power to appoint any persons (whether Covered Bondholders or not) as a committee or committees to represent the interests of the Covered Bondholders and to confer upon such committee or committees any powers or discretions which the Covered Bondholders could themselves exercise by Extraordinary Resolution.
  - (g) Power to approve of a person to be appointed a trustee, and power to remove any trustee or trustees, for the time being of the trusts established under this Bond Trust Deed.
  - (h) Power to discharge or exonerate the Bond Trustee and/or any Appointee from all liability in respect of any act or omission for which the Bond Trustee and/or such Appointee may have become responsible under this Bond Trust Deed.

- (i) Power to authorise the Bond Trustee and/or any Appointee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.
  - (j) Power to sanction 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 aforesaid 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 A\$ Registered Covered Bonds or 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.
  - (k) Power to approve the substitution of any entity for the Issuer or the Covered Bond Guarantor (or any previous substitute) as principal debtor or guarantor under this Bond Trust Deed.
119. Any resolution (i) passed at a meeting of the Covered Bondholders in respect of one or more Series duly convened and held in accordance with this Bond Trust Deed, (ii) passed as a resolution in writing in accordance with this Bond Trust Deed or (iii) passed by way of electronic consents given by holders through the relevant clearing system(s) in accordance with this Bond Trust Deed will be binding upon all the Covered Bondholders in respect of the relevant Series whether present or not present at any meeting and whether or not voting on the resolution and upon all Couponholders in respect of the relevant Series and each of them will be bound to give effect thereto accordingly and the passing of any such resolution will be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Covered Bondholders in respect of the relevant Series must be published in accordance with Condition 13 (Notices) of the relevant Conditions by the Issuer within 14 days of such result being known provided that the non-publication of such notice will not invalidate such result.
120. The expression **Extraordinary Resolution** when used in this Bond Trust Deed means: (a) a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with this 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 seventy five per cent. 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) 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.
121. 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**) 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 (acting at the direction of the Trust Manager) 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.

122. Minutes of all resolutions and proceedings at every meeting of the Covered Bondholders must be made and entered in books to be from time to time provided for that purpose by the Issuer and any such minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings transacted will be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made will be deemed to have been duly held and convened and all resolutions passed or proceedings transacted thereat to have been duly passed or transacted.
123. (a) If and whenever the Issuer will have issued and have outstanding Covered Bonds of more than one Series the foregoing provisions of this Schedule will have effect subject to the following modifications:
- (i) a resolution which in the opinion of the Bond Trustee affects the Covered Bonds of only one Series will be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series;
  - (ii) a resolution which in the opinion of the Bond Trustee affects the Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected will be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series so affected;
  - (iii) a resolution which in the opinion of the Bond Trustee affects the Covered Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected will be deemed to have been duly passed only if passed at separate meetings of the holders of the Covered Bonds of each Series or group of Series so affected;
  - (iv) a Programme Resolution will be deemed to have been duly passed only if passed at a single meeting of the Covered Bondholders of all Series then outstanding; and
  - (v) to all such meetings all the preceding provisions of this Schedule will *mutatis mutandis* apply as though references therein to Covered Bonds and Covered Bondholders were references to the Covered Bonds of the Series or group of Series in question or to the holders of such Covered Bonds, as the case may be.
- (b) If the Issuer will have issued and have outstanding Covered Bonds which are not denominated in Australian Dollars, in the case of any meeting of holders of Covered Bonds of more than one currency, the Principal Amount Outstanding of such Covered Bonds will:



- (i) for the purposes of paragraph 2 above be the equivalent in Australian dollars, converted at the relevant Covered Bond Swap Rate on the seventh dealing day prior to the day on which the requisition in writing is received by the Issuer; and
- (ii) for the purposes of paragraphs 5, 6 and 14 above (whether in respect of the meeting or any adjourned such meeting or any poll resulting therefrom) be the equivalent in Australian dollars, converted at the relevant Covered Bond Swap Rate. In such circumstances, on any poll each person present will have one vote for each A\$1 (or such other A\$ amount as the Bond Trustee may in its absolute discretion stipulate) in Principal Amount Outstanding of the Covered Bonds (converted as above) which he holds or represents.

124. Subject to all other provisions of this Bond Trust Deed the Bond Trustee may without the consent of the Issuer, the Covered Bond Guarantor, the Covered Bondholders or the Couponholders prescribe such further, alternative or other regulations regarding the requisitioning and/or the holding of meetings of Covered Bondholders and attendance and voting thereat as the Bond Trustee may in its sole discretion think fit.

## SIGNATORIES

### EXECUTED AS A DEED

#### Issuer and Trust Manager

|                                                                                                                                                |  |
|------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>EXECUTED as a deed</b> for and on behalf of<br><b>NATIONAL AUSTRALIA BANK LIMITED</b><br>ABN 12 004 044 937 by its Attorney                 |  |
|                                                                                                                                                |  |
| under a Power of Attorney dated                                                                                                                |  |
| and the Attorney declares that the Attorney has not<br>received any notice of the revocation of such Power<br>of Attorney, in the presence of: |  |

|                              |                       |
|------------------------------|-----------------------|
| _____                        | _____                 |
| Signature of Witness in full | Signature of Attorney |

|                         |  |
|-------------------------|--|
| _____                   |  |
| Name of Witness in full |  |

#### Covered Bond Guarantor

|                                                                                                                                                  |                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <b>EXECUTED as a deed</b> for and on behalf of<br><b>PERPETUAL CORPORATE TRUST LIMITED</b><br>ABN 99 000 341 533 by its Attorneys                |                       |
|                                                                                                                                                  | _____                 |
| and                                                                                                                                              | Signature of Attorney |
|                                                                                                                                                  |                       |
| under a Power of Attorney dated                                                                                                                  |                       |
| and the Attorneys declare that the Attorneys have<br>not received any notice of the revocation of such<br>Power of Attorney, in the presence of: |                       |

|                      |                       |
|----------------------|-----------------------|
| _____                | _____                 |
| Signature of Witness | Signature of Attorney |

|                         |  |
|-------------------------|--|
| _____                   |  |
| Name of Witness in full |  |

**Bond Trustee**

|                                                                                                                |                                 |
|----------------------------------------------------------------------------------------------------------------|---------------------------------|
| <b>The COMMON SEAL of<br/>DEUTSCHE TRUSTEE COMPANY LIMITED</b><br>was affixed to this deed in the presence of: |                                 |
|                                                                                                                |                                 |
|                                                                                                                |                                 |
| _____                                                                                                          | _____                           |
| Signature of Associate Director                                                                                | Signature of Associate Director |
|                                                                                                                |                                 |

|                            |                            |
|----------------------------|----------------------------|
| _____                      | _____                      |
| Name of Associate Director | Name of Associate Director |

**NAB COVERED BOND TRUST  
DEED OF AMENDMENT**

**NATIONAL AUSTRALIA BANK LIMITED**  
**Issuer, Seller, Servicer, Trust Manager, Account Bank**  
**Intercompany Note Subscriber, Demand Note Subscriber, Swap**  
**Provider and beneficiary of the Seller Trust**

**PERPETUAL CORPORATE TRUST LIMITED**  
**Covered Bond Guarantor and Seller Trustee**

**and**

**P.T. LIMITED**  
**Security Trustee**

**ALLEN & OVERY**

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**DEED** dated 15 November 2011

**BETWEEN:**

- (1) **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937**, in its capacities as Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber, Swap Provider and beneficiary of the Seller Trust, having its registered office at 800 Bourke Street, Docklands, Victoria 3008, Australia (**Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber and Swap Provider**);
- (2) **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533**, in its capacities as Covered Bond Guarantor and Seller Trustee, having its registered office at Level 12, 123 Pitt Street, Sydney, NSW 2000, Australia (**Covered Bond Guarantor and Seller Trustee**); and
- (3) **P.T. LIMITED ABN 67 004 454 666**, in its capacity as Security Trustee, having its registered office at Level 12, 123 Pitt Street, Sydney, NSW 2000, Australia (**Security Trustee**).

**INTRODUCTION:**

- (A) On 10 November 2011 each party to this deed entered into the Definitions Schedule (as defined below).
- (B) On 10 November 2011 the Covered Bond Guarantor, the Issuer, the Trust Manager, the Seller and the Servicer entered into the Establishment Deed (as defined below).
- (C) On 10 November 2011 the Covered Bond Guarantor, the Security Trustee, the Issuer, the Trust Manager, the Seller, the Servicer, the Swap Provider and the Account Bank entered into the Security Deed (as defined below).
- (D) The parties wish to amend the Establishment Deed, the Definitions Schedule and the Security Deed in the manner set out in this deed.
- (E) As at the date of this deed, there are no Covered Bonds outstanding and the parties to this deed are the only Secured Creditors.

**IT IS AGREED:**

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

In this deed:

**Definitions Schedule** means the nab Covered Bond Trust Definitions Schedule made between the parties to this deed on 10 November 2011.

**Effective Date** means the date of execution of this deed.

**Establishment Deed** means the nab Covered Bond Trust Establishment Deed made between the Issuer and the Covered Bond Guarantor on 10 November 2011.

**Security Deed** means the nab Covered Bond Trust Security Deed made between the parties to this deed on 10 November 2011.

## **1.2 Definitions Schedule**

The Definitions Schedule is expressly and specifically incorporated into this deed and, accordingly, the expressions defined in the Definitions Schedule will, except where the context otherwise requires and where otherwise defined in this deed, have the same meanings in this deed, including the Introduction and this deed will be construed in accordance with the interpretation provisions set out in clause 2 of the Definitions Schedule.

## **1.3 Knowledge of the Trust Manager**

The Trust Manager will only be considered to have knowledge or notice of, or awareness of, any matter or thing if the Trust Manager has knowledge, notice or awareness of that matter or thing by virtue of the actual knowledge, notice or awareness of the officers or employees of the Trust Manager who have day to day responsibility for the administration of the Trust Manager's obligations under this deed or any other Programme Document.

## **1.4 Knowledge of the Covered Bond Guarantor**

Clause 27.8 of the Establishment Deed is incorporated into this deed as if set out here in full with any necessary amendments to clause references and references to applicable documents.

## **1.5 Knowledge of the Security Trustee**

Clause 38.3 of the Establishment Deed is incorporated into this deed as if set out here in full with any necessary amendments to clause references and references to applicable documents.

## **1.6 Capacity of the Covered Bond Guarantor**

Clause 39 of the Establishment Deed is incorporated into this deed as if set out here in full with any necessary amendments to clause references and references to applicable documents.

## **1.7 nab**

Any notice, letter or other communication that, pursuant to the terms of this deed is required to be delivered by nab (acting in one capacity) solely to nab (acting in a different capacity), will be deemed to be complied with by nab without a formal notice, letter or other communication being issued or received provided that, at the relevant time, it maintains a written record of the subject matter of the relevant notice, letter or other communication.

## **2. PROGRAMME DOCUMENT**

This deed is a "Programme Document" for the purposes of the Definitions Schedule.

## **3. CONSENT TO AMENDMENTS**

Pursuant to clause 34.2 of the Establishment Deed and in accordance with clause 24.1(a) of the Security Deed, each Secured Creditor directs the Security Trustee to make the amendments set out in clause 4, clause 5 and clause 6 of this deed.

## **4. AMENDMENTS TO THE ESTABLISHMENT DEED**

### **4.1 Amendments**

With effect from the Effective Date, the Establishment Deed is amended so that its terms are as set out in Schedule 1 and the Establishment Deed will be read and construed as so amended.

### **4.2 Effect of amendments**

The amendments to the Establishment Deed do not affect the validity or enforceability of the Establishment Deed and each party to the Establishment Deed is bound by the Establishment Deed as amended by this deed.

## **5. AMENDMENTS TO THE DEFINITIONS SCHEDULE**

### **5.1 Amendments**

With effect from the Effective Date, the Definitions Schedule is amended so that its terms are as set out in Schedule 2 and the Definitions Schedule will be read and construed as so amended.

### **5.2 Effect of amendments**

The amendments to the Definitions Schedule do not affect the validity or enforceability of the Definitions Schedule and each party to the Definitions Schedule is bound by the Definitions Schedule as amended by this deed.

## **6. AMENDMENTS TO THE SECURITY DEED**

### **6.1 Amendments**

With effect from the Effective Date, the Security Deed is amended so that its terms are as set out in Schedule 3 and the Security Deed will be read and construed as so amended.

### **6.2 Effect of amendments**

The amendments to the Security Deed do not affect the validity or enforceability of Security Deed and each party to the Security Deed is bound by the Security Deed as amended by this deed.

## **7. CONFIRMATION**

### **7.1 Confirmation**

The Trust Manager confirms that no Covered Bonds have been issued and that the parties to this Deed are the only Secured Creditors.

### **7.2 Direction**

- (a) The Trust Manager directs the Covered Bond Guarantor to enter into this deed and the Covered Bond Guarantor enters into this deed on the basis of that direction.
- (b) The Trust Manager instructs and confirms to the Covered Bond Guarantor that:



- (i) all consents, conditions and all other requirements under the Programme Documents for the Covered Bond Guarantor to enter into this deed have been satisfied, obtained or complied with; and
- (ii) in connection with the amendments to be effected in accordance with this deed, the Covered Bond Guarantor will not be in breach of any of its obligations under the Programme Documents by entering into or complying with its obligations under this deed.

### **7.3 Acknowledgement**

The parties acknowledge that the Covered Bond Guarantor and the Security Trustee enter into this deed in reliance on, in the case of the Covered Bond Guarantor, the direction in clause 7.2, and in both cases, the confirmation in clause 7.1.

### **7.4 Approval or consent**

Wherever, under the terms of the Establishment Deed, the Definitions Schedule, the Security Deed or any other document contemplated by this deed or any transaction or action contemplated by this deed requires the approval, consent or instruction of any party (acting in any capacity), then that party acting in any such capacity is taken, by its execution of this deed, to have given such approval, consent or instruction.

### **7.5 Remain in effect**

The provisions of the Establishment Deed, Definitions Schedule and Security Deed, other than as amended by Clauses 4, 5 and 6, remain in full force and effect.

## **8. LIMITED RECOURSE**

### **8.1 Covered Bond Guarantor and Security Trustee**

Clause 37 of the Establishment Deed is incorporated into this agreement as if set out here in full with any necessary amendments to clause references and references to applicable documents.

### **8.2 Seller Trustee**

Clause 18.14 of the Mortgage Sale Agreement is incorporated into this agreement as if set out here in full with any necessary amendments to clause references and references to applicable documents.

## **9. EXECUTION IN COUNTERPARTS AND SEVERABILITY**

### **9.1 Counterparts**

This deed may be executed in any number of counterparts and by different parties to this deed in separate counterparts, each of which when so executed will be deemed to be an original and all of which when taken together will constitute one and the same instrument.

### **9.2 Severability**

Where any provision in or obligation under this deed is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this deed, or of such provision or obligation in any other jurisdiction, will not be affected or impaired by such provision or obligation being invalid, illegal or unenforceable.

## **10. GOVERNING LAW AND JURISDICTION**

### **10.1 Governing law**

This deed is governed by, and will be construed in accordance with, the law applying in the State of New South Wales, Australia.

### **10.2 Submission to jurisdiction**

Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the State of New South Wales, Australia. Each party waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

**SCHEDULE 1**  
**CONFORMED ESTABLISHMENT DEED**

**CONFORMED DOCUMENT AS AMENDED BY**  
**THE NAB COVERED BOND TRUST**  
**DEED OF AMENDMENT DATED**  
**15 NOVEMBER 2011**

**~~EXECUTION VERSION~~**

**NAB COVERED BOND TRUST  
ESTABLISHMENT DEED**

**PERPETUAL CORPORATE TRUST LIMITED**  
**Covered Bond Guarantor**

**and**

**NATIONAL AUSTRALIA BANK LIMITED**  
**Issuer, Seller, Servicer and Trust Manager**

**ALLEN & OVERY**

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**DEED** dated 10 November 2011

**PARTIES:**

- (1) **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533**, in its capacity as trustee of the nab Covered Bond Trust, acting as Covered Bond Guarantor, having its registered office at Level 12, 123 Pitt Street, Sydney, NSW 2000, Australia (**Covered Bond Guarantor**); and
- (2) **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937**, in its capacities as Issuer, Seller, Servicer and Trust Manager, having its registered office at 800 Bourke Street, Docklands, Victoria 3008, Australia (**nab, Issuer, Seller, Servicer and Trust Manager**).

**INTRODUCTION:**

- (A) This deed is made for the purpose of establishing the trust to be known as the nab Covered Bond Trust (the **Trust**).
- (B) The Trust is being established in connection with the covered bond programme established by the Issuer.
- (C) The Covered Bond Guarantor has agreed to be the trustee, and the Trust Manager has agreed to be the trust manager, of the Trust.

**IT IS AGREED:**

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions Schedule**

The nab Covered Bond Trust Definitions Schedule made between, amongst others, the parties to this deed on or about the date of this deed (as may be amended, varied or supplemented from time to time with the consent of the parties thereto) (**Definitions Schedule**) is expressly and specifically incorporated into this deed and, accordingly, the expressions defined in the Definitions Schedule (as so amended, varied or supplemented) will, except where the context otherwise requires and where otherwise defined in this deed, have the same meanings in this deed, including the Introduction and this deed will be construed in accordance with the interpretation provisions set out in clause 2 of the Definitions Schedule.

**1.2 Knowledge of the Trust Manager**

The Trust Manager will only be considered to have knowledge or notice of, or awareness of, any matter or thing if the Trust Manager has knowledge, notice or awareness of that matter or thing by virtue of the actual knowledge, notice or awareness of the officers or employees of the Trust Manager who have day to day responsibility for the administration of the Trust Manager's obligations under this agreement or any other Programme Document.

**1.3 nab**

Any notice, letter or other communication that, pursuant to the terms of this deed is required to be delivered by nab (acting in one capacity) solely to nab (acting in a different capacity), will be deemed to be complied with by nab without a formal notice, letter or other communication being issued or received provided that, at the relevant time, it maintains a written record of the subject matter of the relevant notice, letter or other communication.

## **2. THE ESTABLISHMENT OF THE TRUST**

### **2.1 Trustee**

The Covered Bond Guarantor is hereby appointed as the trustee of the Trust and agrees to act as trustee for, and to hold the assets of the Trust in trust for, the Unitholders upon the terms and conditions contained in this deed.

### **2.2 Trust Manager**

Pursuant to clause 2.1 of the Management Agreement, the Trust Manager has been appointed and agreed to act as trust manager of the Trust in accordance with the provisions of this Deed and the Management Agreement.

### **2.3 Units**

The beneficial interest of the Trust is divided into Units. Each Unit in the Trust is subject to the terms and conditions of this deed and the other Programme Documents.

### **2.4 Settlement of Trust**

Upon execution of this deed, the Trust Manager must procure the settlement, by nab as the Settlor, of the Settlement Amount on the Covered Bond Guarantor to be held upon the trusts created by this deed, and upon settlement of such amount the Trust will be deemed to have been established.

### **2.5 Name of Trust**

The Trust will be known as the nab Covered Bond Trust.

### **2.6 Purpose**

The Trust is 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 Security;
- (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 the any of the purposes set out in Clauses 2.6(a) to (f) above.

### **2.7 Australian Financial Services License**

As at the date of this deed, Perpetual Trustee Company Limited ABN 42 000 001 007 has obtained an Australian financial services licence under Part 7.6 of the Corporations Act (Australian financial services licence number 236643) and has appointed the Covered Bond Guarantor to act as its



authorised representative under that licence (Authorised Representative Number 266799) and has appointed the Security Trustee to act as its authorised representative under that licence (Authorised Representative Number 266797).

### **3. THE TRUST PROPERTY AND DURATION OF THE TRUST**

#### **3.1 The constitution of the Trust**

The Trust is to consist of all of the assets which come to be held by the Covered Bond Guarantor from time to time as trustee of the Trust including:

- (a) the proceeds of realisation or sale of any assets of the Trust;
- (b) 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; and
- (c) all income from the Trust held pending distribution or reinvestment.

#### **3.2 Duration of Trust**

The Trust will continue until, and will terminate on, the Vesting Date.

#### **3.3 Distribution on Vesting Date**

The Trust Manager must direct the Covered Bond Guarantor and, upon receiving that direction, the Covered Bond Guarantor must as soon as practicable immediately following the Vesting Date:

- (a) sell or convert into cash all of the assets of the Trust;
- (b) apply the proceeds of sale or conversion in accordance with the applicable Priority of Payments; and
- (c) after applying the proceeds in accordance with Clause 3.3(b) above, distribute the remainder (if any) to the Residual Capital Unitholders in accordance with Clause 5.4.

### **4. ISSUE OF UNITS**

#### **4.1 Units**

On establishment of the Trust created by this deed, the Covered Bond Guarantor must (at the direction of the Trust Manager) issue the following Units in the Trust:

- (a) one Residual Income Unit; and
- (b) ten Residual Capital Units.

#### **4.2 Unitholders**

On establishment of the Trust created by this deed the Residual Income Unit and ten Residual Capital Units in the Trust to be issued pursuant to Clause 4.1 will be issued to nab.

#### **4.3 Subscription price**

The subscription price of:

- (a) the Residual Income Unit in the Trust is the sum of an initial subscription amount of A\$10 and any other amount reinvested in the Trust under Clause 10.8; and
- (b) each Residual Capital Unit in the Trust is the amount of A\$10.

#### **4.4 Payment of subscription price**

On establishment of the Trust created by this deed nab must subscribe for the Units by paying to the Covered Bond Guarantor the initial subscription amount for the Units referred to in Clause 4.1.

### **5. ENTITLEMENT OF UNITHOLDERS**

#### **5.1 Beneficial interests**

The beneficial interest in the assets of the Trust is vested in the Unitholders in accordance with the terms of this deed. Each Unit in the Trust entitles the Unitholder, together with all other Unitholders (if any) to the beneficial interests in the assets of the Trust as a whole.

#### **5.2 No interest in particular Trust Assets**

Except as expressly provided in this deed, a Unit in the Trust does not entitle the Unitholder to the beneficial interest in any particular asset of the Trust or any particular part of the assets of the Trust as a whole.

#### **5.3 Interest of Residual Income Unitholder**

The interest of the Residual Income Unitholder in the Trust comprises its entitlement to the Net Trust Income in respect of a Fiscal Period under Clause 10.6.

#### **5.4 Interest of Residual Capital Unitholders**

The interest of a Residual Capital Unitholder in the Trust comprises an interest in its proportion (being the proportion the number of Residual Capital Units in respect of which it is Residual Capital Unitholder bears to the total number of Residual Capital Units in the Trust) of any assets of the Trust remaining after payment of any amount due to the Residual Income Unitholder in satisfaction of the Residual Income Unitholder's entitlement under Clause 5.3.

#### **5.5 Payment limited to assets of Trust**

A Unitholder's right to recover any amounts in respect of its interests in the Trust as described in Clause 5.3 or Clause 5.4 is limited to the assets of the Trust available for distribution after payments or distributions have been made to all other parties under the Priorities of Payment.

### **6. FORM, TITLE AND STATUS OF INSTRUMENTS**

#### **6.1 Registered form**

Each Instrument is issued in registered form and is reflected by an entry in the Instrument Register. No certificate will be issued in respect of an Instrument unless the Covered Bond Guarantor is required by law to issue a certificate.

#### **6.2 Issue, transfer and redemption of Instruments by entry in Instrument Register**

An Instrument is issued, transferred or redeemed when the Covered Bond Guarantor enters the details of the issue, transfer or redemption in the Instrument Register.

### **6.3 Register conclusive as to ownership**

The entries in the Instrument Register in respect of an Instrument are conclusive evidence of the things to which they relate (including that the person entered as the Instrument Holder of an Instrument is the absolute owner of that Instrument) subject to correction for fraud, error or omission.

## **7. TRANSFER OF INSTRUMENTS**

### **7.1 Transfer**

An Instrument Holder may only transfer an Instrument if the Covered Bond Guarantor (at the direction of the Trust Manager) agrees. The Trust Manager may only direct the Covered Bond Guarantor to agree to the transfer of an Instrument if the Issuer has delivered a Rating Affirmation Notice to the Covered Bond Guarantor (copied to the Trust Manager, the Bond Trustee and each Rating Agency) in respect of that transfer.

### **7.2 No partial transfer**

An Instrument Holder may only transfer an Instrument in whole.

### **7.3 Transfer in writing**

All transfers of Units must be in writing in a form approved by the Covered Bond Guarantor (acting on the direction of the Trust Manager) and must be signed by or on behalf of the transferor and the transferee. The transferee must deliver the completed transfer to the Covered Bond Guarantor (with a copy to the Trust Manager).

### **7.4 Registration of transfer**

When the Covered Bond Guarantor receives a completed transfer of an Instrument which complies with Clause 7.3, it must enter details of the transfer in the Register. The transferor of an Instrument is taken to remain the Instrument Holder in respect of that Instrument until the transfer is registered.

### **7.5 No transfer to retail clients**

The Trust Manager must not direct the Covered Bond Guarantor to agree to a transfer of an Instrument to a person who is a "retail client" as defined in Section 761G of the Corporations Act.

## **8. INSTRUMENT REGISTER**

### **8.1 Establishment and maintenance of Instrument Register**

The Covered Bond Guarantor agrees to establish and maintain an Instrument Register for the Trust.

### **8.2 Location of Instrument Register**

The Instrument Register must be located in Sydney or Melbourne (or any other place the Covered Bond Guarantor and the Trust Manager agree).

### **8.3 Information required in Instrument Register**

The Covered Bond Guarantor must enter the following information in the Instrument Register:

- (a) details of all issues of Instruments by the Covered Bond Guarantor (including the type of Instrument);
- (b) the issue date, the subscription price and the name, address and account details of the Instrument Holder);
- (c) the total number of issued Instruments of each type (Units, Intercompany Notes and Demand Notes) and the number of Instruments of each type held by each Instrument Holder;
- (d) the aggregate of the subscription prices paid for all issued Instruments of each type;
- (e) details of all transfers of Instruments (including the transfer date, the name of the transferor and the name, address and account details of the transferee);
- (f) details of all distributions on the Instruments (being payments of interest on the Intercompany Notes and Demand Note and distributions (other than redemptions) on the Units); and
- (g) any other information required by a Programme Document or that the Covered Bond Guarantor or the Trust Manager considers necessary or desirable.

#### **8.4 Instrument Register is paramount**

Except as ordered by a court of competent jurisdiction or required by law, the Covered Bond Guarantor and the Trust Manager must treat the person whose name is entered in the Instrument Register as the Instrument Holder of an Instrument as the owner of that Instrument. No notice of any trust or other interest in, or claim to, any Instrument will be entered in the Instrument Register. The Trust Manager and the Covered Bond Guarantor need not take notice of any trust or other interest in, or claim to, any Instrument, except as ordered by a court of competent jurisdiction or required by law.

#### **8.5 Update and correction of Instrument Register**

The Covered Bond Guarantor must:

- (a) update the Instrument Register if it is notified of any change in any of the details recorded in the Instrument Register in respect of a Instrument Holder; and
- (b) correct the Instrument Register if it becomes aware that any details in the Instrument Register are incorrect or incomplete.

The Covered Bond Guarantor must update or correct the Instrument Register as soon as practicable after being notified or becoming aware of the relevant event or circumstance.

### **9. LIMITS ON RIGHTS AND OBLIGATIONS OF UNITHOLDERS AND SECURED CREDITORS**

#### **9.1 General limits**

No Unitholder or Secured Creditor (in their respective capacities as such) will be entitled to:

- (a) require the transfer to it of any asset of the Trust;
- (b) exercise any rights, powers or privileges (including instituting or defending legal proceedings) in respect of any asset of the Trust;

- (c) attend meetings or take part in or consent to any action concerning any property in which the Covered Bond Guarantor holds an interest in respect of the Trust;
- (d) lodge or enter a caveat or similar instrument claiming an estate or interest in any asset of the Trust;
- (e) seek to remove the Covered Bond Guarantor, as trustee of the Trust or the Trust Manager as trust manager of the Trust;
- (f) have any recourse to either the Covered Bond Guarantor or the Trust Manager in their personal capacities, except, in the case of the Covered Bond Guarantor, to the extent of any fraud, negligence or wilful default on the part of the Covered Bond Guarantor or in the case of the Trust Manager, to the extent of any fraud, negligence or wilful default on the part of the Trust Manager;
- (g) seek to wind up the Trust; or
- (h) interfere with the Trust in any way.

## **9.2 Unitholders bound**

- (a) Each Unitholder is bound by the provisions of this deed and the other Programme Documents.
- (b) Each Unitholder is bound by anything properly done or not done by the Covered Bond Guarantor in accordance with the Programme Documents whether or not the Unitholder approved of the thing done or not done.

## **9.3 Resolution of conflicts**

If there is at any time a conflict between a duty owed by the Covered Bond Guarantor or the Trust Manager under any Programme Document to a Unitholder and a duty owed by such person to a Secured Creditor, the Covered Bond Guarantor or the Trust Manager (as the case may be) must give priority to the interests of the Secured Creditor over the interests of the Unitholder and will not, provided it acts in good faith, incur any liability to the Unitholder or any other Secured Creditor for so doing.

## **9.4 No liability of Unitholders**

No Unitholder will, by reason of being a Unitholder:

- (a) have any liability to, and will not, make any contribution to the assets of the Trust other than pursuant to Clause 4.4 and Clause 10.8;
- (b) discharge any liability in connection with the Trust; or
- (c) be under any obligation to indemnify the Covered Bond Guarantor, the Trust Manager or any other person in respect of any of their respective liabilities (actual or contingent, present or future) arising from the exercise by them of their respective powers and the performance by them of their respective duties and obligations under the Programme Documents.

## **9.5 No further participation by subscription**

No Unitholder may obtain any further participation in the income and gains (whether in the nature of capital or income) arising from the money, investments and other property of the Trust by subscribing additional amounts for, or contributing additional amounts or additional assets to, the

Trust, other than the interests described in Clause 5. However, a purchaser of existing Units in the Trust from a Unitholder may obtain an interest in the Trust through such purchase.

## **10. INCOME AND DISTRIBUTIONS FOR THE TRUST**

### **10.1 Calculation of Net Trust Income**

The Trust Manager must calculate the Net Trust Income of the Trust for each Fiscal Period in accordance with Clause 10.2.

### **10.2 Net Trust Income**

- (a) Subject to Clause 10.2(c), the Trust Manager may determine the manner in which the Net Trust Income of the Trust for each Fiscal Period will be calculated using any method it considers appropriate. In particular, the Trust Manager may determine whether:
  - (i) any deemed or actual:
    - (A) receipt, payment or outgoing;
    - (B) profit, gain or loss;
    - (C) provision or reserve;
    - (D) investment; or
    - (E) other amount,is to be treated as being on income or capital account of the Trust (including treating the transfer of amounts from the corpus of the Trust as income of the Trust for any purpose); and
  - (ii) any provisions or reserves need to be made in a Fiscal Period and the amount of those provisions or reserves.
- (b) If the Trust Manager has not determined otherwise before the end of the relevant Fiscal Period or within such further period as would result in such determination being effective as at the end of the relevant Fiscal Period, the Net Trust Income of that Trust for a Financial Year is to be calculated such that if an item is taken into account in determining the Net Taxable Income of the Trust for a Fiscal Period (on the assumption that the Trust Manager exercises all choices, elections and powers under the Tax Act in a manner which produces the lowest Net Trust Income for the relevant Fiscal Period for the Trust), it must be taken into account in determining the Net Trust Income of the Trust for that Fiscal Period (for the avoidance of doubt, subject to Clause 10.2(c)).
- (c) Notwithstanding anything else in this Clause 10, the Net Trust Income of the Trust for each Fiscal Period must always be at least equal to the greater of:
  - (i) A\$1; or
  - (ii) an amount sufficient to ensure that the Covered Bond Guarantor is not subject to a Tax liability under section 99 or 99A (as amended or replaced) of the Tax Act, or would not be so subject ignoring the provisions of Part 3-90 (as amended or replaced) of the Tax Act, and that any liability for Taxes in respect of the Net Taxable Income of the Trust for that Fiscal Period is borne, or would be borne, by the Unitholders of the Trust.

### **10.3 Net Taxable Income**

As soon as reasonably practicable after the end of a Fiscal Period, the Trust Manager must calculate the Net Taxable Income of the Trust for that Fiscal Period.

### **10.4 Tax liabilities**

To the extent it is possible to do so, the Trust Manager must ensure that the Covered Bond Guarantor is adequately indemnified for any liability in respect of Taxes of Group Tax Liabilities by the Residual Income Unitholder.

### **10.5 Trust Manager must notify Covered Bond Guarantor**

Once the Trust Manager has calculated the Net Trust Income and the Net Taxable Income of the Trust for a Fiscal Period, the Trust Manager must notify the Covered Bond Guarantor of the amounts.

### **10.6 Entitlement of Residual Income Unitholder**

At the end of each Fiscal Period, the Residual Income Unitholder in the Trust has a vested and indefeasible interest in, and is presently entitled to, the Net Trust Income of the Trust for that Fiscal Period.

### **10.7 Distribution to Residual Income Unitholder**

Subject to Clause 10.8, on the last day of each Fiscal Period or at any other time the Trust Manager decides, the Residual Income Unitholder of the Trust is entitled to be paid an amount equal to the Net Trust Income of that Trust for that Fiscal Period, to the extent not already satisfied by payments under Clauses 15.4, 16.4, 17.5 and 22.

### **10.8 Reinvestment by Residual Income Unitholder**

The Trust Manager may in its absolute discretion, require the Residual Income Unitholder to invest any amount that is any part of an amount which the Residual Income Unitholder is entitled to be paid under Clause 10.7 which is not paid to the Residual Income Unitholder by the Covered Bond Guarantor in the Trust as an additional capital contribution in respect of the Residual Income Unit, and the amount otherwise payable to the Residual Income Unitholder will be set off against the additional capital contribution, so that both amounts will be taken to have been discharged in full.

## **11. INVESTMENT OF THE TRUST**

### **11.1 Permitted Investments**

The investments of the Trust must at all times be Permitted Investments acquired in accordance with the Programme Documents.

### **11.2 Investments**

- (a) Notwithstanding Clause 11.1 above, if an investment of the Trust would not after its date of acquisition be a Permitted Investment if it were to be acquired at that time, neither the Covered Bond Guarantor nor the Trust Manager will be obliged to dispose of that investment.
- (b) The Covered Bond Guarantor must not acquire or dispose of an asset of the Trust except as directed by the Trust Manager in accordance with the Programme Documents.

### **11.3 Trust Manager's role**

The Trust Manager must give the Covered Bond Guarantor directions in writing for the investment of any of the assets of the Trust in Permitted Investments and as to the purchase, sale, transfer, exchange or alteration of any Permitted Investments. The Covered Bond Guarantor has no right or obligation to select any Permitted Investment to be purchased, sold, transferred, exchanged or altered in the absence of any direction from the Trust Manager. A direction by the Trust Manager must identify the Permitted Investments and the steps that the Trust Manager directs that the Covered Bond Guarantor take in relation to them.

### **11.4 Segregation of assets**

Subject to this deed, the Covered Bond Guarantor and the Trust Manager must ensure that no assets of the Trust are mixed or commingled with any other assets or property of the Covered Bond Guarantor or any other person.

### **11.5 Assets of the Trust**

The assets of the Trust are only available to meet liabilities incurred by the Covered Bond Guarantor as trustee of the Trust, and are not available to meet any other liabilities of the Covered Bond Guarantor (whether incurred personally or as trustee of any other trust).

### **11.6 Liabilities of the Trust**

Liabilities incurred by the Covered Bond Guarantor as trustee of the Trust must not be:

- (a) aggregated with any other liabilities of the Covered Bond Guarantor, whether incurred personally or as trustee of any other trust; or
- (b) set-off against the assets of any other trust.

## **12. ASSET COVERAGE TEST AND LEGISLATED COLLATERALISATION TEST**

### **12.1 Asset Coverage Test**

- (a) For so long as the 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 Issuer and the Covered Bond Guarantor, the Adjusted Aggregate Mortgage Loan Amount will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date (the **Asset Coverage Test**).
  - (i) 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, the Asset Coverage Test will be satisfied.
  - (ii) 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, the Asset Coverage Test will not be satisfied.
  - (iii) 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 pursuant to any Programme Document, to determine whether the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test in accordance with this Clause 12.



(b) If the Asset Coverage Test is calculated on any date which is not a Calculation Date (the **Intra-period Calculation Date**) then, for the purposes of determining the Adjusted Aggregate Mortgage Loan Amount on such Intra-period Calculation Date, references in Clause 12.1(a) and (c) to **Calculation Date** will be deemed to be to such Intra-period Calculation Date, and references to **Calculation Period** will be deemed to be the Calculation Period ending prior to that Intra-Period Calculation Date.

(c) **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:

- (i) the aggregate of the LVR Adjusted Mortgage Loan Balance Amounts of the Mortgage Loans in the Mortgage Loan Portfolio as at such Calculation Date; and
- (ii) the aggregate of the Asset Percentage Adjusted Mortgage Loan Balance Amounts of the Mortgage Loans in the Mortgage Loan Portfolio as at such Calculation Date (in each case, for the avoidance of doubt, excluding any Mortgage Loans being repurchased by the Seller on such Calculation Date but including any Mortgage Loans being purchased by the Covered Bond Guarantor on such Calculation Date).

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 in the Mortgage Loan Portfolio that is not then a Defaulted Mortgage Loan, the lesser of:
  - (A) the outstanding Current Principal Balance of the Mortgage Loan as at the relevant Calculation Date; and
  - (B) the product of **M** and **L**, where:
    - I. **M** is 80%; and
    - II. **L** is the Indexed Valuation for the Property which secures the Mortgage Loan as at the relevant Calculation Date (but without double counting across Mortgage Loans); and
- (ii) for each Mortgage Loan in the Mortgage Loan Portfolio that is a Defaulted Mortgage Loan, zero;

less:

- (iii) where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security in respect of which the Seller was, in the immediately preceding Calculation 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 or where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security was the subject of a Product Switch and, in either case, the Seller has not repurchased the Mortgage Loan and the Related Security 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 on the relevant Calculation Date) for each Mortgage Loan to which this paragraph (iii) applies; and

- (iv) where the Seller, in any preceding Calculation Period, was in material breach of any other warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Calculation 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 Calculation 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 in the Mortgage Loan Portfolio that is not then a Defaulted Mortgage Loan, the lesser of:
  - (A) the outstanding Current Principal Balance of the Mortgage Loan as at the relevant Calculation Date; and
  - (B) the product of M and L, where:
    - I. M is 100%; and
    - II. L is the ~~Indexed~~-Latest Valuation for the Property which secures the Mortgage Loan as at the relevant Calculation Date (but without double counting across Mortgage Loans); and
- (ii) for each Mortgage Loan in the Mortgage Loan Portfolio that is a Defaulted Mortgage Loan, zero;

less:

- (iii) where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security in respect of which the Seller was, in the immediately preceding Calculation 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 or where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security was the subject of a Product Switch and, in either case, the Seller has not repurchased the Mortgage Loan and the Related Security 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) above on the relevant Calculation Date) for each Mortgage Loan to which this paragraph (iii) applies; and
- (iv) where the Seller, in any preceding Calculation Period, was in material breach of any other warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Calculation 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 Calculation 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 principal amount of the Demand Note which have not been applied as at the relevant Calculation Date;
- C = the aggregate principal balance of any Substitution Assets and Authorised Investments as at the relevant Calculation Date;
- D = the aggregate amount of Mortgage Loan Principal Receipts standing to the credit of the GIC Account as at the relevant Calculation Date (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 Priority of Payments;
- E = the amount of any Sale Proceeds standing to the credit of the Pre-Maturity Ledger as at the relevant Calculation Date (without double counting any amounts already covered in D above); and

Z = the product of:

- (v) the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding calculated by the Trust Manager as at the relevant Calculation Date (provided that if such amount is less than one, it will be deemed for the purposes of this calculation, to be one);
- (vi) the Australian Dollar Equivalent of the then aggregate Principal Amount Outstanding of the Covered Bonds; and
- (vii) 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% if the then Weighted Average Spread is less than or equal to 0.10% per annum; or

- II. 0.40%, plus the Weighted Average Spread, if such Weighted Average Spread is greater than 0.10%, 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 then payable on each Series of Covered Bonds (determined by reference to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the applicable Series).

## 12.2 Asset Coverage Test not satisfied

- (a) 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 as calculated on that Calculation Date is not satisfied, then the Trust Manager:
- (i) must immediately notify the Covered Bond Guarantor, the Bond Trustee and the Security Trustee in writing; and
  - (ii) undertakes to use all reasonable endeavours to arrange for the Covered Bond Guarantor to acquire sufficient additional Mortgage Loans and the Related Security from the Seller in accordance with the Mortgage Sale Agreement, and must direct the Covered Bond Guarantor, to purchase Substitution Assets or request subscriptions from the Demand Note Subscriber for an increase in the principal amount of the Demand Note under the Demand Note Subscription Agreement, to ensure that the Asset Coverage Test is satisfied on any date on or before the immediately following 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).
- (b) If the Trust Manager has not taken sufficient action under Clause 12.2(a)(ii) by the Calculation Date immediately following the Calculation Date referred to in Clause 12.2(a)(ii) such that the Asset Coverage Test remains unsatisfied for a second consecutive Calculation Date, then:
- (i) the Trust Manager will immediately notify the Covered Bond Guarantor, the Bond Trustee and the Security Trustee in writing; and
  - (ii) 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).
  - (iii) The Bond Trustee will be deemed to have revoked 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 Bond Trustee is deemed to have revoked an Asset Coverage Test Breach Notice, the Trust Manager will immediately notify in writing the Bond Trustee of such revocation.
- (c) Following service of an Asset Coverage Test Breach Notice (which has not been revoked in accordance with Clause 12.2(b)):
- (i) the Covered Bond Guarantor may be required to sell Selected Mortgage Loans and the Related Security to Purchasers in accordance with Clause 21;
  - (ii) prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice, the Pre-Acceleration Priority of Payments will be modified in accordance with Clauses 15.8 and 16.5; and

- (iii) the Issuer will not be permitted to issue any further Covered Bonds.
- (d) If an Asset Coverage Test Breach Notice has not been revoked in accordance with Clause 12.2(b), 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.

### **12.3 Asset Percentage**

The Trust Manager must determine the Asset Percentage on each Calculation Date which is the lowest of:

- (a) 95%;
- (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 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.

### **12.4 Limit on Asset Percentage**

Notwithstanding Clause 12.3, the Asset Percentage may not, at any time, exceed 95% unless otherwise agreed with the Rating Agencies.

### **12.5 No obligation to maintain AAA/Aaa rating**

There is no obligation on the Covered Bond Guarantor or the Issuer to ensure that a AAA rating is maintained by Fitch or an Aaa 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 a AAA rating by Fitch or an Aaa rating by Moody's in respect of the Covered Bonds.

### **12.6 Trust Manager to provide Rating Agencies with information**

The Trust Manager will provide to each Rating Agency, at such times and in the manner so requested, all information in its possession relating to, or which may be required for, the Asset Percentage and its determination as each Rating Agency may request (acting reasonably) from time

to time. For the avoidance of doubt, the Rating Agencies will be under no obligation to determine the Asset Percentage.

## 12.7 Legislated Collateralisation Test

- (a) For so long as the 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 Issuer and the Covered Bond Guarantor, the Legislated Asset Amount will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date.
- (b) The Trust Manager will perform all calculations required on each Calculation Date and any other date on which it is required to do so under any Programme Document.
- (c) The Legislated Asset Amount means the amount calculated on each Calculation Date as follows (or as may otherwise be agreed between the Trust Manager and the Issuer so as to comply with the requirements of section 31A of the Australian Banking Act):

$$(A + B + C + D + E) \times CP - ASL,$$

where:

A = The **Legislated Mortgage Loan Balance Amount** which will be calculated for a Mortgage Loan, on the relevant Calculation Date, as:

- (i) for each Mortgage Loan in the Mortgage Loan Portfolio that is not then a Defaulted Mortgage Loan, the lesser of:

- (A) the outstanding Current Principal Balance of the Mortgage Loan as at the relevant Calculation Date; and

- (B) the product of M and L, where:

- I. M is 80% or such other percentage figure required to comply with the Australian Banking Act; and

- II. L is the Latest Valuation for the Property which secures the Mortgage Loan (**Relevant Mortgage Loan**) as at the relevant Calculation Date provided that to the extent that the Property also secures any other loans which rank, as against that Property, in priority to or equally with the Relevant Mortgage Loan (each, an **Additional Mortgage Loan**), then for the purpose of determining L, the Latest Valuation for that Property is to be discounted by multiplying it with the ratio of:

- (a) the outstanding Current Principal Balance of the Relevant Mortgage Loan as at the relevant Calculation Date; to

- (b) the aggregate outstanding Current Principal Balance of the Relevant Mortgage Loan and each Additional Mortgage Loan as at the relevant Calculation Date; and

(in each case, for the avoidance of doubt, excluding any Mortgage Loans being extinguished in favour of the Seller on such Calculation Date but including any

Mortgage Loans being purchased by the Covered Bond Guarantor on such Calculation Date);

- (ii) for each Mortgage Loan in the Mortgage Loan Portfolio that is a Defaulted Mortgage Loan, zero;

B = the aggregate amount of any proceeds of each issue of any Intercompany Notes and/or any increase in the principal amount of the Demand Note which have not been applied as at the relevant Calculation Date;

C = the aggregate principal balance of any Substitution Assets and Authorised Investments as at the relevant Calculation Date;

D = the aggregate amount of Mortgage Loan Principal Receipts standing to the credit of the GIC Account as at the relevant Calculation Date (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 Priority of Payments;

E = the amount of any Sale Proceeds standing to the credit of the Pre-Maturity Ledger as at the relevant Calculation Date (without double counting any amounts already covered in D above);

$$CP = \frac{1}{1.03}; \text{ and}$$

ASL = any amounts payable by the Covered Bond Guarantor in accordance with:

- (i) Clauses 15.4(a) to 15.4(e) (inclusive) and Clauses 16.4(a) to 16.4(d) (inclusive);
- (ii) Clauses 17.5(a) to 17.5(h) (inclusive); or
- (iii) Clauses 8.2(a) to (f) (inclusive) of the Security Deed,

whichever Priority of Payments is applicable at the relevant Calculation Date.

## **12.8 Zero Coupon Bonds and Asset Coverage Test**

Notwithstanding any other provision of the Programme Documents, if Zero Coupon Covered Bonds are issued by the Issuer, then the level of collateralisation required in respect of those Zero Coupon Covered Bonds under the Asset Coverage Test shall be determined by the Issuer and the Trust Manager and, subject to it delivering a Rating Affirmation Notice to the Covered Bond Guarantor in respect of that determination, the Asset Coverage Test will be modified to reflect that required level of collateralisation under the Asset Coverage Test. Provided that a Rating Affirmation Notice is received, the consent of the Secured Creditors or the Bond Trustee will not be required in relation to that modification and the Bond Trustee and the Security Trustee shall agree to the proposed modification.

## **13. AMORTISATION TEST**

### **13.1 Amortisation Test**

For so long as the Covered Bonds remain outstanding, the Trust Manager must ensure that 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), 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 of the Covered Bonds as calculated on the relevant Calculation Date (the **Amortisation Test**).

### 13.2 Amortisation Test Aggregate Mortgage Loan Amount

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:

(i) L is the lesser of:

(A) the outstanding Current Principal Balance of the Mortgage Loan as calculated on the relevant Calculation Date; and

(B) 80% of the Indexed Valuation for the Property which secures the Mortgage Loan as at the relevant Calculation Date (but without double counting across Mortgage Loans); and

(ii) M is:

(A) for each Mortgage Loan that is not then a Defaulted Mortgage Loan M = 1.0; or

(B) for each Mortgage Loan that is then a Defaulted Mortgage Loan, M = zero;

B = the sum of the amount of any cash standing to the credit of the GIC Account and the principal amount of any Authorised Investments (excluding any Mortgage Loan Revenue Receipts received in the immediately preceding Calculation Period and any principal amounts due to be applied on or before the next Trust Payment Date in accordance with the applicable Priority of Payments);

C = the aggregate principal balance of any Substitution Assets not taken into account elsewhere in this calculation;

Z = the product of:

(i) the weighted average remaining maturity of all Covered Bonds then outstanding (expressed in years) (but if less than 1, then deemed to be 1);

(ii) the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds; and

(iii) the Negative Carry Factor.

### 13.3 Breach of Amortisation Test

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 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.

#### **13.4 Zero Coupon Covered Bonds and Amortisation Test**

Notwithstanding any other provision of the Programme Documents, if Zero Coupon Covered Bonds are issued by the Issuer, then the level of collateralisation required in respect of those Zero Coupon Covered Bonds under the Amortisation Test shall be determined by the Issuer and the Trust Manager and, subject to it delivering a Rating Affirmation Notice to the Covered Bond Guarantor in respect of that determination, the Amortisation Test will be modified to reflect that required level of collateralisation under the Amortisation Test. Provided that a Rating Affirmation Notice is received, the consent of the Secured Creditors or the Bond Trustee will not be required in relation to that modification and the Bond Trustee and the Security Trustee shall agree to the proposed modification.

### **14. PRE-MATURITY LIQUIDITY**

#### **14.1 Application of Clause 14**

This Clause 14 only applies to Hard Bullet Covered Bonds.

#### **14.2 Pre-Maturity Test**

On each AU Business Day during the Pre-Maturity Test Period (each the **Pre-Maturity Test Date**) prior to the occurrence of an Issuer Event of Default and/or the occurrence of a Covered Bond Guarantor Event of Default, the Trust Manager must determine whether the Issuer is in compliance with the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds, and if it is not, the Trust Manager must immediately notify in writing the Covered Bond Guarantor, the Seller, the Bond Trustee and the Security Trustee of such non-compliance.

#### **14.3 Breach of Pre-Maturity Test**

The Issuer will fail and be in breach of the **Pre-Maturity Test** on any Pre-Maturity Test Date 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 occurs 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.

#### **14.4 Offer to sell following breach of the Pre-Maturity Test**

Following a breach of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the Trust Manager must (after taking into account the amount standing to the credit of the Pre-Maturity Ledger) direct the Covered Bond Guarantor to (such direction to be given promptly after the Trust Manager becomes aware of such breach and, in any event, within a time period which allows the Covered Bond Guarantor sufficient time to take the relevant action pursuant to this Clause) and,

upon receiving that direction, the Covered Bond Guarantor must offer to sell Selected Mortgage Loans and the Related Security to Purchasers in accordance with Clause 21, subject to:

- (a) an increase in the principal amount of the Demand Note in connection with any Pre-Maturity Demand Note Funding provided by the Demand Note Subscriber from time to time in accordance with Clause 14.5; and
- (b) any right of pre-emption enjoyed by the Seller in accordance with clause 14 of the Mortgage Sale Agreement,

provided that an Issuer Event of Default will occur if:

- (i) the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached during the Pre-Maturity Test Period; and
- (ii) the Covered Bond Guarantor has not taken the required actions as set out in this Clause 14.4 following that breach by the earlier to occur of:
  - (A) ten AU Business Days from the date that the Issuer is notified of that breach; and
  - (B) the Final Maturity Date of that Series of Hard Bullet Covered Bonds,

such that by the end of such ten AU Business Day period or, if earlier, the Final Maturity Date, there will be an amount standing to the credit of the Pre-Maturity Ledger equal to the Australian Dollar Equivalent of the Required Redemption Amount for that Series of Hard Bullet Covered Bonds after having taken into account the Australian Dollar Equivalent of the Required Redemption Amount of all other Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds and after having taken into account any amounts paid by the Issuer to the Covered Bondholders (in accordance with the Programme Documents) directly on account of the relevant Series of Hard Bullet Covered Bonds and any other Series of Hard Bullet Covered Bonds maturing prior to or on the same date as the relevant Series of Covered Bonds.

The Trust Manager will, upon the occurrence of any of the events specified in Clauses 14.4(b)(i) and (ii) above, immediately notify in writing the Covered Bond Guarantor, the Bond Trustee and the Security Trustee.

#### **14.5 Pre-Maturity Demand Note Funding**

Following a breach of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the Trust Manager may, at its option, direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must, by the earlier to occur of:

- (a) ten AU Business Days from the date that the Issuer is notified of that breach; and
- (b) the Final Maturity Date of that Series of Hard Bullet Covered Bonds,

request an increase in the principal amount of the Demand Note in connection with a Pre-Maturity Demand Note Funding from the Demand Note Subscriber in accordance with the Demand Note Subscription Agreement in an amount sufficient to ensure that there will be an amount standing to the credit of the Pre-Maturity Ledger equal to the Australian Dollar Equivalent of the Required Redemption Amount for that Series of Hard Bullet Covered Bonds after having taken into account the Australian Dollar Equivalent of the Required Redemption Account of all other Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds.

#### **14.6 Sale process**

If the Trust Manager fails within the prescribed time limit to direct the Covered Bond Guarantor to request an increase in the principal amount of the Demand Note in connection with a Pre-Maturity Demand Note Funding from the Demand Note Subscriber in accordance with the Demand Note Subscription Agreement in accordance with Clause 14.5 and if the Seller fails to exercise, within the prescribed time limit, or rejects its right of pre-emption in respect of the relevant Selected Mortgage Loans and the Related Security in accordance with clause 14 of the Mortgage Sale Agreement sufficient to provide an amount equal to the Australian Dollar Equivalent of the Required Redemption Amount for the relevant Series of Hard Bullet Covered Bonds, then the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must immediately commence the process for selling the Selected Mortgage Loans and the Related Security to Purchasers (other than the Selected Mortgage Loans) in accordance with Clause 21.

#### **14.7 Application of proceeds**

The proceeds of any Pre-Maturity Demand Note Funding provided by the Demand Note Subscriber in accordance with Clause 14.5 and the proceeds of any sale of the Selected Mortgage Loans and the Related Security received in accordance with clause 14 of the Mortgage Sale Agreement that constitute Available Principal Receipts must, on receipt, be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager) to the credit of the Pre-Maturity Ledger and deposited into the GIC Account in accordance with the method of allocation set out in Clause 16.4(a).

#### **14.8 Application of receipts following a breach of the Pre-Maturity Test**

Where the Pre-Maturity Test has been breached in respect of a Series of Hard Bullet Covered Bonds, if the Trust Manager determines on each Calculation Date falling in the period commencing on the date of such breach and ending on the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds the amount standing to the credit of the Pre-Maturity Ledger is less than the Australian Dollar Equivalent of the Required Redemption Amount of such Series of Hard Bullet Covered Bonds (after having taken into account the Australian Dollar Equivalent of the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds), then Available Revenue Receipts and Available Principal Receipts must be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager) to the credit of the Pre-Maturity Ledger and deposited into the GIC Account in accordance with the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments, respectively.

#### **14.9 No withdrawal**

Prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, amounts may not be debited from the Pre-Maturity Ledger except in accordance with this deed.

#### **14.10 Debit of Pre-Maturity Ledger**

If a Notice to Pay is served on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must on the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds debit the Pre-Maturity Ledger in an amount equal to the lower of:

- (a) the amount (in respect of principal) then due and payable on such Series of Hard Bullet Covered Bonds or, as applicable, the amount then due and payable (in respect of principal) under the relevant Covered Bond Swap in respect of such Series of Hard Bullet Covered Bonds (in both cases after taking into account of any payment made by the Issuer in respect of such principal amounts); and
- (b) funds standing to the credit of the Pre-Maturity Ledger.

Where two or more Series of Hard Bullet Covered Bonds share the same Final Maturity Date, the funds standing to the credit of the Pre-Maturity Ledger must be applied in accordance with this Clause 14.10 to make the payments set out in this Clause in no order of priority between them but in proportion to the respective amounts due.

The funds debited from the Pre-Maturity Ledger must be transferred by the Trust Manager from the GIC Account to the Transaction Accounts from which the Covered Bond Guarantor (acting at the direction of the Trust Manager) will, on the Final Maturity Date, (subject to making the requisite payment to the relevant Covered Bond Swap Provider) make a payment to the Bond Trustee or (if so directed by the Bond Trustee) to the applicable Agent in and towards the amount due on the relevant Series of Hard Bullet Covered Bonds.

#### **14.11 Failure to pay**

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 must be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager) in accordance with the applicable Priority of Payments 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 on the Pre-Maturity Ledger in order to provide liquidity for that other Series of Hard Bullet Covered Bonds.

#### **14.12 Application of amounts credited to Pre-Maturity Ledger**

Subject to Clause 14.11, if the Issuer regains its relevant ratings so that it is no longer in breach of the Pre-Maturity Test or if there are no further Hard Bullet Covered Bonds outstanding, any amounts standing to the credit of the Pre-Maturity Ledger must be applied and paid in accordance with the applicable Priority of Payments.

### **15. AVAILABLE REVENUE RECEIPTS**

#### **15.1 Allocation and distribution of Available Revenue Receipts prior to service of a Notice to Pay or Covered Bond Guarantee Acceleration Notice**

Subject to Clauses 15.8 and 22, prior to the service of a Notice to Pay on the Covered Bond Guarantor or the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, Available Revenue Receipts standing to the credit of the Trust Accounts will be allocated and distributed in accordance with this Clause 15.

#### **15.2 Calculations on each Calculation Date**

On the Calculation Date immediately preceding each Trust Payment Date, the Trust Manager must calculate:

- (a) the amount of Available Revenue Receipts 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 any applicable 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).

### 15.3 Transfer of funds

On each Trust Payment Date, the Covered Bond Guarantor (acting at the direction of the Trust Manager) must transfer funds from the GIC Account to the Transaction Accounts, in an amount equal to the lower of:

- (a) the amount required to make the payments or credits set out in Clause 15.4; and
- (b) the amount of Available Revenue Receipts standing to the credit of the GIC Account.

### 15.4 Pre-Acceleration Revenue Priority of Payments

On each Trust Payment Date (except for amounts due to third parties by the Covered Bond Guarantor under Clause 15.4(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 Revenue Receipts from the Transaction Accounts to make the following payments and provisions in the following order of priority (the **Pre-Acceleration Revenue 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*, in or towards satisfaction of any Accrued Interest Adjustment due and payable to the Seller in connection with the transfer of any Mortgage Loans to the Trust during the Calculation Period immediately preceding that Trust Payment Date;
- (c) *third*, in or towards satisfaction *pari passu* and rateably of:
  - (i) any amounts due and payable by the Covered Bond Guarantor to itself as trustee of the Trust, the Bond Trustee and the Security Trustee;
  - (ii) any 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 Clause 15.4(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 this 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 in accordance with Clause 19(a) from any termination payments received from any terminated Covered Bond Swap Provider) in accordance with the terms of the 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 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 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 Clause 16.4(a);

- (h) *eighth*, if a Servicer Termination Event has occurred, all remaining Available Revenue Receipts to be deposited into the GIC Account (with a corresponding credit to the Revenue Ledger) until such Servicer Termination Event 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 Portfolio (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.

## **15.5 Currency conversions**

If the Trust Manager determines any Available Revenue Receipts are required to be exchanged into a currency other than Australian Dollars, and such exchange would not be subject to or covered by the terms of a Covered Bond Swap, then the Trust Manager must perform all necessary currency conversions at the then prevailing spot rate of exchange.

## **15.6 Application of Swap Collateral Available Amounts**

If any Swap Collateral Available Amounts are received or held by or on behalf of the Covered Bond Guarantor on a Trust Payment Date, such amounts must be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager) on that Trust Payment Date in the same manner as it would have applied to the receipts which such Swap Collateral Available Amounts replace.

## **15.7 Third Party Amounts**

Any Third Party Amounts received by or on behalf of the Covered Bond Guarantor will be held on bare trust by the Covered Bond Guarantor or the recipient on its behalf for the Seller and promptly following receipt, must be paid in cleared funds to the Seller by the relevant recipient

## **15.8 Allocation and distribution of Available Revenue Receipts 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 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 Revenue Receipts will continue to be applied in accordance with Clause 15.4 provided that, whilst 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 Clauses 15.4(f)(iii), (l) or (m); and
- (b) the remainder (if any) will be deposited into the GIC Account (with a corresponding credit to the Revenue Ledger) and will be applied as Available Revenue Receipts on the next succeeding Trust Payment Date.



## **16. AVAILABLE PRINCIPAL RECEIPTS**

### **16.1 Allocation and distribution of Available Principal Receipts**

Subject to Clauses 16.5 and 22, prior to the service of a Notice to Pay on the Covered Bond Guarantor or the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, Available Principal Receipts standing to the credit of the Transaction Accounts must be allocated and distributed in accordance with this Clause 16.

### **16.2 Calculations on each Calculation Date**

On each Calculation Date, the Trust Manager must calculate the amount of Available Principal Receipts available for distribution on the immediately following Trust Payment Date.

### **16.3 Transfer of funds**

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 transfer funds from the GIC Account to the Transaction Accounts in an amount equal to the lower of:

- (a) the amount required to make the payments or credits set out in Clause 16.4; and
- (b) the amount of all Available Principal Receipts standing to the credit of the GIC Account.

### **16.4 Pre-Acceleration 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 Receipts from the Transaction Accounts (for the avoidance of doubt, excluding 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 Loans (but only in the case of paragraphs (d) and (g)) in making the following payments or provisions or credits in the following order or priority (the **Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full to the extent the same are payable on the relevant 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 aggregate of:
    - (A) any 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; and

- (B) any amount to be credited to the Pre-Maturity Ledger on that Trust Payment Date pursuant to Clause 16.4(h);
- (b) *second*, to acquire New Mortgage Loans and the Related Security 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 specified in Clause 23.1 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 Receipts 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 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 each relevant Covered Bond Swap Provider 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 Purchase Price for New Mortgage Loans and the Related Security 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 clause 5.3 of the Mortgage Sale Agreement; and
    - (ii) reimburse the Seller for funding any Further Advances and/or Cash Redraws that the Covered Bond Guarantor has agreed to reimburse the Seller for in accordance with clause 12 of 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 Unitholders *pari passu* and rateably amongst them in respect of the Residual Capital Units.

The Trust Manager must not direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must not, apply any part of the Available Principal Receipts under Clause 16.4(d). The Trust Manager must ensure that any amount payable by the Covered Bond Guarantor in accordance with Clause 16.4(d) is satisfied by an in specie distribution to the Demand Note Subscriber of the In Specie Mortgage Loans pursuant to clause 10.2 of the Demand Note Subscription Agreement. The Trust Manager may, but is not obliged to, satisfy any amount payable by the Covered Bond Guarantor in accordance with Clause 16.4(g) by an in specie distribution to the Demand Note Subscriber of In Specie Mortgage Loans.

## **16.5 Allocation and distribution of Available Principal Receipts 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 Receipts will continue to be applied in accordance with Clause 16.4 provided that, whilst any Covered Bonds remain outstanding, no moneys will be applied under Clauses 16.4(b), (e)(ii), (f), (g), (h) and (i), and the remainder (if any) will be deposited into the GIC Account (with a corresponding credit to the Principal Ledger) and applied as Available Principal Receipts on the next succeeding Trust Payment Date.

## **17. ALLOCATION AND DISTRIBUTION OF MONEYS FOLLOWING THE SERVICE ON THE COVERED BOND GUARANTOR OF A NOTICE TO PAY**

### **17.1 Allocation and distribution of moneys**

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 Revenue Receipts and Available Principal Receipts will be applied as described in this Clause 17.

### **17.2 Transfer of funds**

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 transfer funds from the GIC Account to the Transaction Accounts, in an amount equal to the lower of:

- (a) the amount required to make the payments set out in the Guarantee Priority of Payments and
- (b) the amount of all Available Revenue Receipts and Available Principal Receipts standing to the credit of the GIC Account.

### **17.3 Allocation of amounts in respect of Hard Bullet Covered Bonds**

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.

### **17.4 Repayment of 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 (and transferred from the GIC Account to the Transaction Accounts in accordance with Clause 14.10) to repay the Covered Bonds comprising the relevant Series.

### **17.5 Guarantee Priority of Payments**

On each Trust Payment Date (except for amounts due to third parties under Clause 17.5(e)(ii) 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 Revenue Receipts, Available Principal Receipts and any In Specie Mortgage Loans (but only in the case of paragraphs (c) and (o)) to make the following payments and provisions in the following order of priority (the **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*, in or towards satisfaction of any Accrued Interest Adjustment due and payable to the Seller in connection with the transfer of any Mortgage Loans to the Trust during the Calculation Period immediately preceding that Trust Payment Date;
- (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 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, Receipholders 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, Receipholders 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 this deed and the Management Agreement;
- (iv) amounts due and payable to the Cover Pool Monitor (other than the amounts referred to in Clause (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 the 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, Receipholders 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 the 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 Clause 17.5(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 Clause 17.5(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 Clause 17.5(h)(ii) 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 Clause 17.5(h)(i), 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 of such amounts) 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 Clause 17.5(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 Clause 17.5(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 of such amounts under Clause 17.5(i)(i) 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 of the Final Redemption Amount 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 ~~the~~ each relevant Covered Bond

Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) in accordance with the terms of the relevant Covered Bond Swap Agreement; and

- (ii) such Final Redemption Amount *pari passu* and rateably under the Covered Bond Guarantee in respect of each relevant Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the 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 Clause 17.5(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 Clause 17.5(j)(ii) above, the shortfall will be divided amongst all such Series of Covered Bonds on a *pari passu* and rateable basis and any amount payable by the Covered Bond Guarantor to each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap in respect of each Series of Covered Bonds under Clause 17.5(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 Clauses 17.5(a) to (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 all 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 Unitholders *pari passu* and rateably amongst them in respect of the Residual Capital Units.



The Trust Manager must not direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must not, apply any part of the Available Principal Receipts or the Available Revenue Receipts under Clause 17.5(c). The Trust Manager must ensure that any amount payable by the Covered Bond Guarantor in accordance with Clause 17.5(c) is satisfied by an in specie distribution to the Demand Note Subscriber of the In Specie Mortgage Loans pursuant to clause 10.2 of the Demand Note Subscription Agreement. The Trust Manager may, but is not obliged to, satisfy any amount payable by the Covered Bond Guarantor in accordance with Clause 17.5(o) by an in specie distribution to the Demand Note Subscriber of In Specie Mortgage Loans.

#### **17.6 Currency conversion**

If the Trust Manager determines any available funds are required to be exchanged into a currency other than Australian Dollars and such exchange would not be subject to or covered by the terms of a Covered Bond Swap, then the Trust Manager must perform all necessary currency conversions at the then prevailing spot rate of exchange.

#### **17.7 Receipt of Swap Collateral Available Amounts**

If any Swap Collateral Available Amounts are held or received by or on behalf of the Covered Bond Guarantor on a Trust Payment Date, such amounts will be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager) on that Trust Payment Date in the same manner as it would have applied to the receipts which such Swap Collateral Available Amounts replace.

#### **17.8 Third Party Amounts**

Any Third Party Amounts received by or on behalf of the Covered Bond Guarantor will be held on bare trust by the Covered Bond Guarantor or the recipient on its behalf for the Seller and, promptly following receipt, must be paid in cleared funds to the Seller by the relevant recipient.

### **18. AMOUNTS RECEIVED ON OR AFTER THE TRUST PAYMENT DATE**

- (a) Subject to Clause 18(c), 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 the 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 relevant 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 Clause 18(c), 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 the 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 directions 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 the Trust Payment Date but prior to the immediately succeeding Trust Payment Date that are not applied towards a payment or provision in accordance with Clauses 15.4(f), 17.5(h), 18(a) or 18(c) will be credited (acting at the direction of the Trust Manager) to the Revenue Ledger, deposited into the GIC Account (acting at the direction of the Trust Manager) and form part of the Available Revenue Receipts to be applied (acting at the direction of the Trust Manager) 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 the 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 Clause 16.4(e), 17.5(j), 18(b), 18(c) will be credited (acting at the direction of the Trust Manager) to the Principal Ledger, deposited (acting at the direction of the Trust Manager) into the GIC Account and will form part of the Available Principal to be applied (acting at the direction of the Trust Manager) 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 an extinguishment of the Seller's interest in, or transfer by the Seller of, Mortgage Loans and the Related Security 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 Clause 16.4 and will (after being swapped if necessary under the relevant Covered Bond Swap) be applied or be deemed to be applied by the Covered Bond Guarantor (acting 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 after giving effect to such repayment and after taking into account amounts that will be paid or provided for on the immediately following Trust Payment Date.

**19. TERMINATION PAYMENTS IN RESPECT OF SWAPS, PREMIUMS RECEIVED IN RESPECT OF REPLACEMENT SWAPS**

If the Covered Bond Guarantor receives any:

- (a) 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, in the case that the full amount of the termination payment is not required to pay the replacement Swap Provider, the remaining part of the termination payment will be applied in accordance with the applicable Priorities of Payment; and

- (b) premium from a replacement Swap Provider in respect of a replacement Swap, such premium will form part of the Available Revenue Receipts and the Trust Manager will direct the Covered Bond Guarantor to apply such premium in accordance with the applicable Priorities of Payment.

## **20. SALE OF SELECTED MORTGAGE LOANS**

Following:

- (a) the service of an Asset Coverage Test Breach Notice on the Covered Bond Guarantor;
- (b) a breach of the Pre-Maturity Test; or
- (c) the service of a Notice to Pay on the Covered Bond Guarantor,

the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must sell Selected Mortgage Loans in the Mortgage Loan Portfolio and the Related Security in accordance with Clause 21, subject to the Covered Bond Guarantor (acting at the direction of the Trust Manager) first utilising the proceeds of any subscription (if any) towards an increase in the principal amount of the Demand Note by the Demand Note Subscriber under the Demand Note Subscription Agreement.

The proceeds from any such sale must be deposited by the Covered Bond Guarantor (acting at the direction of the Trust Manager) into the GIC Account and applied in accordance with the applicable Priorities of Payment.

## **21. METHOD OF SALE OF SELECTED MORTGAGE LOANS**

### **21.1 Application of this Clause**

This Clause 21 will apply if the Covered Bond Guarantor is required to sell Selected Mortgage Loans in the Mortgage Loan Portfolio and the Related Security in accordance with Clause 20. The Trust Manager must at all times direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will offer the Selected Mortgage Loans and the Related Security for sale to Purchasers subject to the rights of pre-emption in favour of the Seller pursuant to clause 14 of the Mortgage Sale Agreement.

### **21.2 Conditions precedent**

Before offering Selected Mortgage Loans in the Mortgage Loan Portfolio and the Related Security for sale in accordance with this Clause 21.2, the Trust Manager must ensure that:

- (a) the Selected Mortgage Loans are selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole and that if a Mortgage Loan is selected, its Related Security is also selected unless the Related Security also secures a Mortgage Loan in the Mortgage Loan Portfolio that is not also a Selected Mortgage Loan; and

- (b) the Selected Mortgage Loans 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 the Selected 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:

$$N \times \frac{\text{aggregate Current Principal Balance for all Mortgage Loans in the Mortgage Loan Portfolio}}{\text{Australian Dollar Equivalent of the Required Redemption Amount}}$$

in respect of each Series of Covered Bonds then outstanding

where **N** is an amount equal to the Australian Dollar Equivalent of:

- (x) in respect of Selected Mortgage Loans and the Related Security 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 Loans and the Related Security 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).

For the avoidance of doubt, Selected Mortgage Loans may comprise the entire Mortgage Loan Portfolio.

### 21.3 Offer price

The Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will offer the Selected Mortgage Loans and the Related Security 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 Selected Mortgage Loans 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.

#### **21.4 Failure to sell within six months**

Following a breach of the Pre-Maturity Test or the service of a Notice to Pay on the Covered Bond Guarantor, if the Selected Mortgage Loans 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 Loans for sale for the best price reasonably available notwithstanding that such amount may be less than the Adjusted Required Redemption Amount.

#### **21.5 Sale in respect of other Series of Covered Bonds**

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 Loans 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 Loans, in accordance with this Clause 21, in respect of other Series of Covered Bonds.

#### **21.6 Sale of Partial Portfolio**

The Covered Bond Guarantor (acting at the direction of the Trust Manager) is also permitted to offer for sale to Purchasers part of any portfolio of Selected Mortgage Loans (a **Partial Portfolio**). Except in circumstances where the portfolio of Selected Mortgage Loans 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 Loans.

#### **21.7 Appointment of portfolio manager**

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 Loans (if such terms are commercially available in the market) to advise it in relation to the sale of the Selected Mortgage Loans to Purchasers (except where the Seller is exercising its right of pre-emption in respect of the Selected Mortgage Loans in accordance with clause 14 of the Mortgage Sale Agreement). The terms of the agreement giving effect to the appointment in accordance with such tender must be approved by the Security Trustee. The Security Trustee must approve the appointment of the portfolio manager if:

- (a) the portfolio manager is an investment bank or accountant of recognised standing; and
- (b) two Authorised Signatories of the Trust Manager have certified to the Security Trustee that such appointment is on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Mortgage Loans (on terms which are commercially available in the market), which certificate will be conclusive and binding on all parties.

#### **21.8 Instructions to portfolio manager**

In respect of any sale of Selected Mortgage Loans and the Related Security 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 the portfolio manager appointed in accordance with Clause 21.7 to use all reasonable endeavours to procure that Selected Mortgage Loans 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 this deed.

#### **21.9 Terms of sale**

The terms of any sale and purchase agreement with respect to the sale of Selected Mortgage Loans (which will give effect to the recommendations of the portfolio manager appointed in accordance with Clause 21.7) will be subject to the prior written approval of the Security Trustee (unless the Seller has exercised its rights of pre-emption in accordance with clause 14 of the Mortgage Sale Agreement). The Security Trustee will not be required to release the Selected Mortgage Loans from the Security unless the conditions relating to the release of the Security as set out in clause 22.4 of the Security Deed are satisfied.

#### **21.10 Sale and purchase agreement**

The Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must, subject to Clause 21.9, enter into a sale and purchase agreement with the related Purchasers (other than in the case of any extinguishment of the Seller's interest in any Mortgage Loans in accordance with the Mortgage Sale Agreement), which will require, amongst other things, a cash payment from the relevant Purchasers. Any such sale will not include any representations or warranties from the Covered Bond Guarantor or the Seller in respect of the Selected Mortgage Loans and the Related Security unless expressly agreed by the Security Trustee and otherwise agreed with the Seller and will be subject to the provisions set out in Clause 37.

### **21.11 Bond Trustee not liable**

The Bond Trustee will not be liable to any person for:

- (a) any delay in the appointment of or any failure to appoint the portfolio manager under Clause 21.7; or
- (b) any loss arising from the sale of Selected Mortgage Loans pursuant to this Clause 21.

### **21.12 Disposal of Mortgage Loans to Seller to be in accordance with Mortgage Sale Agreement**

Notwithstanding any other provision of this deed, including of this Clause 21, all disposals of Mortgage Loans and Related Security by the Covered Bond Guarantor to the Seller (whether by way of transfer or extinguishment) must occur in accordance with the mechanisms set out in the Mortgage Sale Agreement.

## **22. APPLICATION AND DISTRIBUTION OF MONEYS STANDING TO THE CREDIT OF THE TRUST ACCOUNTS**

From the date when either:

- (a) the Covered Bonds have been fully repaid and the Security constituted by the Security Deed has been released by the Security Trustee; or
- (b) the Security Trustee is satisfied that the Covered Bond Guarantor has an amount in cash standing to the credit of the GIC Account equal to the Australian Dollar Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding,

all remaining moneys standing to the credit of the Trust Accounts (after paying or providing for all amounts required to repay higher ranking amounts in the relevant Priority of Payments) will be allocated and paid (at the direction of the Trust Manager) in the following order of priority:

- (c) *first*, 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
- (d) *second*, to be paid to the Residual Capital Unitholders *pari passu* and rateably amongst them in respect of the Residual Capital Units.

## **23. LIMIT ON INVESTING IN SUBSTITUTION ASSETS AND AUTHORISED INVESTMENTS**

### **23.1 Investments in Substitution Assets by the Covered Bond Guarantor**

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 must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will invest Available Revenue Receipts, Available Principal Receipts and the proceeds of issue of Intercompany Notes and the Demand Note (or the proceeds of any increase in the principal amount of 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% 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 this deed.

Depositing any amounts in any Trust Account will not constitute an investment in Substitution Assets for these purposes.

## **23.2 Sale of Substitution Assets following service of a Notice to Pay on the Covered Bond Guarantor**

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 this deed.

## **24. BANK ACCOUNTS OF THE TRUST**

The Trust Manager must open the Trust Accounts with the Account Bank subject to and in accordance with the terms of the Account Bank Agreement.

## **25. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS**

### **25.1 Representations and Warranties**

The Covered Bond Guarantor makes the representations and warranties set out in Schedule 1 as at the date of this deed in favour of the Trust Manager and the Security Trustee.

### **25.2 Tax Consolidation**

- (a) The parties acknowledge that the Trust is a member of a consolidated group of companies and trusts for tax purposes (**Consolidated Group**), the head company of which is National Australia Bank Limited ABN 12 004 044 937.
- (b) For so long as any Covered Bonds remain outstanding, the Trust Manager undertakes to procure that National Australia Bank Limited ABN 12 004 044 937, as head company of the Consolidated Group, will ensure that the tax-related liabilities of the head company of that Consolidated Group listed in section 721-10 of the Tax Act are covered by a valid tax sharing agreement (within the meaning of section 721-25 of the Tax Act) which complies with the requirements set out in Part 3-90 of the Tax Act and any regulations, and is consistent with any guidelines published by the Commissioner of Taxation concerning what is a reasonable allocation of group tax liabilities of a consolidated tax group among certain members of that group, or is otherwise accepted by the Commissioner of Taxation as being such a reasonable allocation.



## **26. COVERED BOND GUARANTOR'S POWERS**

### **26.1 General power**

Subject to the terms of this deed, the Covered Bond Guarantor has all of the rights, powers and discretions over and in respect of the assets of the Trust which it could exercise if it were the absolute and beneficial owner of those assets.

### **26.2 Specific powers**

Without limiting the generality of Clause 26.1, the Covered Bond Guarantor has the following powers:

- (a) to make, purchase, acquire, dispose of or otherwise deal with any Permitted Investments and, notwithstanding any rule of law to the contrary, the Covered Bond Guarantor has the power to purchase any Permitted Investment from itself (whether it owns such Permitted Investment legally or beneficially);
- (b) to exercise or enforce its rights under or in respect of any of the assets of the Trust;
- (c) to pay all expenses of the Trust;
- (d) to engage, and to incur reasonable expenses in relation to, any valuers, solicitors, barristers, accountants, surveyors, property advisers, real estate agents, contractors, qualified advisers, and such other persons as may be necessary, usual or desirable for the purpose of enabling the Covered Bond Guarantor to be fully and properly advised and informed, in order that it may properly exercise its powers and perform its obligations under this deed or any other Programme Document;
- (e) to institute, prosecute, defend, settle and compromise legal or administrative proceedings in respect of the assets of the Trust;
- (f) to give any waiver, time or indulgence to any person on such terms as it may in its discretion determine;
- (g) to lend money, provided the loan is a Permitted Investment;
- (h) subject to the terms of the Programme Documents, to borrow or raise money or procure financial accommodation or enter into swap or derivative transactions for the purpose of, or ancillary to, the investment in Permitted Investments or to enable the Covered Bond Guarantor to continue to fund its holding in those assets, provided the Trust Manager will not instruct the Covered Bond Guarantor to do so unless the Issuer has delivered a Rating Affirmation Notice to the Covered Bond Guarantor (copied to the Trust Manager, the Bond Trustee and each Rating Agency) in respect of such borrowing, raising of money or procuring of financial accommodation or entry into such swap or derivative transactions;
- (i) to grant a Security Interest over all or part of the assets of the Trust to secure any obligation to a Secured Creditor including, without limitation, to grant the Security;
- (j) to enter into and perform its obligations under the Programme Documents;
- (k) to do all such things which the Covered Bond Guarantor reasonably considers incidental to any of the previous powers or necessary or convenient to be done for or in connection with the Trust or the Covered Bond Guarantor's functions under this deed;

- (l) to exercise any power, right or remedy accruing in respect of the Trust in relation to any asset or under the Programme Documents;
- (m) to enter into any agreement or do anything in connection with the Trust, such as dealing with the assets over which security is held, engaging advisers and to execute proxies and other instruments;
- (n) to pay amounts required to remove any lien or Security Interest over any assets of the Trust to permit the Covered Bond Guarantor to deal with those assets in accordance with the Programme Documents;
- (o) to fetter its future discretions in accordance with the Programme Documents;
- (p) to convert currencies on such terms and conditions as the Trust Manager directs; and
- (q) to do any other thing which the Covered Bond Guarantor is empowered to do by this deed or any other Programme Document.

Each of the above powers is a separate and independent power or obligation. None of them limits the others, or any other power or obligation of the Covered Bond Guarantor under this deed. No person lending moneys to the Covered Bond Guarantor or granting any other form of financial accommodation to or for the benefit of the Covered Bond Guarantor will be concerned to enquire as to the purpose for which the borrowing or financial accommodation is required or as to the application of any moneys borrowed.

### **26.3 Covered Bond Guarantor to act**

Subject to this deed, on receipt of any direction by the Trust Manager, the Covered Bond Guarantor:

- (a) must comply with the direction in accordance with this deed unless the Covered Bond Guarantor considers that it would be illegal for the Covered Bond Guarantor to do so, would constitute a breach of any fiduciary duty in respect of the Trust or breach of any document, agreement or law or would result in the Covered Bond Guarantor's exposure to a risk of liability where the Covered Bond Guarantor is not satisfied (acting reasonably) that it will be adequately indemnified or reimbursed for any cost, expense, loss or liability which it will or may incur as a result of complying with the direction; and
- (b) may rely upon the recommendations and advice of the Trust Manager with respect to the direction, without being under a duty to make any inquiries or to make any assessments or judgment in relation to:
  - (i) the merits of the direction; or
  - (ii) whether the proposed investment is a Permitted Investment or is otherwise permitted under or complies with this deed.
  - (iii) The Trust Manager must not direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must not, make or acquire an investment if the Trust Manager determines that such investment is not a Permitted Investment or the making or acquisition of such investment does not comply with this deed.

#### **26.4 Limitation of Covered Bond Guarantor's personal liability**

Notwithstanding any other provision of this deed, the Covered Bond Guarantor is not obliged to execute any document or incur any obligation or do any other act or thing unless its personal liability under that document or in respect of that obligation is limited in a manner consistent with Clauses 33.2, 33.16(d) and 37.1 or it is otherwise indemnified to its satisfaction.

### **27. COVERED BOND GUARANTOR'S RIGHTS AND RESPONSIBILITIES**

#### **27.1 Limitation**

The Covered Bond Guarantor as trustee of the Trust only has the obligations which are expressly set out in this deed and the other Programme Documents.

#### **27.2 To act continuously as trustee**

Subject to Clause 28.4, the Covered Bond Guarantor must act continuously as trustee of the Trust until the earlier of:

- (a) the Vesting Date of the Trust; and
  - (b) the date on which the Covered Bond Guarantor retires or is removed from office,
- in either case, in accordance with this deed.

#### **27.3 Excluded roles and duties**

The appointment as trustee of the Trust does not mean that the Covered Bond Guarantor:

- (a) is a trustee for the benefit of; or
- (b) is a partner of; or
- (c) has a fiduciary duty to, or other fiduciary relationship with,

any Unitholder, Secured Creditor or any other person, except as expressly provided in any Programme Document to which it is a party.

#### **27.4 To act honestly, diligently and prudently**

The Covered Bond Guarantor must (subject to the terms and conditions of this deed and the other Programme Documents):

- (a) act at all times in the interests of the Unitholders (which, for the avoidance of doubt, is taken to include acting in the manner required or permitted pursuant to the Programme Documents);
- (b) act honestly and in good faith in the performance of its duties and in the exercise of its discretions under the Programme Documents;
- (c) exercise such diligence and prudence as a reasonable trustee would exercise in performing its functions and in exercising its powers and discretions and performing its obligations under the Programme Documents, having regard to the duties undertaken by the Covered Bond Guarantor under this deed.

## **27.5 Corporate action**

The Covered Bond Guarantor must take all such corporate actions which are necessary to ensure that it is able to exercise all its powers and remedies and perform all its obligations under this deed and all other deeds, agreements and other arrangements entered into by the Covered Bond Guarantor under this deed.

## **27.6 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 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
- (k) commence, defend, settle or compromise any litigation or other claims relating to it or any of its assets.

## **27.7 Australia**

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.

## **27.8 Knowledge of the Covered Bond Guarantor**

The Covered Bond Guarantor will only be considered to have knowledge or notice of or awareness of any matter or thing if:

- (a) subject to (b), the Covered Bond Guarantor has knowledge, notice or awareness of that matter or thing by virtue of the actual knowledge, notice or awareness of the officers or employees of the Covered Bond Guarantor who have day to day responsibility for the administration of the Covered Bond Guarantor's obligations under this deed, the Trust or any other Programme Document; and
- (b) in the case of a Covered Bond Guarantor Event of Default, Issuer Event of Default, Potential Covered Bond Guarantor Event of Default or a Potential Issuer Event of Default, such officer or employee referred to in paragraph (a) has actual knowledge that the event or circumstance constituting the Covered Bond Guarantor Event of Default, Issuer Event of Default, Potential Covered Bond Guarantor Event of Default or Potential Issuer Event of Default.

## **27.9 Role of Covered Bond Guarantor**

- (a) Except as expressly set out in this deed or the other Programme Documents, the Covered Bond Guarantor has no obligation, either initially or on a continuing basis, to:
  - (i) supervise or keep itself informed about the circumstances of the Cover Pool Monitor, the Servicer, the Seller or the Trust Manager or any other person; or
  - (ii) take any action to investigate the accounts, management, control or activities of the Cover Pool Monitor, the Servicer, the Seller, the Trust Manager or any other person; or
  - (iii) monitor the performance of the Cover Pool Monitor's, the Servicer's, the Seller's, the Trust Manager's or any other person's respective obligations under this deed or any other Programme Document.
- (b) For the avoidance of doubt, the Covered Bond Guarantor is not required to and will not:
  - (i) be responsible for or investigate the creditworthiness of any Borrower; or
  - (ii) be responsible for or investigate whether Mortgage Loans are within the required lending ratios; or
  - (iii) be responsible for or investigate the valuation reports on any Property; or
  - (iv) be otherwise concerned in the management and administration of the Mortgage Loans; or
  - (v) be responsible for or investigate whether Mortgage Loans are Qualifying Mortgage Loans,

it being acknowledged that those functions described in Clause 27.9(b)(i), (ii), (iii) and (v) above are solely to be performed by the Seller and those functions described in Clause 27.9(b)(iv) above are solely to be performed by the Servicer.

## **27.10 Reliance**

The Covered Bond Guarantor is entitled to conclusively rely on (unless actually aware to the contrary) and is not required to investigate the accuracy of:

- (a) the contents of any opinion, advice, information, communication, document, notice, report, certificate, statements, representations or warranties made or given by any party other than itself pursuant to this deed or any other Programme Document;

- (b) any notice, instruction or direction from the Trust Manager or any other person contemplated by the Programme Documents;
- (c) any calculations or determinations made by the Trust Manager, the Cover Pool Monitor or the Servicer under any Programme Documents including the calculation of amounts to be paid to, or charged against, any Transaction Party; or
- (d) the amount, or allocation, of collections or other receipts received by the Trust,

and the Covered Bond Guarantor is not liable to any person in any manner whatsoever in respect of all such matters.

#### **27.11 Delegation by the Covered Bond Guarantor**

- (a) The Covered Bond Guarantor, in carrying out and performing its duties may with the consent of the Trust Manager (such consent not to be unreasonably withheld) authorise any person or persons (including a Related Body Corporate of the Trust Manager or the Covered Bond Guarantor) to act as its delegate (in the case of a joint appointment, either severally or jointly and severally) to perform its functions under any Programme Document to which it is a party including to hold title to any asset, perform any act or obligation or exercise any discretion within the Covered Bond Guarantor's power (including the power to sub-delegate). The authorisation must be written. The Covered Bond Guarantor may include provisions to protect and assist those dealing with the delegate in the authorisation as the Covered Bond Guarantor thinks fit.
- (b) The Covered Bond Guarantor remains liable for the acts or omissions of a delegate except that the Covered Bond Guarantor will not be liable for the acts or omission of a delegate if:
  - (i) the Covered Bond Guarantor has acted in good faith and used reasonable care in relation to the appointment of the delegate;
  - (ii) the delegate is a clearing system; or
  - (iii) the Covered Bond Guarantor is obligated to appoint the delegate pursuant to an express provision of a Programme Document or pursuant to an instruction or direction given to the Covered Bond Guarantor in accordance with a Programme Document.

#### **27.12 Powers of attorney**

The Covered Bond Guarantor may execute all such powers of attorney and other instruments as may be necessary or in the Covered Bond Guarantor's opinion desirable to enable:

- (a) the Trust Manager or any officer or delegate of the Trust Manager to exercise the powers of management referred to in this deed; or
- (b) the Security Trustee or any Authorised Signatory of the Security Trustee to do anything as provided in the Security Deed.

### **28. RETIREMENT OF COVERED BOND GUARANTOR**

#### **28.1 Mandatory retirement**

The Covered Bond Guarantor covenants that it will 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 (copied to the Trust Manager, the Bond Trustee, the Security Trustee and each Rating Agency) in respect of, the proposed retirement;
- (c) 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);
- (d)
  - (i) an Extraordinary Resolution requiring the removal of the Covered Bond Guarantor as trustee of the Trust is passed at a meeting of Covered Bondholders of all Series taken together as a single Series with the nominal amount of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate; and
  - (ii) such retirement is approved in writing by each Secured Creditor (such approval not to be unreasonably withheld or delayed); or
- (e) if the Covered Bond Guarantor does not comply with a material obligation under the Programme Documents and, if the non-compliance can be remedied, the Covered Bond Guarantor does not remedy the non-compliance within 30 days of being requested to do so by the Trust Manager.

## **28.2 Trust Manager may remove Covered Bond Guarantor**

If the Covered Bond Guarantor does not retire within 30 days of the occurrence of any of the events described in Clause 28.1, the Trust Manager may by written notice remove the Covered Bond Guarantor from office as trustee of the Trust.

## **28.3 Trust Manager appoints replacement**

On notification of the retirement or removal of the Covered Bond Guarantor under Clause 28.1 or 28.2, the Trust Manager must as soon as reasonably practicable appoint another trustee to be the trustee of the Trust. The Trust Manager retains the right of removal under Clause 28.2 and references to the Covered Bond Guarantor in Clauses 28.1 and 28.2 will apply to the replacement trustee appointed by the Trust Manager in accordance with this Clause 28.3.

## **28.4 Voluntary retirement**

The Covered Bond Guarantor may, subject to Clauses 28.5 and 28.6, voluntarily retire as trustee of the Trust if the Covered Bond Guarantor gives to 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.

## **28.5 Rating**

Any mandatory retirement of the Covered Bond Guarantor pursuant to Clause 28.1, the removal and the appointment by the Trust Manager pursuant to Clauses 28.2 and 28.3 and the voluntary retirement of the Covered Bond Guarantor pursuant to Clause 28.4 is conditional upon the Issuer having delivered a Rating Affirmation Notice to the Covered Bond Guarantor (copied to the Trust Manager, the Bond Trustee, the Security Trustee and each Rating Agency) in respect of such

mandatory retirement of the Covered Bond Guarantor, removal and appointment by the Trust Manager or voluntary retirement of the Covered Bond Guarantor.

#### **28.6 No retirement by Covered Bond Guarantor unless successor appointed**

The Covered Bond Guarantor must not retire under Clause 28.4 unless:

- (a) it procures, at least 30 days before the date on which that removal becomes effective, another person to assume all of the obligations of the Covered Bond Guarantor under the Programme Documents to which it is a party as its successor, and to execute such documents as the Trust Manager requires for that person to become bound by the Programme Documents to which the Covered Bond Guarantor is a party, with effect from that date, as if that person had originally been a party to such Programme Documents as the Covered Bond Guarantor; and
- (b) the appointment of the successor Covered Bond Guarantor under Clause 28.6(a) is approved by the Trust Manager.

#### **28.7 Trust to be vested in new trustee**

Upon retiring or before being removed from office, the Covered Bond Guarantor (**Outgoing Trustee**) must execute all documents and do all things necessary to vest the Trust or cause it to be vested, in the person appointed as the successor Covered Bond Guarantor (**Incoming Trustee**).

#### **28.8 Release of Outgoing Trustee**

Upon retirement or removal, the Outgoing Trustee will have no further obligations under this deed, but retirement or removal will not affect any of the rights, obligations or liabilities of the Outgoing Trustee accrued or arising before retirement or removal.

#### **28.9 Incoming Trustee to execute deed**

The Incoming Trustee must execute all documents as the Trust Manager requires to:

- (a) assume with effect from the date its appointment becomes effective, all of the rights, powers, discretions and obligations of the Covered Bond Guarantor under the Programme Documents to which the Outgoing Trustee is a party or of which it had the benefit, as if the Incoming Trustee had originally been a party to, or had had the benefit of those Programme Documents as Covered Bond Guarantor; and
- (b) indemnify the Outgoing Trustee for all liabilities and expenses incurred by the Outgoing Trustee for which it is entitled to be indemnified out of the Trust and which have not been recouped by it, provided that the liability of the Incoming Trustee under such indemnity will be limited to the same extent provided for in Clause 33.16(d) and any payment will rank in the same priority pursuant to Clause 33.16(d) as the corresponding liability for which the Outgoing Trustee claims such indemnification.

#### **28.10 Trust Manager and Outgoing Trustee to settle amounts payable**

The Trust Manager may:

- (a) settle with the Outgoing Trustee the amount of any sums payable by the Outgoing Trustee to the Trust Manager or the Incoming Trustee, or by the Trust Manager to the Outgoing Trustee under this deed; and



- (b) give or accept from the Outgoing Trustee a discharge in respect of such sums.

Any such settlement or discharge will (except in the case of any fraud, negligence or wilful default on the part of the Trust Manager or the Outgoing Trustee or the Trust Manager's or the Outgoing Trustee's officers, employees, agents and delegates, as the case may be) be conclusive and binding upon all persons.

#### **28.11 Outgoing Trustee to retain lien**

Notwithstanding the retirement or removal of the Outgoing Trustee and the indemnity in favour of the Outgoing Trustee by the Incoming Trustee as contemplated by Clause 28.9(b), the Outgoing Trustee will retain a first and paramount lien over the Trust to meet claims of any creditors of the Outgoing Trustee as trustee of the Trust, to the extent that the claims of those creditors are not properly and duly satisfied by the Incoming Trustee.

#### **28.12 Delivery of documents**

The Outgoing Trustee must immediately upon termination of its appointment becoming effective deliver to the Incoming Trustee (or at its direction) all books, documents, records and property relating to the Trust under its control (other than proprietary or confidential information of the Outgoing Trustee). The Outgoing Trustee is entitled to take, and keep copies of such books, documents and records. Each of the Trust Manager and the Incoming Trustee must produce the originals of such books, documents and records in its possession upon the giving of reasonable written notice by the Outgoing Trustee.

#### **28.13 Notice to Transaction Parties of new trustee**

The Incoming Trustee or the Trust Manager must give notice to each Transaction Party as soon as practicable following the appointment of the Incoming Trustee.

### **29. COVERED BOND GUARANTOR'S FEES AND EXPENSES**

#### **29.1 Covered Bond Guarantor's Fee**

The Covered Bond Guarantor will be entitled to deduct from the assets of the Trust in accordance with the applicable Priority of Payments such fee as is agreed in writing from time to time between the Covered Bond Guarantor and the Trust Manager (plus GST, if any).

#### **29.2 Covered Bond Guarantor's Expenses**

The Covered Bond Guarantor will be entitled to be reimbursed out of the assets of the Trust in accordance with the applicable Priority of Payments for all expenses properly incurred by it in the administration of the Trust.

### **30. GST**

#### **30.1 Construction**

In this Clause 30:

- (a) words and expressions which are not defined in this deed but which have a defined meaning in the GST Law have the same meaning as in the GST Law unless the context otherwise requires; and

- (b) GST Law has the same meaning given to that expression in the A New Tax System (Goods and Services Tax) Act 1999 (Cth).

### **30.2 Consideration GST exclusive**

Unless expressly stated, all prices or other sums payable or consideration to be provided under this deed are exclusive of GST.

### **30.3 Payment of GST**

If GST is payable on any supply made under this deed, for which the consideration is not expressly stated to include GST, the recipient will pay to the supplier an amount equal to the GST payable on the supply.

### **30.4 Timing of GST payment**

The recipient will pay the amount referred to in Clause 30.3 in addition to and at the same time that the consideration for the supply is to be provided under this deed.

### **30.5 Tax Invoice**

The supplier must deliver a tax invoice or an adjustment note to the recipient before the supplier is entitled to payment of an amount under Clause 30.3. The recipient can withhold payment of the amount until the supplier provides a tax invoice or adjustment note as appropriate.

### **30.6 Adjustment event**

If an adjustment event arises in respect of a taxable supply made by a supplier under this deed, the amount payable by the recipient under Clause 30.3 will be recalculated to reflect the adjustment event and a payment will be made by the recipient to the supplier or by the supplier to the recipient as the case requires.

### **30.7 Reimbursements**

Where a party is required under this deed to pay or reimburse an expense or outgoing of another party, the amount to be paid or reimbursed by the first party will be the sum of:

- (a) the amount of the expense or outgoing less any input tax credits in respect of the expense or outgoing to which the other party, or to which the representative member for a GST group of which the other party is member, is entitled; and
- (b) if the payment or reimbursement is subject to GST, an amount equal to that GST.

## **31. AUDITORS**

### **31.1 Appointment of auditor**

The Covered Bond Guarantor (acting at the direction of the Trust Manager) must appoint an auditor of the Trust within six months of the creation of the Trust pursuant to this deed. The Auditor must be a firm of chartered accountants at least one of whose members is a registered company auditor in accordance with the Corporations Act and who has been nominated as Auditor by the Trust Manager.

### **31.2 Removal and retirement of Auditor**

- (a) The Covered Bond Guarantor (acting at the direction of the Trust Manager) may from time to time remove an Auditor upon one month's written notice.
- (b) An Auditor may retire at any time upon giving one month's written notice (or such shorter period as the Covered Bond Guarantor (acting at the direction of the Trust Manager) may agree) to the Covered Bond Guarantor and the Trust Manager of its intention to so retire.

### **31.3 Appointment of replacement Auditor**

Any vacancy in the office of an Auditor occurring under Clause 31.2 must be filled by the Covered Bond Guarantor (acting at the direction of the Trust Manager) appointing as Auditor a firm of chartered accountants at least one of whose members is a registered company auditor in accordance with the Corporations Act and who has been nominated as Auditor by the Trust Manager.

### **31.4 Auditor may have other offices**

An Auditor may also be the auditor of the Covered Bond Guarantor, the Trust Manager, a Related Body Corporate of the Covered Bond Guarantor or the Trust Manager or of any other trust, but a member of the firm appointed as an Auditor may not be an officer or an employee of the Covered Bond Guarantor, the Trust Manager or a Related Body Corporate of the Covered Bond Guarantor or the Trust Manager.

## **32. RECORDS AND FINANCIAL STATEMENTS**

### **32.1 Trust Manager must keep records**

The Trust Manager must keep accounting and other records which correctly record and explain the assets and financial position of the Trust, and all transactions entered into by the Covered Bond Guarantor as trustee of the Trust (or the Trust Manager on its behalf) in a manner which will enable the preparation from time to time (and at least half-yearly) of true and fair financial statements of the Trust and the auditing (at least once in each Fiscal Period) of the annual financial statements.

### **32.2 Financial statements**

All financial statements must be prepared in accordance with Australian generally accepted accounting principles and the Corporations Act.

### **32.3 Financial statements must be audited**

The Trust Manager must ensure that the financial statements of the Trust are audited by the Auditor as at the end of each Fiscal Period. A copy of the Auditor's report must be forwarded by the Trust Manager to each person entitled to the Auditor's report under a Programme Document within four months of the end of each Fiscal Period.

## **33. COVERED BOND GUARANTOR LIABILITY AND INDEMNITY GENERALLY**

### **33.1 Additional provisions**

The following provisions of this Clause 33 are in addition to any rights or powers conferred on the Covered Bond Guarantor by statute, at law or in equity. Each of them is to be construed separately and except where expressly stated, none of them limits the others.

### 33.2 Covered Bond Guarantor not liable

Neither the Covered Bond Guarantor nor any of its directors, officers, employees, agents or attorneys is liable:

- (a) for any loss, costs, liabilities or expenses arising out of the exercise or non exercise of a discretion on the part of the Trust Manager;
- (b) for any loss, costs, liabilities or expenses caused by the Covered Bond Guarantor's failure to check any calculation, information, document, form or list supplied or purported to be supplied to it by the Trust Manager or the Cover Pool Monitor under any Programme Document, or any other person;
- (c) for any loss, costs, liabilities or expenses caused by its acting on any instruction or direction given to it by the Trust Manager or by any Transaction Party in accordance with the terms of any Programme Document or failure by the Trust Manager or other person to give such an instruction or direction when required to do so by a Programme Document;
- (d) for any other act or omission on its part except where the act or omission is fraudulent, negligent or in wilful default;
- (e) to the Unitholder or the Secured Creditors other than to the extent of the Covered Bond Guarantor's right of indemnity out of the assets of the Trust;
- (f) to make any payment to the Unitholders or the Secured Creditors except out of funds held by it for that purpose under the Programme Documents;
- (g) for any fraud, negligence or wilful default by the Trust Manager or any failure by the Trust Manager or other person providing services or selling assets to or in respect of the Trust to perform their obligations under or in connection with the Trust or a Programme Document;
- (h) for any loss incurred by any act, neglect, mistake or discrepancy of the Trust Manager or any agents of the Trust Manager nor (except as expressly set out in this deed) will the Covered Bond Guarantor be responsible to oversee or check any act of the Trust Manager or of any agents of the Trust Manager or any information, documents, forms or lists supplied to it by the Trust Manager or any agents of the Trust Manager whether or not an error in any such information, documents, forms or lists is reproduced by the Covered Bond Guarantor or relied upon by the Covered Bond Guarantor in any step taken by it pursuant thereto;
- (i) for any loss incurred by any act, mistake or discrepancy of the Seller or any agents of the Seller nor (except as expressly set out in this deed) will the Covered Bond Guarantor be responsible to oversee or check any act of the Seller or of any agents of the Seller or any information, documents, forms or lists supplied to it by the Seller or any agents of the Seller whether or not an error in any such information, documents, forms or lists is reproduced by the Covered Bond Guarantor or relied upon by the Covered Bond Guarantor in any step taken by it pursuant thereto; or
- (j) for any loss incurred by any act, mistake or discrepancy of the Servicer or any agents of the Servicer nor (except as expressly set out in this deed) will the Covered Bond Guarantor be responsible to oversee or check any act of the Servicer or of any agents of the Servicer or any information, documents, forms or lists supplied to it by the Servicer or any agents of the Servicer whether or not an error in any such information, documents, forms or lists is reproduced by the Covered Bond Guarantor or relied upon by the Covered Bond Guarantor in any step taken by it pursuant thereto.

### **33.3 Payments made by Covered Bond Guarantor in good faith**

The Covered Bond Guarantor will not be liable to account to any Unitholder, Secured Creditor or any other person or otherwise for any payments made by the Covered Bond Guarantor (or by the Trust Manager on its behalf) in good faith to any Governmental Authority for Taxes or other charges upon the Trust or with respect to any transaction under this deed notwithstanding that any such payment ought or need not have been made.

### **33.4 Covered Bond Guarantor not liable for acts of others**

The Covered Bond Guarantor will not be responsible for any misconduct, mistake, oversight, error of judgment, forgetfulness or want of prudence on the part of any attorney, auditor, banker, receiver, manager, barrister, solicitor, valuer, agent or other person acting hereunder as agent or adviser of the Covered Bond Guarantor.

### **33.5 Covered Bond Guarantor not liable for information**

The Covered Bond Guarantor has no responsibility for (and will have no liability to any person, including the Unitholders and the Secured Creditors, in respect of) any prospectus, statement or information in or any omission from any information memorandum, advertisement, circular or other document prepared by any person other than the Covered Bond Guarantor, including in connection with the issue of Covered Bonds.

### **33.6 Absolute discretion of Covered Bond Guarantor**

Except insofar as otherwise expressly provided in this deed, the Covered Bond Guarantor will as regards all the trusts, powers, authorities and discretions vested in it have absolute and uncontrolled discretion as to their exercise whether in relation to the manner or as to the mode of and time for such exercise and, in the absence of fraud of the Covered Bond Guarantor, the Covered Bond Guarantor will not be in any way responsible for any loss, costs, damages or inconvenience that may result from the exercise or non exercise of all such trusts, powers, authorities and discretions.

### **33.7 Officer of Covered Bond Guarantor may act**

The Covered Bond Guarantor may appoint and confer authority on (whether such authority is conferred in general terms or for a specific proposal) one or more of its officers or employees to exercise for and on behalf of the Covered Bond Guarantor all or any of the powers and authorities exercisable by the Covered Bond Guarantor under the provisions of this deed, provided always that the Covered Bond Guarantor will remain responsible for the performance by its employees of their duties.

### **33.8 Covered Bond Guarantor's indemnity out of Trust assets**

Without limiting Clause 33.16(d), should the Covered Bond Guarantor purchase or otherwise from time to time hold any Permitted Investment in regard to which there is a liability, the Covered Bond Guarantor will have a right to indemnity out of the assets of the Trust in respect of any such liability.

### **33.9 Reliance on certificates**

- (a) Subject to Clause 33.11, the Covered Bond Guarantor will not incur any liability in respect of any action taken or thing suffered by it in reliance upon any document (including, for example, any notice, resolution, direction, consent, certificate, receipt or statement) given to or served on it for the purposes of or pursuant to this deed or any other Programme Document which it reasonably believes

to be genuine, and to be signed by persons authorised to do so and having power to bind the person on whose behalf the document is or purports to be given.

- (b) In receiving any such document the Covered Bond Guarantor is entitled to assume that each person under any Permitted Investment, other Programme Document or any deed, agreement or arrangement has performed or will perform its obligations under such document in full by the due date and otherwise in accordance with the terms of such document, unless the Covered Bond Guarantor has notice to the contrary.

### **33.10 Reimbursement**

If the Covered Bond Guarantor incurs any liability to any person as a consequence of having relied, in accordance with Clause 33.9, upon a document which was forged or does not bind the person on whose behalf it was purportedly given, the Covered Bond Guarantor is entitled to reimbursement for the amount of such loss from the assets of the Trust in accordance with the applicable Priority of Payments.

### **33.11 Notices from Trust Manager**

Whenever any document or communication is to be given by the Trust Manager to the Covered Bond Guarantor, the Covered Bond Guarantor may accept as sufficient a document which it believes to be signed on behalf of the Trust Manager by any Authorised Signatory of the Trust Manager. The Covered Bond Guarantor is not responsible for any loss arising from any act, neglect, mistake or discrepancy of the Trust Manager or any officer, employee, agent or delegate of the Trust Manager in preparing any such document or in compiling, verifying or calculating any matter or information contained in any such document, whether or not an error in any such information, document, form or list is reproduced by the Covered Bond Guarantor in any step taken by it under this deed.

### **33.12 Compliance with laws**

The Covered Bond Guarantor will not incur any liability to anyone in respect of any failure to perform or to do any act or thing which the Covered Bond Guarantor is prohibited from doing by any applicable law (or any ordinance, rule, regulation or by law made pursuant thereto), by any order or judgment of any competent court or other tribunal or by the Programme Documents.

### **33.13 Reliance on experts**

The Covered Bond Guarantor:

- (a) may act upon the opinion or advice of, or information obtained from, the Trust Manager, the Cover Pool Monitor, the Seller, the Servicer, any barristers, solicitors, bankers, accountants, brokers, valuers and other professional advisers (whether instructed by the Covered Bond Guarantor, the Trust Manager, the Cover Pool Monitor, the Seller, the Servicer or any other Transaction Party) believed by it in good faith to be an expert and properly informed in relation to the matters upon which they are consulted; and
- (b) is not liable for anything done or suffered by it in good faith in reliance upon such opinion, advice or information.

### **33.14 Dispute or ambiguity**

If there is any dispute or ambiguity in relation to any matter connected with the Programme Documents, the Covered Bond Guarantor may (but need not) do one or both of the following:

- (a) obtain and rely on advice from its legal, accounting, taxation or other professional advisers or any person referred to in Clause 33.13; or
- (b) apply to a court for any direction or order the Covered Bond Guarantor considers appropriate.

As long as the Covered Bond Guarantor is using reasonable endeavours to resolve any dispute or ambiguity, the Covered Bond Guarantor may (but need not) refuse to do anything in relation to matters affected by the dispute or ambiguity.

### **33.15 Powers, authorities and discretions**

The Covered Bond Guarantor is not liable for any loss (whether consequential or otherwise), cost, expense or liability resulting from the exercise of (or failure to exercise) its rights, powers or discretions or the performance of (or failure to perform) its obligations under this deed or any Programme Document, except where such losses, costs or damages are caused by the fraud, negligence or wilful default of the Covered Bond Guarantor.

### **33.16 Legal and other proceedings**

- (a) Subject to Clauses 33.16(b), (c) and (d), the Covered Bond Guarantor may institute, prosecute, defend or otherwise appear in any action, suit or other proceeding in any court or tribunal in respect of any matters relating to the Trust, any asset of the Trust or any Programme Document including an enforcement, contemplated enforcement of, preservation of rights under, initiation, carriage and settlement of any court proceedings in respect of the Trust, any asset of the Trust or a Programme Document. All costs, disbursements and expenses incurred by the Covered Bond Guarantor in anticipation of or in connection with any such action, suit or proceeding and all costs and disbursements incurred by the Covered Bond Guarantor in obtaining any legal advice or opinions concerning such action, suit or proceeding or relating to the interpretation or construction of this deed are to be deducted from and paid out of the assets of the Trust in accordance with the applicable Priority of Payments.
- (b) Nothing in Clause 33.16(a) affects:
  - (i) any obligation of the Covered Bond Guarantor to restore the assets of the Trust to the extent they have been reduced as a result of the fraud, negligence or wilful default of the Covered Bond Guarantor, having regard to the powers and duties conferred on the Covered Bond Guarantor by this deed;
  - (ii) any remedy which the Covered Bond Guarantor, any Secured Creditor or any Unitholder may have against the Trust Manager under any Programme Document; or
  - (iii) the Covered Bond Guarantor's right to be indemnified in accordance with, and subject to, Clause 33.16(d).
- (c) The basis of incurring any costs under this Clause 33.16 by the Covered Bond Guarantor must be:
  - (i) approved by the Trust Manager (acting reasonably); or
  - (ii) regarded by the Covered Bond Guarantor as necessary to protect the interests of the Secured Creditors following a breach by the Trust Manager of its obligations under this deed; or
  - (iii) considered by the Covered Bond Guarantor (acting in good faith) as desirable to protect the Covered Bond Guarantor against liability for which it may not be entitled to be indemnified

for from the assets of the Trust (other than in the case of the Covered Bond Guarantor's fraud, negligence or wilful default).

- (d) The Covered Bond Guarantor will be entitled to be reimbursed out of the assets of the Trust in accordance with the applicable Priority of Payments for its expenses and liabilities incurred in defending any action, suit, proceeding or dispute in which fraud, negligence or wilful default is alleged or claimed against it. However, on the same being proved, accepted or admitted by it, it must from its personal assets immediately repay to the Trust the amount previously paid to it out of the assets of the Trust in respect of this Clause to the extent that it relates to the fraud, negligence or wilful default.

### **33.17 Covered Bond Guarantor's indemnity**

- (a) Without prejudice to the right of indemnity given by law to trustees, the Covered Bond Guarantor will be indemnified out of the assets of the Trust from and against:
  - (i) any loss, expense and liability that may be sustained or incurred by it in the execution or purported execution or non-execution of the powers and trusts of the Trust or of any powers, authorities or discretions vested in it by law or pursuant to this deed in relation to the Trust, including where acting on the instruction or direction of the Trust Manager;
  - (ii) all actions, proceedings, costs, damages, expenses in relation to the Trust; and
  - (iii) all actions, proceedings, costs, damages, expenses, claims and demands in respect of any matter or thing done or omitted in any way relating to or in respect of this deed in relation to the Trust,

in accordance with the applicable Priority of Payments and the Covered Bond Guarantor may retain and pay out of any moneys or assets in its hands under the Trust any moneys necessary to give effect to such indemnity and also the disbursements of the Covered Bond Guarantor as provided in this deed, and the Covered Bond Guarantor will have a first and paramount lien on the assets of the Trust for all moneys payable under this Clause or otherwise howsoever arising out of and in connection with this deed provided that except as set out in Clauses 33.17(a), (b) and (c) and subject to Clause 33.17(d) nothing contained in this Clause will entitle the Covered Bond Guarantor to be indemnified or paid out of the Trust in respect of any loss, expense or liability arising as a result of the Covered Bond Guarantor's fraud, negligence or wilful default.

- (b) If the assets of the Trust are reduced as a result of the Covered Bond Guarantor's fraud, negligence or wilful default, then, until such time as the Covered Bond Guarantor has restored the assets of the Trust to the extent they have been so reduced:
  - (i) the Covered Bond Guarantor may not receive, hold the proceeds or otherwise have the benefit of the indemnity given in Clause (a) otherwise than on behalf of and on trust for the Secured Creditors; and
  - (ii) the Covered Bond Guarantor may only be indemnified to the extent necessary to allow it to discharge its liabilities to the Secured Creditors.
- (c) Nothing in this Clause 33.16(c) is to be taken:
  - (i) as imposing any restriction upon any right which any person may have to bring an action against the Covered Bond Guarantor for loss or damage suffered by reason of the Covered Bond Guarantor's fraud, negligence or wilful default having regard to the obligations undertaken by the Covered Bond Guarantor under this deed, the immunities conferred on the



Covered Bond Guarantor and the powers, authorities and discretions conferred on the Covered Bond Guarantor by this deed; or

- (ii) as conferring upon the Covered Bond Guarantor a right to be indemnified out of the assets of the Trust against any loss the Covered Bond Guarantor (in its personal capacity) suffers in consequence of a successful action being brought against it by reason of the Covered Bond Guarantor's fraud, negligence or wilful default having regard to the obligations undertaken by the Covered Bond Guarantor under this deed, the immunities conferred on the Covered Bond Guarantor, and the powers, authorities and discretions conferred on the Covered Bond Guarantor by this deed.
- (d) Subject to the Programme Documents, the Trust Manager will indemnify the Covered Bond Guarantor on demand from and against any losses, costs or damages caused by the fraud, negligence or wilful default of the Trust Manager.
- (e) Subject to the Programme Documents, the Seller will indemnify the Covered Bond Guarantor on demand from and against any loss, expense or liability (including legal fees) sustained as a consequence of any fraud, negligence or wilful default of the Seller.

### **33.18 Credit Code indemnity**

- (a) Without prejudice to the right of indemnity given by law to trustees, and without limiting any other provision of this deed, the Covered Bond Guarantor will be indemnified out of the assets of the Trust, free of any set-off or counterclaim against all Penalty Payments which the Covered Bond Guarantor is required to pay personally or in its capacity as trustee of the Trust and arising in connection with the performance of its duties or exercise of its powers under the Programme Documents including as a result of the Covered Bond Guarantor being the assignee in respect of any Mortgage Loans and Related Security.
- (b) The Covered Bond Guarantor's right to be indemnified in accordance with Clause 33.18 (a) applies notwithstanding any allegation that the Covered Bond Guarantor has incurred any such Penalty Payment as a result of its fraud, negligence or wilful default or any other act or omission which may otherwise disentitle the Covered Bond Guarantor to be so indemnified. However, the Covered Bond Guarantor is not entitled to that right of indemnity or reimbursement to the extent that there is a determination by a relevant court of negligence, fraud or wilful default by the Covered Bond Guarantor (provided that, until such determination, the Covered Bond Guarantor is entitled to that right of indemnity or reimbursement but must, upon such determination, repay to Trust any amount paid to it under this Clause 33.18).
- (c) The Covered Bond Guarantor may call upon any right of indemnity from any other third party it may have under a Programme Document before it calls upon the indemnity in Clause 33.18(a). If any such claim is not satisfied within 3 Business Days of the claim being made, the Covered Bond Guarantor may exercise its right of indemnity referred to in Clause 33.18(a).
- (d) In accordance with the Programme Documents, the Covered Bond Guarantor may rely on the Trust Manager, the Seller and the Servicer in relation to compliance with its obligations under the National Consumer Credit Protection Laws.
- (e) This Clause 33.18 overrides any other provision of this deed.

### **33.19 Land Titles Act indemnity**

- (a) Without prejudice to the right of indemnity given by law to trustees, and without limiting any other provision of this deed, the Covered Bond Guarantor will be indemnified out of the assets of the

Trust, free of any set-off or counterclaim against all Title Penalty Payments which the Covered Bond Guarantor is required to pay personally or in its capacity as trustee of the Trust and arising in connection with the performance of its duties or exercise of its powers under the Programme Documents, including as a result of the Covered Bond Guarantor being the assignee in respect of any Mortgage Loans and Related Security.

- (b) The Covered Bond Guarantor's right to be indemnified in accordance with Clause 33.19(a) applies notwithstanding any allegation that the Covered Bond Guarantor has incurred any such Title Penalty Payment as a result of its fraud, negligence or wilful default or any other act or omission which may otherwise disentitle the Covered Bond Guarantor to be so indemnified. However, the Covered Bond Guarantor is not entitled to that right of indemnity or reimbursement to the extent that there is a determination by a relevant court of negligence, fraud or wilful default by the Covered Bond Guarantor (provided that, until such determination, the Covered Bond Guarantor is entitled to that right of indemnity or reimbursement but must, upon such determination, repay to the Trust any amount paid to it under this Clause 33.19).
- (c) This Clause overrides any other provision of this deed.
- (d) The Covered Bond Guarantor must call upon any right of indemnity from any other third party it may have under a Programme Document in respect of the Trust before it calls upon the indemnity in Clause 33.19(a). If any such claim is not satisfied within 3 Business Days of the claim being made, the Covered Bond Guarantor may exercise its right of indemnity referred to in Clause 33.19(a).
- (e) In accordance with the Programme Documents, the Covered Bond Guarantor may rely on the Trust Manager, the Seller and the Servicer in relation to compliance with any obligations in the Land Title Act.

### **33.20 Conflicts**

Without limiting Clause 27.4, nothing in this deed prevents the Covered Bond Guarantor or any Related Body Corporate of the Covered Bond Guarantor, including the Security Trustee (all being included in this Clause 33.20 in references to the Covered Bond Guarantor) from:

- (a) subscribing for, buying or selling Covered Bonds;
- (b) acquiring any asset of the cover pool for its own benefit or on behalf of another beneficiary;
- (c) in the ordinary course of its business contracting or acting in any capacity as representative, agent, trustee or any other appointment function or service as a trustee company or otherwise or entering into any financial, banking, development, insurance, agency, trustee, custodial, broking or other transaction with the Covered Bond Guarantor as trustee of the Trust or any other trust or otherwise, or in its personal capacity, and no conflict of interest or duty will arise or be deemed to arise as a result of the Covered Bond Guarantor acting in such capacities;
- (d) providing any advice or services to the Covered Bond Guarantor as trustee of any trust; or
- (e) being interested in any such contract or transaction.

The Covered Bond Guarantor will not be in any way liable to account to any Unitholder or any other person for any profits or benefits made or derived from or in connection with any such transaction.

### **33.21 Separate entities**

In acting as trustee of the Trust and in each other capacity in which it may act under the Programme Documents, the relevant division or department of the Covered Bond Guarantor is to be regarded as a separate entity from any other of its divisions or departments. If information is received by another division or department of the Covered Bond Guarantor, it may be treated as confidential to that division or department and the Covered Bond Guarantor is not taken to have notice of it.

## **34. MODIFICATION AND WAIVER**

### **34.1 Entire agreement**

This deed sets out the entire agreement and understanding between the parties with respect to the subject matter of this deed superseding all prior oral or written understandings other than the other Programme Documents.

### **34.2 Modification and waiver**

No modification or waiver of any provision of this deed nor consent to any departure from any provision of this deed by any of the parties will in any event be effective unless that modification, waiver or consent is made in accordance with the Security Deed and is in writing and signed by each of the parties to this deed. In the case of a waiver or consent, such waiver or consent will be effective only in the specific instance and as against the party or parties giving it for the specific purpose for which it is given.

### **34.3 Rights cumulative**

The respective rights of each of the parties to this deed are cumulative and may be exercised as often as they consider appropriate. No failure on the part of any party to exercise, and no delay in exercising, any right under this deed will operate as a waiver of that right, nor will any single or partial exercise of any such right preclude any other or further exercise of that right or the exercise of any other right. The remedies in this deed are cumulative and not exclusive of any remedies provided by law.

## **35. NOTICES**

### **35.1 Notices**

Subject to Clause 35.5, any notice, approval, request, certificate, demand, consent, recommendation, direction or other communication in connection with this deed:

- (a) must be given by an Authorised Signatory of the relevant party;
- (b) must be in writing; and
- (c) must be left at the address of the addressee or sent by prepaid ordinary post (airmail if posted to or from a place outside Australia) to the address of the addressee or sent by facsimile to the facsimile number of the addressee, or sent by email to the email address of the addressee specified in Clause 35.2 or any other address, facsimile number or email address any party may from time to time notify to the other parties as its address for service of communications pursuant to this deed.

### 35.2 Email

A notice, approval, request, certificate, demand, consent, recommendation, direction or other communication to be given under this deed may only be given by email where the recipient has agreed that that communication or communications of that type, may be given by email.

### 35.3 Addresses

The initial address, facsimile number and email address of the parties are:

#### **Covered Bond Guarantor:**

|            |                                                            |
|------------|------------------------------------------------------------|
| Address:   | Level 12, 123 Pitt Street,<br>Sydney NSW 2000<br>Australia |
| Facsimile: | +61 (0) 2 8256 1424                                        |
| Attention: | Manager, Transaction Management                            |
| Email:     | securitisationops@perpetual.com.au                         |

#### **Trust Manager, Seller and Servicer:**

|            |                                                                      |
|------------|----------------------------------------------------------------------|
|            | Level 36, 500 Bourke Street<br>Melbourne, Victoria 3000<br>Australia |
| Facsimile: | +61 (0)3 8641 0804                                                   |
| Attention: | Senior Manager, Secured Funding                                      |
| Email:     | Australian.Bank.Securitisation@nab.com.au.                           |

### 35.4 Time effective

Unless a later time is specified in it, a notice, approval, request, certificate, demand, consent, recommendation, direction or other communication takes effect from the time it is received.

### 35.5 Receipt

A notice, approval, request, certificate, demand, consent, recommendation, direction or other communication is taken to be received:

- (a) in the case of a posted letter, on the third (seventh, if posted to or from a place outside Australia) day after posting;
- (b) in the case of a facsimile, on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient notified for the purpose of this Clause; and
- (c) in the case of an email, on receipt by the sender of an email from the recipient stating that the email was delivered in its entirety and the contents and attachments of the email have been received.

However, if the time of deemed receipt of any notice is not before 4.00 p.m. on an AU Business Day it is deemed to have been received at the commencement of business on the next following AU Business Day.

## **36. CONFIDENTIALITY**

### **36.1 Obligation not to disclose**

Unless otherwise required by applicable law, and subject to Clause 36.2 below, no party must disclose to any person any information relating to the business, finances or other matters of a confidential nature of or relating to any other party to this deed or any of the other Programme Documents which it may have obtained as a result of having entered into this deed or otherwise.

### **36.2 Exceptions**

The provisions of Clause 36.1 above will not apply:

- (a) to the disclosure of any information to any person who is a party to any of the Programme Documents as expressly permitted by the Programme Documents;
- (b) to the disclosure of any information which is or becomes public knowledge otherwise than as a result of the wrongful conduct of the recipient;
- (c) to the extent that the recipient is required to disclose the same pursuant to any law or order of any court or pursuant to any direction or requirement (whether or not having the force of law) of any central bank or any governmental or other regulatory or Taxation authority (except this paragraph does not permit a person to disclose any information of the kind referred to in section 275(1) of the PPSA unless section 275(7) of the PPSA applies);
- (d) to the extent that the Covered Bond Guarantor, the Bond Trustee or the Security Trustee needs to disclose the same for determining the existence of, or declaring, an Issuer Event of Default, a Covered Bond Guarantor Event of Default or a Servicer Termination Event, the protection or enforcement of any of its rights under any of the Programme Documents or in connection herewith or therewith or for the purpose of discharging, in such manner as it thinks fit, its duties under or in connection with such agreements in each case to such persons as require to be informed of such information for such purposes;
- (e) to the disclosure of any information to professional advisers who receive the same under a duty of confidentiality;
- (f) to the disclosure of any information with the consent of the parties to this deed;
- (g) to the disclosure to the Rating Agencies or any of them of such information as may be requested by any of them for the purposes of setting or reviewing the rating assigned to the Covered Bonds (or any of them), provided that no personal information (as defined in the Privacy Act 1998 (Cth)) in relation to a Borrower will be disclosed to the Rating Agencies or any of them; or
- (h) to any disclosure for the purposes of collecting in or enforcing any claims against the Trust's assets.

## **37. LIMITED RECOURSE**

### **37.1 Limited recourse**

- (a) 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 this deed.

- (b) 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, including 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).
- (c) The provisions of this Clause 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.
- (d) It is acknowledged that the Transaction Parties (other than the Covered Bond Guarantor) 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 this deed or any other Programme Document) will be considered fraud, negligence or wilful default of the Covered Bond Guarantor for the purpose of Clause 37.1(c) 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. Any fraud, negligence or default of any Transaction Party (other than the Covered Bond Guarantor) or any other person who provides services in respect of the Trust or the Programme in acting under a Programme Document will not be attributed to the Covered Bond Guarantor in any circumstances.
- (e) 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 Clause 37.1(c).
- (f) 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 Clauses 37.1(a) to (c).

## **37.2 Limited recourse to the Security Trustee**

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 any Programme Document (whether to the Secured Creditors, the Covered Bond Guarantor or any other person) other than to the extent to which the liability is able to be satisfied out of the property of the Security Trust from which the Security Trustee is actually indemnified for the liability. This limitation will not apply to a liability of the Security Trustee to the extent 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 Clause 37.2 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.

### **37.3 Corporate obligation only**

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 hereto 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 from such Programme Documents, 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 hereby expressly waived by each person expressed to be a party hereto as a condition of and consideration for the execution of the Programme Documents.

## **38. SECURITY TRUSTEE**

### **38.1 Vesting of rights**

If there is any change in the identity of the Security Trustee in accordance with the provisions of the Security Deed, the Servicer, the Seller and the Covered Bond Guarantor must execute such documents and take such action as the successor Security Trustee and the outgoing Security Trustee may reasonably require for the purpose of vesting in the successor Security Trustee the rights and obligations of the outgoing Security Trustee under this deed and releasing the outgoing Security Trustee from its future obligations under this deed.

### **38.2 No assumption**

It is acknowledged and agreed that by its execution of this deed, the Security Trustee will not assume or have any of the obligations or liabilities of the Seller, the Trust Manager or the Covered Bond Guarantor under this deed. Furthermore, any liberty or power which may be exercised or any determination which may be made under this deed by the Security Trustee may be exercised or made in its absolute discretion without any obligation to give reasons for such determination, but in any event must be exercised or made in accordance with the provisions of the Security Deed.

### **38.3 Knowledge of the Security Trustee**

The Security Trustee will only be considered to have knowledge or notice of or awareness of any matter or thing if:

- (a) subject to (b), the Security Trustee has knowledge, notice or awareness of that matter or thing by virtue of the actual knowledge, notice or awareness of the officers or employees of the Security Trustee who have day to day responsibility for the administration of the Security Trustee's obligations under this deed, the Trust or any other Programme Document; and
- (b) in the case of a Covered Bond Guarantor Event of Default, Issuer Event of Default, Potential Covered Bond Guarantor Event of Default or a Potential Issuer Event of Default, such officer or employee referred to in paragraph (a) has actual knowledge that the event or circumstance constituting the Covered Bond Guarantor Event of Default, Issuer Event of

Default, Potential Covered Bond Guarantor Event of Default or Potential Issuer Event of Default.

## **39. COVERED BOND GUARANTOR**

### **39.1 Capacity of the Covered Bond Guarantor**

It is acknowledged and agreed by all parties to this deed that the Covered Bond Guarantor is entering into this deed and the other Programme Documents solely in its capacity as trustee of the Trust and in no other capacity.

## **40. MISCELLANEOUS**

### **40.1 Certificate**

A certificate signed by the Covered Bond Guarantor or its solicitors about a matter or about a sum payable to the Covered Bond Guarantor in connection with this deed is sufficient evidence of the matter or sum stated in the certificate unless the matter or sum is proved to be false.

### **40.2 Exercise of rights**

The Covered Bond Guarantor or an attorney appointed under this deed may exercise a right, power or remedy at its discretion, and separately or concurrently with another right, power or remedy. In respect of any provision of this deed or any other Programme Document that refers to the Covered Bond Guarantor acting on the instruction or direction of the Trust Manager, the Bond Trustee or any other person, the Covered Bond Guarantor may (but will not be obliged to) do or not do any acts in relation to such matter as it determines in its sole discretion, if:

- (a) the relevant instruction or direction is not received by the Covered Bond Guarantor within any time prescribed by the Programme Documents, or otherwise within a reasonable time (as determined by the Covered Bond Guarantor in its sole discretion, taking into account the nature of the issue being considered and the appropriate amount of time for a decision to be made within); or
- (b) in the case of the matter on which the Covered Bond Guarantor is to act on the instruction or direction of the Trust Manager, a Trust Manager Termination Event has occurred, or, in the reasonable opinion of the Covered Bond Guarantor, will occur.

A single or partial exercise of a right, power or remedy by the person does not prevent a further exercise of that right, power or remedy or an exercise of any other right, power or remedy. Failure by the person to exercise or delay in exercising a right, power or remedy does not prevent its exercise. The person with the right, power or remedy is not liable for any loss caused by its exercise, attempted exercise, failure to exercise or delay in exercising it except in the case of its negligence, fraud or wilful default.

### **40.3 Supervening legislation**

Any present or future legislation which operates to vary the obligations of the Covered Bond Guarantor in connection with this deed with the result that the Covered Bond Guarantor's rights, powers or remedies are adversely affected (including by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.



#### **40.4 Indemnities**

Each indemnity in this deed is a continuing obligation, separate and independent from the other obligations of the Covered Bond Guarantor and the Trust Manager and survives termination of this deed. It is not necessary for the Covered Bond Guarantor or the Trust Manager to incur expense or make payment before enforcing a right of indemnity conferred by this deed.

#### **40.5 Further assurances**

The parties agree that they will co-operate fully to do all such further acts and things and execute any further documents as may be necessary or desirable to give full effect to the arrangements contemplated by this deed.

#### **40.6 No reliance on cashflows**

The Issuer acknowledges that it will not rely on payments made to any party under Clauses 15.4, 16.4 and 17.5 to make payments under any Covered Bonds.

#### **40.7 Prudential Standard APS 121 Covered Bonds**

The Issuer may, in its sole discretion, deem that a default as contemplated by paragraph 30 of the draft Prudential Standard APS 121 Covered Bonds (issued by APRA and dated November 2011 (or any equivalent or replacement provision in the final form of the Prudential Standard APS 121)) has occurred or will occur in respect of itself and the Issuer can stipulate the implications of deeming such a default to have occurred for the purposes of the standard.

### **41. PERSONAL PROPERTY SECURITY**

#### **41.1 Trust Manager undertaking**

- (a) The Trust Manager undertakes to take all reasonable steps under the PPS Law (including giving directions to the Covered Bond Guarantor and the Security Trustee) to ensure that the Security is perfected with the highest ranking priority possible.
- (b) The Trust Manager agrees to take these steps on or before the PPS Law registration commencement time.

#### **41.2 PPS Law review**

The Trust Manager agrees to engage legal counsel to review the Programme Documents to determine if a Programme Document (or a transaction in connection with it including any Mortgage Conditions) is or contains a Security Interest for the purposes of the PPS Law.

The Trust Manager agrees to ensure the advice is obtained within a reasonable period before the PPS Law registration commencement time.

#### **41.3 PPS Law further steps**

If the Trust Manager determines that:

- (a) a Programme Document (or a transaction in connection with it other than any transaction effected under the Mortgage Conditions) is or contains a security interest for the purposes of the PPS Law; and

- (b) failure to perfect that Security Interest may materially adversely affect all or any class of Secured Creditors,

each of the Covered Bond Guarantor, the Security Trustee, the Seller, the Servicer, and the Trust Manager (as applicable) agrees to do anything (such as depositing documents relating to the property secured by the Security Interest, obtaining consents, signing and producing documents, getting documents completed and signed and supplying information) which the Trust Manager asks and considers necessary for the purposes of:

- (i) ensuring that the Security Interest is enforceable, perfected (including, where possible, by control in addition to registration) and otherwise effective; or
- (ii) enabling the relevant secured party to apply for any registration, give any notification, or take any other step, in connection with the Security Interest so that the Security Interest has the highest ranking priority possible; or
- (iii) enabling the relevant secured party to exercise rights in connection with the Security Interest.

In making a determination under this Clause 41.3, the Trust Manager agrees to have regard to any advice obtained by it under Clause 41.2.

The Trust Manager agrees that if it makes the relevant determination under this Clause 41.2, it must make a request promptly and within a reasonable period before the PPS Law registration commencement time.

#### **41.4 Covered Bond Guarantor and Security Trustee obligations**

- (a) Each of the Covered Bond Guarantor and the Security Trustee agrees to comply with any reasonable directions given to it under this Clause 41, on the condition that:
  - (i) the directions contain sufficient detail as to the action required of the Covered Bond Guarantor or Security Trustee (or both of them);
  - (ii) if the directions are not sufficiently detailed to enable the Covered Bond Guarantor or Security Trustee (as applicable) to comply, the Covered Bond Guarantor or Security Trustee (as applicable) is not required to take any action other than to inform the Trust Manager that this is the case and specify the reason the Covered Bond Guarantor or the Security Trustee (as applicable) is unable to comply;
  - (iii) in the absence of any such directions, the Covered Bond Guarantor or Security Trustee (as applicable) is not required to take any action with respect to the PPS Law.
- (b) Neither the Covered Bond Guarantor nor the Security Trustee is responsible or liable to any person for any loss arising in relation to the Trust or the Security Trust in connection with the registration, perfection or priority of the Security or any other Security Interest created under any Programme Document (or any transaction in connection with a Programme Document) under the PPS Law or for, acting in accordance with any directions or requests given to it under this Clause 41 except to the extent that such loss is as a result of:
  - (i) the Covered Bond Guarantor's or Security Trustee's fraud or negligence; or
  - (ii) a breach by the Covered Bond Guarantor or the Security Trustee of its obligations under this Clause 41.

This paragraph does not limit the obligations of the Covered Bond Guarantor and Security Trustee under Clause 41.4(a).

For the avoidance of doubt, this Clause 41.4(b) operates as an exclusion of liability and nothing in Clause 41.4(b)(i) creates a liability of the Covered Bond Guarantor or the Security Trustee to any person to the extent that liability would not otherwise exist under the Programme Documents.

- (c) Neither the Covered Bond Guarantor nor the Security Trustee is required to:
- (i) take any action with respect to the PPS Law, other than in compliance with a direction given under this Clause 41, and subject to this Clause 41;
  - (ii) monitor the PPS Law or the implementation of it; or
  - (iii) make enquiries or satisfy itself that a direction purported to be given under this Clause 41 has been given in accordance with this Clause 41.

#### **41.5 Costs of further steps and undertaking**

Everything the Seller, Trust Manager and Servicer is required to do under this Clause 41 is at its own expense. Each of the Seller, Trust Manager and Servicer agrees to pay or reimburse the reasonable costs of the Secured Creditors in connection with anything the Seller, Trust Manager and Servicer is required to do under this Clause 41.

All costs and expenses (including time in attendance) incurred by the Covered Bond Guarantor and Security Trustee under this Clause 41 are expenses of the Trust.

#### **41.6 No PPSA notice required unless mandatory**

A secured party in respect of a Security Interest referred to in this Clause 41 need not give the relevant grantor any notice under the PPSA (including a notice of a verification statement) unless the notice is required by the PPS Law and cannot be excluded.

### **42. EXECUTION IN COUNTERPARTS AND SEVERABILITY**

#### **42.1 Counterparts**

This deed may be executed in any number of counterparts and by different parties to this deed in separate counterparts, each of which when so executed will be deemed to be an original and all of which when taken together will constitute one and the same instrument.

#### **42.2 Severability**

Where any provision in or obligation under this deed is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this deed, or of such provision or obligation in any other jurisdiction, will not be affected or impaired by such provision or obligation being invalid, illegal or unenforceable.

### **43. GOVERNING LAW AND JURISDICTION**

#### **43.1 Governing law**

This deed is governed by, and will be construed in accordance with, the law applying in the State of New South Wales, Australia.

#### **43.2 Submission to jurisdiction**

Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the State of New South Wales, Australia. Each party waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

#### **43.3 Service**

Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of notices under Clause 35.

## **SCHEDULE 1**

### **REPRESENTATIONS AND WARRANTIES**

The Covered Bond Guarantor makes the following representations to the Trust Manager and the Security Trustee as at the date of this deed:

**1. Status**

- (a) It is validly incorporated and existing under the laws of Australia.
- (b) It has the corporate power to own its assets and to carry on its business as it is now being conducted and the business proposed to be conducted under the Programme Documents.

**2. Powers and authority**

- (a) It has full power and authority to enter into and perform its obligations under each of the Programme Documents to which it is a party.
- (b) It has taken all necessary internal corporate action to authorise the execution, delivery and performance of each of the Programme Documents to which it is a party in accordance with their respective terms and no additional approval or consent of any person is required.

**3. Legal validity**

Each of the Programme Documents to which it is a party constitute legal, valid and binding obligations of it and, subject to any necessary stamping and registration and to doctrines of equity and laws and defences generally affecting creditors' rights, are enforceable in accordance with their respective terms.

**4. Non-conflict**

The execution, delivery and performance by it of each of the Programme Documents to which it is a party does not and will not violate in any respect any material provision of:

- (a) any law, regulation, authorisation, ruling, consent, judgement, order or decree of any Governmental Authority;
- (b) the constitution or other constituent documents of it; or
- (c) any Security Interest or document which is binding upon it or any of its assets,

and does not and will not result in the creation or imposition of any Security Interest (other than any Security Interests which are created under or pursuant to the Programme Documents) or restriction of any nature on any of its assets under the provision of any Security Interest or document which is binding upon it or its assets.

**5. No litigation**

To the best of its knowledge, it is not, in its capacity as trustee of the Trust, a party to any material litigation, arbitration or administrative proceedings and, to its knowledge, no material litigation, arbitration or administrative proceedings are pending or threatened against it.

**6. Consents and licences**

It has obtained all governmental and regulatory consents, licences and other approvals and authorisations necessary for it to enter into, and perform its obligations under, the Programme Documents and such governmental and regulatory consents, licences and other approvals and authorisations remain in full force and effect.

**7. Solvency**

No Insolvency Event has occurred in respect of the Covered Bond Guarantor in its personal capacity.

**8. Trust**

Upon settlement of the Settlement Amount:

- (a) the Trust will be validly created;
- (b) the Covered Bond Guarantor will be validly appointed as trustee of the Trust; and
- (c) the Covered Bond Guarantor will be the sole trustee of the Trust.

**9. No removal**

- (a) As far as it is aware, there are no proceedings to remove it as trustee of the Trust.
- (b) The vesting date has not occurred in respect of the Trust.

**10. Indemnity**

To the best of its knowledge:

- (a) it has not taken any action (except as expressly provided in the Programme Documents) which will limit its right of indemnity out of, and lien over, the assets of the Trust in any way; and
- (b) it has no liability which may be set-off against that right of indemnity.

## SIGNATORIES

**EXECUTED as a deed.**

### **Covered Bond Guarantor**

**EXECUTED** for and on behalf of **PERPETUAL  
CORPORATE TRUST LIMITED ABN 99 000  
341 533** by its Attorney

Anthony Michael Tesvic

(Sgd A Tesvic)  
Signature of Attorney

under a Power of Attorney dated 10 November 2011  
and the Attorneys declare that the Attorneys have  
not received any notice of the revocation of such  
Power of Attorney, in the presence of:

(Sgd K Rajan)  
Signature of Witness

Keshini Rajan  
Name of Witness in full

### **Issuer, nab, Seller, Servicer and Trust Manager**

**EXECUTED** for and on behalf of **NATIONAL  
AUSTRALIA BANK LIMITED ABN 12 004 044  
937** by its Attorney  
Michael White

under a Power of Attorney dated 9 November 2011  
and the Attorney declares that the Attorney has not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:

(Sgd D Bell)  
Signature of Witness in full

(Sgd M White)  
Signature of Attorney

Darren Bell  
Name of Witness in full

**SCHEDULE 2**  
**CONFORMED DEFINITIONS SCHEDULE**



**CONFORMED DOCUMENT AS AMENDED BY**  
**THE NAB COVERED BOND TRUST**  
**DEED OF AMENDMENT DATED**  
**15 NOVEMBER 2011**

**~~EXECUTION VERSION~~**

## **NAB COVERED BOND TRUST DEFINITIONS SCHEDULE**

**NATIONAL AUSTRALIA BANK LIMITED**  
**Issuer, Seller, Servicer, Trust Manager, Account Bank**  
**Intercompany Note Subscriber, Demand Note Subscriber, Swap**  
**Provider and beneficiary of the Seller Trust**

**PERPETUAL CORPORATE TRUST LIMITED**  
**Covered Bond Guarantor and Seller Trustee**

**and**

**P.T. LIMITED**  
**Security Trustee**

**ALLEN & OVERY**

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**AGREEMENT** dated 10 November 2011

**BETWEEN:**

- (1) **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937**, in its capacities as Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber, Swap Provider and beneficiary of the Seller Trust, having its registered office at 800 Bourke Street, Docklands, Victoria 3008, Australia (**Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber and Swap Provider**);
- (2) **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533**, in its capacities as Covered Bond Guarantor and Seller Trustee, having its registered office at Level 12, 123 Pitt Street, Sydney, NSW 2000, Australia (**Covered Bond Guarantor and Seller Trustee**); and
- (3) **P.T. LIMITED ABN 67 004 454 666**, in its capacity as Security Trustee, having its registered office at Level 12, 123 Pitt Street, Sydney, NSW 2000, Australia (**Security Trustee**).

**IT IS AGREED:**

**1. DEFINITIONS**

Words and expressions used in any document which incorporates this Definitions Schedule and/or expressions defined in it have the same meanings as are set out in this Definitions Schedule except so far as the context requires otherwise.

**A\$ Record Date** has the meaning given to it in Condition 5(d).

**A\$ Register** means the register of holders of the A\$ Registered Covered Bonds maintained by the A\$ Registrar.

**A\$ Registered Covered Bonds** means covered bonds denominated in A\$ issued in registered form by entry in the Register maintained by the A\$ Registrar.

**A\$ Registrar** means Austraclear Services Limited ABN 28 003 284 419 or any other person appointed by the Issuer 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.

**A\$ Registry Agreement** means The ASX Austraclear Registry and IPA Services Agreement entered into on or about the date of this deed, between the Issuer, the A\$ Registrar, the Covered Bond Guarantor and the Bond Trustee.

**Account Bank** means nab 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.

**Account Bank Agreement** means the account bank agreement entered into on or about the date of this deed between the Covered Bond Guarantor, the Seller Trustee, the Trust Manager, the Account Bank and the Security Trustee.

**Account Bank Mandates** has the meaning given to it in clause 2.1 of the Account Bank Agreement.

**Accrued Interest** means in respect of a Mortgage Loan in the Mortgage Loan Portfolio as at any date, the aggregate of all interest accrued but not yet due and payable on the Mortgage Loan from

(and including) the Mortgage Loan Scheduled Payment Date immediately preceding the relevant date to (but excluding) the relevant date.

**Accrued Interest Adjustment** means, with respect to a Mortgage Loan, the Accrued Interest in respect of that Mortgage Loan, as calculated by the Servicer, for the period up to (but not including) the relevant Transfer Date.

**Acquisition Demand Note Funding** has the meaning given to it in clause 5.1 of the Demand Note Subscription Agreement.

**Additional Business Centre** means, in relation to a Series of Covered Bonds, the Additional Business Centre as specified in the Applicable Final Terms.

**Additional Mortgage Loan** has the meaning given to it in clause 12.7 of the Establishment Deed.

**Adjusted Aggregate Mortgage Loan Amount** has the meaning given to it in clause 12.1(c) of the Establishment Deed.

**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 Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); plus or minus;
- (c) the Australian Dollar Equivalent of any swap termination amounts payable to or by the Covered Bond Guarantor under any Interest Rate Swap.

**Agency Agreements** means the Principal Agency Agreement and the A\$ Registry Agreement, and each an **Agency Agreement**.

**Agents** means the Paying Agents, each Exchange Agent, each Registrar and each Transfer Agent and the A\$ Registrar, and each an **Agent**.

**All Moneys Mortgage** means a Mortgage that secures or purports to secure the repayment of Associated Debt as well as a Mortgage Loan.

**Amortisation Test** has the meaning given to it in clause 13.1 of the Establishment Deed.

**Amortisation Test Aggregate Mortgage Loan Amount** has the meaning given to it in clause 13.2 of the Establishment Deed.

**Amortisation Test Current Principal Balance** has the meaning given to it in clause 13.2 of the Establishment Deed.

**Annual Accounting Date** means in respect of the Trust, 30 September in each year or such other date as the Covered Bond Guarantor (acting on the directions of the Trust Manager) may determine.

**Applicable Final Terms** means, in relation to a Series or Tranche of Covered Bonds, the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Covered Bonds comprising that Series or Tranche.

**Appointee** 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.

**APRA** means the Australian Prudential Regulation Authority.

**Arrears of Interest** means, as at any date in respect of any Mortgage Loan in the Mortgage Loan Portfolio, interest (other than interest that is capitalised as Capitalised Arrears or interest that is Accrued Interest) on that Mortgage Loan which is currently due and payable and unpaid on that date.

**ASIC** means the Australian Securities and Investments Commission.

**Asset Coverage Reports** means the monthly reports in a form agreed from time to time between the parties to the Management Agreement, and each an **Asset Coverage Report**.

**Asset Coverage Test** has the meaning given to it in clause 12.1(a) of the Establishment Deed.

**Asset Coverage Test Breach Notice** means the notice required to be served by the Bond Trustee on the Covered Bond Guarantor pursuant to clause 12.2(b) of the Establishment Deed indicating that the Asset Coverage Test has not been satisfied on two consecutive Calculation Dates.

**Asset Coverage Test Demand Note Funding** has the meaning given to it in clause 5.2 of the Demand Note Subscription Agreement.

**Asset Percentage** has the meaning given to it in clause 12.3 of the Establishment Deed.

**Asset Percentage Adjusted Mortgage Loan Balance Amount** has the meaning given to in it clause 12.1(c) of the Establishment Deed.

**Asset Pool** means the pool of assets owned at any time by the Covered Bond Guarantor which back the payment of claims attached to the Covered Bonds and may comprise the following items:

- (a) the Mortgage Loan Portfolio held by the Covered Bond Guarantor;
- (b) Authorised Investments;
- (c) Substitution Assets;
- (d) the rights of the Covered Bond Guarantor in the Programme Documents and the Trust Accounts;
- (e) the benefit of all representations, warranties, undertakings, covenants, indemnities and promises made by any party in favour of the Covered Bond Guarantor under the Programme Documents; and
- (f) amounts derived or accrued from any of the assets referred to in the preceding paragraphs of this definition.

**Associated Debt** means the indebtedness which a Borrower owes or may owe to the Seller from time to time which is not a Mortgage Loan in the Mortgage Loan Portfolio.

**Attorney** means any attorney appointed under the Security Deed.

**AU Business Day** means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney and Melbourne and on which the Austraclear System is operating.

**Auditors** means the auditors for the time being of the Issuer or, as the case may be, the Trust (or any replacement auditor of the Trust appointed in accordance with clause 31 of the Establishment Deed), and each an **Auditor**.

**Austraclear** means Austraclear Ltd ABN 94 002 060 773.

**Austraclear Regulations** means the regulations established by Austraclear to govern the use of the Austraclear System.

**Austraclear System** means the clearance and settlement system operated by Austraclear.

**Australian Banking Act** means the Banking Act 1959 (Cth).

**Australian Bureau of Statistics Index** means the quarterly index of increases or decreases in established house prices (determined on the basis of the weighted average of house prices in 8 capital cities), issued by the Australian Bureau of Statistics, Australia's official statistical organisation, in relation to established house prices in Australia or, if this index is unavailable, a suitably widely recognised property price index selected by the Trust Manager (in its sole discretion).

**Australian Bureau of Statistics Indexed Valuation** means in relation to any Property at any date the Latest Valuation of that 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.

**Australian Dollar Equivalent** means in relation to an amount which is denominated in:

- (a) a currency other than Australian Dollars, the Australian Dollar equivalent of such amount ascertained using the relevant Covered Bond Swap Rate; and
- (b) Australian Dollars, the applicable amount in Australian Dollars.

**Australian Dollar Transaction Account** means the Australian Dollar account designated as the Transaction 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 Security Deed.

**Australian Dollar Transaction Account Mandate** means the resolutions, instructions and signature authorities relating to the Australian Dollar Transaction substantially in the form set out in schedule 1 to the Account Bank Agreement.

**Authorised Deposit Taking Institution** means an authorised deposit-taking institution as defined in the Australian Banking Act.

**Authorised Investments** means Australian Dollar demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) (which may include deposits into any account which earns a rate of interest related to the Bank Bill Rate) provided that in all cases such investments have a maturity date of 30 days or less and mature on or before the next following Trust Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of

the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an Authorised Deposit Taking Institution) are rated at least equal to "P-1" by Moody's and "F1" by Fitch (or if Fitch has placed the Issuer on ratings watch negative at the relevant time, F1+ by Fitch) or which are otherwise acceptable to the Rating Agencies (if they are notified in advance) to maintain the then current rating of the Covered Bonds.

**Authorised Signatory** in relation to a Transaction Party, means an officer of the Transaction Party, or such other person appointed by the Transaction Party to act as its authorised signatory and notified to the other Transaction Parties.

**Available Principal Receipts** means on a Calculation Date, an amount equal to the aggregate of (without double counting):

- (a) the amount of Mortgage Loan Principal Receipts received during the immediately preceding Calculation Period and credited to the Principal Ledger;
- (b) any other amount standing to the credit of the Principal Ledger including:
  - (i) the proceeds of issue of, or increase in the principal amount outstanding of, the Demand Note (where such proceeds have not been applied to acquire New Mortgage Loan Portfolios or to invest in Substitution Assets or Authorised Investments); and
  - (ii) the proceeds from any sale of Selected Mortgage Loans pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement but excluding any amount of principal received under the Swap Agreements which is otherwise applied by the Covered Bond Guarantor in accordance with the Establishment Deed; and
  - (iii) any Excess Proceeds; and
- (c) 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 clause 14.11 of the Establishment Deed);

*excluding*

- (d) any Swap Collateral Excluded Amounts which will be applied in accordance with the terms of the relevant Swap Agreements and
- (e) all amounts applied towards the acquisition of any New Mortgage Loan Portfolio during the immediately preceding Calculation Period.

**Available Revenue Receipts** means on a relevant Calculation Date, an amount equal to the aggregate of:

- (a) the amount of Mortgage Loan Revenue Receipts received during the immediately preceding Calculation Period and credited to the Revenue Ledger;
- (b) other net income of the Covered Bond Guarantor received during the immediately preceding Calculation Period, including all amounts of interest received on the Trust Accounts, the Substitution Assets and Authorised Investments, the amount paid to the Covered Bond Guarantor under clause 5.3 of the Servicing Agreement, the amount equal to Unpaid Interest paid to the Covered Bond Guarantor under clause 7.6 of the Mortgage Sale Agreement, the proceeds from any sale of Mortgage Loans (including, but not limited to, Selected Mortgage Loans) pursuant to the terms of the Establishment Deed and the Mortgage Sale Agreement

to the extent that such proceeds comprise Accrued Interest and Arrears of Interest or other interest amounts and any Interest Rate Shortfall Demand Note Funding received by the Covered Bond Guarantor which has been deposited into the GIC Account in accordance with clause 5.4(b) of the Demand Note Subscription Agreement but excluding, subject to clauses 18 and 19 of the Establishment Deed, amounts received by the Covered Bond Guarantor under the Covered Bond Swap Agreements;

- (c) 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;
- (d) 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;
- (e) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement for the relevant terminated Swap;
- (f) any premium received from a replacement Swap Provider in respect of a replacement Swap; and
- (g) any other revenue receipts not referred to in paragraphs (a) to (f) (inclusive) above received during previous Calculation Periods and standing to the credit of the Revenue Ledger,

*excluding*

- (h) Third Party Amounts, which will be paid on receipt in cleared funds to the Seller; and
- (i) any Swap Collateral Excluded Amounts which will be applied in accordance with the terms of the relevant Swap Agreements.

**Bank Bill Rate** means in relation to any period:

- (a) the bid settlement rate (rounded, if necessary, to the nearest four decimals) as displayed at or about 10.10 a.m. on the first day of that period on the Reuters Monitor Screen BBSW Page (or its successor page) for Australian Dollar denominated bank-accepted bills of exchange having a term approximately equal to that period; or
- (b) if there is no such rate displayed for bank bills of exchange having a term approximately equal to that period, then the average of the rates quoted by the Reference Banks as being their respective buy rates for such bank-accepted bills of exchange at or about that time on that date; or
- (c) if the rate cannot be determined pursuant to paragraph (a) or (b) above, the rate per annum reasonably determined by the Trust Manager (other than for the purpose of the Account Bank Agreement, in which case such determination is to be made by the Account Bank).

**Base Prospectus** means the prospectus dated on or about the Programme Date in relation to the Programme.

**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 Mortgage Loan Portfolio that do not bear interest at a fixed rate and the Interest Rate Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.



**Bearer Covered Bonds** means Covered Bonds in bearer form.

**Bearer Definitive Covered Bonds** has the meaning given to it in the Conditions.

**Bearer Global Covered Bonds** 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.

**Block Voting Instruction** has the meaning given to such term in schedule 4 to the Bond Trust Deed.

**Bond Trust Deed** means the trust deed entered into on or about the date of this deed, 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.

**Bond Trustee** means Deutsche Trustee Company Limited, in its capacity as bond trustee under the Bond Trust Deed together with any additional or replacement bond trustee appointed from time to time in accordance with the terms of the Bond Trust Deed.

**Borrower** means in relation to a Mortgage Loan, the person or persons specified as such in the relevant Mortgage together with the person or persons (if any) from time to time assuming an obligation to repay such Mortgage Loan or any part of it.

**Buildings Policies** means all buildings insurance policies relating to Properties which have been taken out in the name of the relevant Borrower or in the name of the Borrower and the Seller or in the name of the Borrower with the interest of the Seller noted, in accordance with the applicable Mortgage Conditions.

**Business Day** means any day (other than a Saturday, Sunday or public holiday) which is:

- (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, Melbourne and any Additional Business Centre specified in the Applicable Final Terms; and
- (b) in the case of any sum payable, either:
  - (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, Melbourne and any Additional Business Centre specified in the Applicable Final Terms); or
  - (ii) 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 payment system (the **TARGET2**) is open.

**Calculation Agency Agreement** means the agreement in substantially the form set out in schedule 1 of the Principal Agency Agreement.

**Calculation Agent** means in relation to all or any Series of the Covered Bonds, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer and the Covered Bond Guarantor pursuant to the relevant Agency Agreement or such other person specified in the Applicable Final Terms or, if applicable, any successor or separately appointed calculation agent in relation to all or any Series of the Covered Bonds.

**Calculation Date** means the date which is 5 AU Business Days prior to a Trust Payment Date.

**Calculation Management Services** has the meaning given to it in clause 3.1 of the Management Agreement.

**Calculation Period** means the period from (and including) the first day of the calendar month immediately preceding the relevant Calculation Date (or the First Transfer Date in the case of the first Calculation Period) up to (and including) the last day of the calendar month immediately preceding the next Calculation Date.

**Capitalised Arrears** means for any Mortgage Loan in the Mortgage Loan Portfolio at any date, interest or other amounts which are overdue in respect of that Mortgage Loan and which as at that date have been added to the Current Principal Balance of that Mortgage Loan in accordance with the Mortgage Conditions or interest that is capitalised by agreement from time to time with the relevant Borrower (excluding for the avoidance of doubt any Arrears of Interest which have not been so capitalised on that date).

**Capitalised Expenses** means for any Mortgage Loan in the Mortgage Loan Portfolio at any date, fees and expenses in respect of that Mortgage Loan and which as at that date have been added to the Current Principal Balance of that Mortgage Loan in accordance with the Mortgage Conditions or fees and expenses that are capitalised by agreement from time to time with the relevant Borrower.

**Cash Redraws** means, in respect of a Mortgage Loan in the Mortgage Loan Portfolio, a re-advance by the Seller of some or all of the Overpayments that the Borrower has made under the Mortgage Loan, and each a **Cash Redraw**.

**Charged Property** means the assets of the Trust held by the Covered Bond Guarantor from time to time.

**Clearstream, Luxembourg** has the meaning given to it in Condition 1.

**Co-Arranger** has the meaning given to it in clause 1.1 of the Programme Agreement.

**Companies Act** means the Companies Act 2006 (UK) and any regulations made pursuant to the relevant Act).

**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.

**Conditions** means the terms and conditions of the Covered Bonds.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Couponholders** has the meaning given to it in the Conditions.

**Coupons** has the meaning given to it in the Conditions.

**Cover Pool Monitor** means Ernst & Young whose office is at ~~8 Exhibition Street, Melbourne VIC 3000, Australia Level 33, Ernst & Young Centre, World Square 680 George Street, Sydney Australia~~ or any successor or replacement cover pool monitor appointed from time to time in accordance with the terms of the Cover Pool Monitor Agreement.

**Cover Pool Monitor Agreement** means the cover pool monitor agreement entered into on or about the date of this deed, between the Cover Pool Monitor, the Covered Bond Guarantor, the Trust Manager, the Issuer, the Seller, the Bond Trustee and the Security Trustee.

**Cover Pool Monitor Fee** has the meaning given to it in clause 6.1 of the Cover Pool Monitor Agreement.

**Cover Pool Monitor Report** 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, the form of which is set out in Schedule 2 of the Cover Pool Monitor Agreement.

**Covered Bond Guarantee** means the unconditional and irrevocable guarantee by the Covered Bond Guarantor under clause 7.2 of the Bond Trust Deed for the payment of an amount equal to the Guaranteed Amounts in respect of the Covered Bonds.

**Covered Bond Guarantee Acceleration Notice** 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.

**Covered Bond Guarantor** means Perpetual Corporate Trust Limited ABN 99 000 341 533, solely in its capacity as trustee of the Trust.

**Covered Bond Guarantor Event of Default** has the meaning given to it in Condition 9(b).

**Covered Bondholders** means the holders of the Covered Bonds from time to time.

**Covered Bonds** 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 **Covered Bond**.

**Covered Bond Swap** means each currency and/or basis swap 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.

**Covered Bond Swap Agreement** means a Covered Bond Swap Master Agreement, together with ~~the one or more~~ confirmations thereunder, each evidencing ~~the relevant~~ Covered Bond Swap.

**Covered Bond Swap Master Agreement** means a Swap Master Agreement entered into between the Covered Bond Guarantor, the Trust Manager, the Security Trustee and a Covered Bond Swap Provider, relating to ~~a one or more~~ Covered Bond Swaps.

**Covered Bond Swap Provider** means, in relation to a Covered Bond Swap, the party appointed as covered bond swap provider from time to time under such Covered Bond Swaps together with any transferee or successor thereto.

**Covered Bond Swap Rate** means in relation to a Covered Bond or a Series or Tranche of Covered Bonds, the exchange rate specified as being the "Swap Rate" 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.

**Current Principal Balance** means in relation to any Mortgage Loan in the Mortgage Loan Portfolio as at any given date, the principal balance of that Mortgage Loan to which the Seller applies the relevant interest rate to and at which interest on that Mortgage Loan accrues interest, and is the aggregate (but avoiding double counting) of:

- (a) the original principal amount advanced to the relevant Borrower and any further amount advanced on or before any given date to the relevant Borrower under that Mortgage Loan secured or intended to be secured by the Related Security; and
- (b) the amount of any Cash Redraws and Further Advances secured or purported to be secured by the Related Security; and
- (c) any Capitalised Arrears or Capitalised Expenses,

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.

**Dealer** and **Dealers** have the meanings given to them in the Programme Agreement.

**Deed of Accession** 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 of the Security Deed.

**Defaulted Mortgage Loan** means any Mortgage Loan in the Mortgage Loan Portfolio 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 Mortgage Conditions.

**Definitions Schedule** means this definitions schedule.

**Definitive Covered Bond** means a Bearer Definitive Covered Bond and/or, as the context may require, a Registered Definitive Covered Bond.

**Demand Note** means the note issued or to be issued by the Covered Bond Guarantor to the Demand Note Subscriber pursuant to the Demand Note Subscription Agreement.

**Demand Note Facility** has the meaning given to it in clause 2.1 of the Demand Note Subscription Agreement.

**Demand Noteholder** means at any given time the person then appearing in the Instrument Register as the holder of the Demand Note.

**Demand Note Funding Date** means, in relation to a Demand Note, the date specified in the Demand Note Funding Request.

**Demand Note Funding Request** means a request substantially in the form of schedule 2 to the Demand Note Subscription Agreement.

**Demand Note Interest Period** means a period determined in accordance with clause 9.1 of the Demand Note Subscription Agreement.

**Demand Note Subscriber** means nab.

**Demand Note Subscription Agreement** means the demand note subscription agreement entered into on or about the date of this Deed between the Covered Bond Guarantor, the Trust Manager, the Demand Note Subscriber, the Seller and the Security Trustee.

**Designated Account** has the meaning given to it in Condition 5(d).

**Designated Bank** has the meaning given to it in Condition 5(d).

**Determination Period** has the meaning given to it in Condition 4(a).

**Disclosure Documents** has the meaning given to it in the Programme Agreement.

**Distribution Compliance Period** has the meaning given to it in Condition 2(i);

**DTC** has the meaning given to it in Condition 1.

**Due for Payment** means the requirement by the Covered Bond Guarantor to pay any Guaranteed Amount following the delivery of a Notice to Pay on the Covered Bond Guarantor:

- (a) prior to the occurrence of a Covered Bond Guarantor Event of Default and the service of a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor, on the later of:
  - (i) the date of the Original Due for Payment Date; and
  - (ii) in relation to any Guaranteed Amounts in respect of the Final Redemption Amount payable on the Final Maturity Date for a Series of Covered Bonds only, the Extended Due for Payment Date, but only:
    - (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
    - (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:
      - (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
      - (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;

- (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** in relation to a Series of Covered Bonds, means the early redemption amount determined in accordance with Condition 6(f).

**Early Repayment Charges** means any charge or fee which a Borrower is required to pay in accordance with the Mortgage Conditions applicable to a Mortgage Loan in the event that the Borrower repays all or part of the relevant Mortgage Loan before a specified date.

**Established Rate** has the meaning given to it in Condition 5(j).

**Establishment Deed** means the trust deed entered into on or about the date of this Deed, between the Covered Bond Guarantor, the Issuer, the Trust Manager, the Seller and the Servicer.

**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 state of European economic and monetary union pursuant to the Treaty.

**Eurobond Basis** has the meaning given to it in Condition 4(b).

**Euroclear** has the meaning given to it in Condition 1.

**Euro Equivalent** means in relation to an amount which is denominated in a currency other than Euro, the euro equivalent of such amount ascertained using the relevant Covered Bond Swap Rate.

**Excess Proceeds** 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.

**Exchange Agent** means Deutsche Trustee Company Limited, or any other person from time to time appointed to perform the role of exchange agent under the Principal Agency Agreement.

**Exchange Date** means on or after the date which is 40 days after a Temporary Bearer Global Covered Bond is issued.

**Exchange Notice** has the meaning given to it in Condition 5(i).

**Excluded Scheduled Interest Amounts** and **Excluded Scheduled Principal Amounts** have the meanings given to them in the definitions of **Scheduled Interest** and **Scheduled Principal** respectively in this Definitions Schedule.

**Excluded Swap Termination Amount** means in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable:

- (a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider and such Swap Agreement; or
- (b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider and such Swap Agreement.

**Existing Covered Bonds** means, at any time, the Covered Bonds of all Series outstanding at such time.

**Extended Due for Payment Date** has the meaning given to it in Condition 6(a).

**Extension Determination Date** has the meaning given to it in Condition 6(a).

**Extinguishment Amount** means, in respect of a Mortgage Loan the subject of a Mortgage Loan Extinguishment Notice:

- (a) the Current Principal Balance of the Mortgage Loan together with all Accrued Interest and Arrears of Interest under the Mortgage Conditions relating to the Mortgage Loan as at the Extinguishment Date, provided that in relation to a Mortgage Loan the subject of a Mortgage Loan Extinguishment Notice as a result of a Product Switch of such Mortgage Loan enabling the Borrower to "offset" mortgage payments against other amounts on deposit with the Seller all Accrued Interest and Arrears of Interest of such Mortgage Loan must be calculated on the basis that no offset occurred for so long as the Mortgage Loan was in the Mortgage Loan Portfolio; or
- (b) in the case of a Mortgage Loan that is a Selected Mortgage Loan, an amount not less than the amount required by clause 21.3 of the Establishment Deed.

**Extinguishment Date** means each date specified as such in a Mortgage Loan Extinguishment Notice and on which the Seller pays the relevant Extinguishment Amount.

**Extinguished Mortgage Loan Rights** has the meaning given in clause 15.1 of the Mortgage Sale Agreement

**Extraordinary Resolution** has the meaning given to it in schedule 4 of the Bond Trust Deed.

**Final Maturity Date** 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.

**Final Redemption Amount** means, in relation to a Series of Covered Bonds, the meaning given in the Applicable Final Terms.

**Final Terms** means the final terms prepared in relation to each Series or Tranche of Covered Bonds (substantially in the form of schedule 5 to the Bond Trust Deed).

**Fiscal Period** means a period beginning on 1 October in each year and ending on and including the next following Annual Accounting Date, except for the first Fiscal Period which is the period beginning on the date upon which the Trust is established and ending on the Annual Accounting Date falling on 30 September 2012.

**Fitch** means Fitch Australia Pty Ltd. and includes any successor to its ratings business.

**Fitch Specified Rating** means a credit rating of short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least F1+ by Fitch.

**Fixed Coupon Amount** has the meaning given to it in Condition 4(a).

**Fixed Interest Period** has the meaning given to it in Condition 4(a).

**Fixed Rate Mortgage Loans** 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.

**Fixed Rate Swap** 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 to the Interest Rate Swap Provider an amount in respect of Fixed Rate Mortgage Loans forming part of the Mortgage Loan Portfolio and the Interest Rate Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.

**Floating Rate Convention** has the meaning given to it in Condition 4(b).

**Following Business Day Convention** has the meaning given to it in Condition 4(b).

**Further Advances** means in relation to a Mortgage Loan in the Mortgage Loan Portfolio, any advances of further money to the relevant Borrower following the making of the initial advance of moneys in respect of such Mortgage Loan (**Initial Advance**) which is secured by the same Mortgage as the Initial Advance but does not include any Cash Redraw, and each a **Further Advance**.

**GIC Account** means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the Security Deed 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 and the Security Deed.

**GIC Account Mandate** means the resolutions, instructions and signature authorities relating to the GIC Account substantially in the form set out in schedule 1 to the Account Bank Agreement.

**GIC Balance** has the meaning given to it in clause 14.1 of the Account Bank Agreement.

**GIC Rate** has the meaning given to it in clause 14.1 of the Account Bank Agreement.

**Global Covered Bond** has the meaning given to it in the Conditions.

**Governmental Authority** means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in any relevant jurisdiction.

**Group Tax Liability** in relation to a Tax Consolidated Group means the tax-related liability of the head company of that Tax Consolidated Group (as defined in section 721-10 (as replaced or amended) of the Tax Act).

**GST** has the meaning given to it in A New Tax System (Goods and Services Tax) Act 1999 (Cth).

**Guarantee Priority of Payments** has the meaning given to it in clause 17.5 of the Establishment Deed.

**Guaranteed Amounts** means (a) prior to the service of a Covered Bond Guarantee Acceleration Notice, with respect to any Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, the sum of Scheduled Interest and Scheduled Principal, in each case, payable on that Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, or (b) after service of a Covered Bond Guarantee Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the Conditions plus all accrued and unpaid interest and at other



amounts due and payable in respect of the Covered Bonds, including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the Covered Bond Guarantor under the Bond Trust Deed.

**Hard Bullet Covered Bonds** means a Series of Covered Bonds which is scheduled to be redeemed in full on the Final Maturity Date for such Covered Bonds and without any provision for scheduled redemption other than on the Final Maturity Date.

**Higher Redemption Amount** means the amount (if any) specified in the Applicable Final Terms.

**In Specie Failure** 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 Security to the Demand Noteholder as an in specie distribution in satisfaction of the Demand Note.

**In Specie Mortgage Loans** means any Mortgage Loans (together with the Related Securities in relation to such Mortgage Loans) identified by the Trust Manager for the purposes of an in specie distribution to the Demand Noteholder in accordance with the applicable Priorities of Payments.

**Increase** means the funding of an increase in the principal amount outstanding of the Demand Note previously issued to the Demand Note Subscriber.

**Indexed Valuation** means at any date in relation to any Mortgage Loan secured over any Property:

- (a) where the Latest Valuation of that 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
- (b) where the Latest Valuation of that Property is less than the Australian Bureau of Statistics Indexed Valuation as at that date, the Latest Valuation plus 85% of the difference between the Latest Valuation and the Australian Bureau of Statistics Indexed Valuation.

**Initial Advance** has the meaning given to it in the definition of **Further Advance** in this Definitions Schedule.

**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;
  - (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; or
- (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) (inclusive) or having substantially similar effect, occurs with respect to the Relevant Entity;
- (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);
  - (vii) anything analogous or having a substantially similar effect to any of the events specified above happens under the laws of any applicable jurisdiction.

**Instructing Party** means:

- (a) at any time prior to the service of a Notice to Pay on the Covered Bond Guarantor:
  - (i) if the Trust Manager has notified the Covered Bond Guarantor that it will be the Instructing Party for the purposes of the Account Bank and for so long as the Trust Manager's authority has not been revoked by the Covered Bond Guarantor in accordance with clause 6.4 of the Account Bank Agreement, the Trust Manager; or
  - (ii) otherwise, the Covered Bond Guarantor (acting at the direction of the Trust Manager); or
- (b) at any time upon or following the service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor (acting at the direction of the Trust Manager).

**Instrument Holder** means a Unitholder, Intercompany Noteholder and Demand Noteholder.

**Instrument Register** means the register of Instrument Holders in the Trust established and maintained in accordance with clause 8 of the Establishment Deed.

**Instruments** means the Units, Intercompany Notes and Demand Notes.

**Insurance Policies** means:

- (a) the Buildings Policies; and
- (b) the Lender's Mortgage Insurance Policies,

and each an **Insurance Policy**.

**Intercompany Note** 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.

**Intercompany Note Facility** has the meaning given to it in clause 2.1 of the Intercompany Note Subscription Agreement.

**Intercompany Noteholder** means at any given time the person then appearing in the Instrument Register as the holder of an Intercompany Note.

**Intercompany Note Interest Payment Date** means, unless otherwise specified in the relevant Intercompany Note Notice, each date on which interest is payable on the relevant Covered Bonds to which the Intercompany Note is referable.

**Intercompany Note Interest Period** means a period determined in accordance with clause 7.1 of the Intercompany Note Subscription Agreement.

**Intercompany Note Issue Date** 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.

**Intercompany Note Notice** means an intercompany note notice substantially in the form of schedule 2 to the Intercompany Note Subscription Agreement.

**Intercompany Note Subscriber** means nab.

**Intercompany Note Subscription Agreement** means the intercompany note subscription agreement dated on or about the date of this deed, between the Intercompany Note Subscriber, the Covered Bond Guarantor, the Trust Manager, the Seller and the Security Trustee.

**Intercompany Note Subscription Request** means a request substantially in the form of schedule 3 to the Intercompany Note Subscription Agreement.

**Interest Amount** has the meaning given to it in Condition 4(b)(iv).

**Interest Commencement Date** has the meaning given to it in Condition 4(a).

**Interest Payment Date** has the meaning given to it in Condition 4(b).

**Interest Period** has the meaning given to it in Condition 4(b)(i).

**Interest Rate Shortfall** has the meaning given to it in clause 4.1 of the Servicing Agreement.

**Interest Rate Shortfall Demand Note Funding** has the meaning given to it in clause 5.4 of the Demand Note Subscription Agreement.

**Interest Rate Shortfall Test** has the meaning given to it in clause 4.1 of the Servicing Agreement.

**Interest Rate Swap Agreement** means the Interest Rate Swap Master Agreement, together with the confirmations thereunder evidencing the Interest Rate Swaps.

**Interest Rate Swap Master Agreement** means a Swap Master Agreement entered into on or about the date of this deed between the Covered Bond Guarantor, the Trust Manager and the Interest Rate Swap Provider, relating to the Interest Rate Swaps.

**Interest Rate Swap Provider** means nab or such other party so appointed in its capacity as interest rate swap provider under the Interest Rate Swap Agreement together with any transferee or successor thereto.

**Interest Rate Swap** means the Basis Swap and/or the Fixed Rate Swap.

**Intra-period Calculation Date** has the meaning given to it in clause 12.1(b) of the Establishment Deed.

**ISDA** means the International Swaps and Derivatives Association, Inc.

**ISDA 1995 Credit Support Annex** means the ISDA 1995 credit support annex (Bilateral Form - Transfer) as published by ISDA.

**ISDA Master Agreement** means the 2002 ISDA master agreement, as published by ISDA.

**ISDA Rate** has the meaning given to it in Condition 4(b)(ii)(A).

**Issue Date** means a date on which the Issuer issues Covered Bonds under the Programme.

**Issue Price** means, in relation to a Series or Tranche (as applicable) of Covered Bonds, the price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which the Covered Bonds will be issued and which is specified in the Applicable Final Terms.

**Issuer** means nab.

**Issuer Acceleration Notice** has the meaning given to it in Condition 9(a).

**Issuer Event of Default** has the meaning given to it in Condition 9(a).

**Land** means

- (a) land (including tenements and hereditaments corporeal and incorporeal and every estate and interest in it whether vested or contingent, freehold or Crown leasehold, the term of which lease is expressed to expire not earlier than 5 years after the maturity of the relevant Mortgage, and whether at law or in equity) situated in Australia and including any fixtures to land; and
- (b) any parcel and any lot, common property and land comprising a parcel within the meaning of the Strata Schemes (Freehold Development) Act 1973 (New South Wales) or the Community Land Development Act 1989 (New South Wales) or any equivalent legislation in any other Australian jurisdiction.

**Land Title Act** means the Land Title Act 1994 (Qld).

**Latest Valuation** means, in relation to a Property, the value:

- (a) given to the Property by the most recent valuation report held by the Seller; or
- (b) in the absence of such a valuation report, the value of the Property most recently determined by the Seller or the Servicer in accordance with its credit policies.

**Lead Manager** has the meaning given to it in the Programme Agreement.

**Ledgers** means each of the following ledgers established and maintained by the Covered Bond Guarantor or the Trust Manager on its behalf:

- (a) the Principal Ledger;
- (b) the Revenue Ledger;
- (c) the Pre-Maturity Ledger; and
- (d) the Reserve Ledger.

**Legended Covered Bonds** means the Registered Covered Bonds (whether in definitive form or represented by a Registered Global Covered Bonds) sold in private transactions to QIBs in accordance with the requirements of Rule 144A.

**Lender's Mortgage Insurance Policies** means all insurance policies in favour of the Seller in respect of a Mortgage Loan to protect (subject to certain applicable exclusions) the Seller against any shortfall between the net sale proceeds of any Property the subject of a Mortgage and the total amount owing by the relevant Borrower to the Seller under the Mortgage Loan.

**Liabilities** means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including properly incurred legal fees and penalties incurred by that person, and **Liability** is to be construed accordingly.

**LIBOR** has the meaning given to it in Condition 4(b)(ii)(A)(3).

**Long Maturity Covered Bond** has the meaning given to it in Condition 5(b).

**Losses** means the realised losses on the Mortgage Loans which are in the Mortgage Loan Portfolio.

**LVR** in relation to a Mortgage Loan means, at any time, the ratio of the then Current Principal Balance for that Mortgage Loan to Latest Valuation for the Property which secures that Mortgage Loan.

**LVR Adjusted Mortgage Loan Balance Amount** has the meaning given to it in clause 12.1(c) of the Establishment Deed.

**Majority Secured Creditors** means Secured Creditors whose Secured Obligations amount in aggregate to more than 66% of the total Secured Obligations.

**Management Agreement** means the management agreement entered into on or about the date of this deed, between the Seller, the Issuer, the Servicer, the Account Bank, the Covered Bond Guarantor, the Trust Manager and the Security Trustee.

**Minimum Redemption Amount** means the amount (if any) specified in the Applicable Final Terms.

**Modified Following Business Day Convention** has the meaning given to it in Condition 4(b)(i).

**Moody's** means Moody's Investors Service Pty Limited and includes any successor to its rating business.

**Moody's Specified Rating** means a credit rating of short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least P-1 by Moody's.

**Mortgage** means a registered mortgage over Land situated in Australia, which creates, or is intended to create a Security Interest, securing the repayment of the principal amount of a Mortgage Loan and all other moneys payable under the Mortgage Loan, notwithstanding that by its terms the mortgage may also secure other liabilities of the mortgagor.

**Mortgage Account** means as the context requires:

- (a) all Mortgage Loans secured on the same Property and thereby forming a single mortgage account; or
- (b) an account maintained by the Servicer in respect of a particular Mortgage Loan to record all amounts due in respect of that Mortgage Loan (whether by way of principal, interest or otherwise) and all amounts received in respect thereof.

**Mortgage Conditions** means all the terms and conditions applicable to a Mortgage Loan at any time.

**Mortgage Guarantor** means, in relation to a Mortgage Loan in the Mortgage Loan Portfolio, a guarantor of that Mortgage Loan.

**Mortgage Loan** means, unless otherwise specified, a mortgage loan originated, or acquired, by the Seller referenced by its mortgage loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other moneys due or owing with respect to that mortgage loan under the relevant Mortgage Conditions by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same but excluding, for the avoidance of doubt, any Associated Debt.

**Mortgage Loan Extinguishment Notice** means a notice served on the Covered Bond Guarantor by the Seller (copied to the Trust Manager and the Security Trustee) offering to facilitate the extinguishment, in favour of the Seller, of the Covered Bond Guarantor's interest in the Mortgage Loans and the Related Security specified in the notice, in the form set in schedule 6 to the Mortgage Sale Agreement.

**Mortgage Loan Files** means the file or files relating to each Mortgage Loan and the Related Security in the Mortgage Loan Portfolio (including files kept in microfiche or scanned format or similar electronic data retrieval system) containing, amongst other things the mortgage documentation applicable to the Mortgage Loan and the Related Security, each letter of offer for that Mortgage Loan and, the Title Documents relating to that Mortgage Loan and the Related Security.

**Mortgage Loan Portfolio** means on any particular date, each New Mortgage Loan Portfolio sold to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement prior to such date, after taking account of, among other things, amortisation of the Mortgage Loans and the addition and/or removal of Mortgage Loans and the Related Security to or from the Mortgage Loan Portfolio since the first Transfer Date including in connection with the extinguishment of the Covered Bond Guarantor's interest in accordance with clause 15 of the Mortgage Sale Agreement.

**Mortgage Loan Principal Receipts** means any payment in respect of principal received from time to time in respect of any Mortgage Loan in the Mortgage Loan Portfolio (including whether as all or part of a Mortgage Loan Scheduled Payment by a Borrower 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)).

**Mortgage Loan Revenue Receipts** means any payment received from time to time in respect of any Mortgage Loan which is not a Mortgage Loan Principal Receipt (whether as all or part of a Mortgage Loan Scheduled Payment by a Borrower 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)).

**Mortgage Loan Scheduled Payment** means in respect of a Mortgage Loan, the amount which the applicable Mortgage Conditions require a Borrower to pay on a Mortgage Loan Scheduled Payment Date in respect of such Mortgage Loan.

**Mortgage Loan Scheduled Payment Date** means, in relation to any Mortgage Loan, the day on which a Borrower is required to make a payment of interest and, if applicable, principal in accordance with the Mortgage Conditions applicable to such Mortgage Loan.

**Mortgage Sale Agreement** means the mortgage sale agreement to be entered into on or about the date of this deed, between the Seller, the Covered Bond Guarantor, the Trust Manager and the Security Trustee.

**Mortgage Transfer** 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 clause 15.3 of the Mortgage Sale Agreement, the Seller.

**N Covered Bond** means a Registered Covered Bond in definitive form made out in the name of a specified N Covered Bondholder issued or to be issued by the Issuer, in the form of a German "Namensschuldverschreibung" 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;

**N Covered Bond Agreement** means, in respect of any N Covered Bond, an agreement between the Issuer, the Covered Bond Guarantor, the Trust Manager and the Bond Trustee;

**N Covered Bond Conditions** means the terms and conditions of each N Covered Bond annexed thereto.

**N Covered Bondholder** means the holder of an N Covered Bond.

**nab** means National Australia Bank Limited ABN 12 004 044 937.

**nab Group** means nab and the group of companies of which it is the parent company.

**National Consumer Credit Protection Laws** means:

- (a) the National Consumer Credit Protection Act 2009 (Cth) (including the National Credit Code set out in schedule 1 to that Act);
- (b) the National Consumer Credit Protection (Fees) Act 2009 (Cth);
- (c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cth) (**Transitional Act**);
- (d) regulations made under any of the legislation described at paragraphs (a) through (c) above; and
- (e) Division 2 of Part 2 of the Australian Securities and Investment Commission Act 2001 (Cth), so far as it relates to obligations 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.

**Negative Carry Factor** has the meaning given in clause 12.1(c) of the Establishment Deed.

**Net Taxable Income** means, in respect of a Fiscal Period of the Trust, the "net income" (as defined in Section 95(l) of the Tax Act) of the Trust for that Fiscal Period.

**Net Trust Income** means, in respect of a Fiscal Period of the Trust the income of the Trust for that Fiscal Period as determined by the Trust Manager under clause 10.2 of the Establishment Deed.

**New Mortgage Loan Portfolio** means a portfolio of Mortgage Loans and the Related Security (other than any Mortgage Loans and the Related Security included in such portfolio which have been redeemed in full prior to the relevant Transfer Date in respect of such portfolio), particulars of which are set out in, or attached to, a New Mortgage Loan Portfolio Notice, and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (f) (inclusive) below:

- (a) all sums of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Expenses and Capitalised Arrears) and any other sum due or to become due under or in respect of such Mortgage Loans and the Related Security on or after the Transfer Date in respect of such Mortgage Loans and including the right to demand, sue for, recover and give receipts for all such principal, interest or other amounts, the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Conditions;
- (b) the benefit of all other securities for such principal, interest and other sums payable (including any interest of the Seller in any life policy), any guarantee in respect of such Mortgage Loans or any other collateral security for the repayment of the relevant Mortgage Loans secured by the Related Security;



- (c) the right to exercise all the powers of the Seller in relation thereto subject to and in accordance with the relevant Mortgage Conditions;
- (d) all the estate, title and interest in the Properties in relation thereto vested in the Seller;
- (e) to the extent they are assignable or capable of being put into trust, each certificate of title and valuation report and any right of action of the Seller against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any such Mortgage Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Mortgage Loans or part thereof;
- (f) the benefit of certain Insurance Policies, in each case so far as they relate to such Mortgage Loans comprised in that portfolio of Mortgage Loans and the Related Security, including the right to receive the proceeds of all claims made or to be made by or on behalf of the Seller or to which the Seller is or may become entitled; and
- (g) any Associated Debt secured by any All Moneys Mortgage that relates to such Mortgage Loans.

**New Mortgage Loan Portfolio Notice** means a notice in the form set out in schedule 4 to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement.

**New Secured Creditor** 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.

**Non-Cash Redraw** means a Payment Holiday under a Mortgage Loan included in the Mortgage Loan Portfolio.

**Notice to Pay** 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.

**Note Certificate** means a certificate issued by the Covered Bond Guarantor to the Noteholder recorded in the Instrument Register in relation to an Intercompany Note or a Demand Note.

**Offset Mortgage Loan** means a Mortgage Loan which allows the relevant Borrower to link the Mortgage Loan with certain deposit and/or current accounts that are held by the Seller for the purpose of offsetting interest.

**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.

**Outstanding or outstanding** means, in relation to the Covered Bonds of all or any Series, all the Covered Bonds of such Series issued other than:

- (a) those Covered Bonds which have been redeemed in full and cancelled pursuant to the Bond Trust Deed and/or the Conditions;
- (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 of the Conditions and remain available for payment against presentation of the relevant Covered Bonds and/or Receipts and/or Coupons;
- (c) those Covered Bonds which have been purchased and cancelled in accordance with Conditions 6(h) and 6(i) of the Conditions and any equivalent provision in the Conditions;
- (d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case under Condition 8 of the Conditions;
- (e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 10 of the Conditions;
- (f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Covered Bonds outstanding and without prejudice to the status for any other purpose of the relevant Covered Bonds) those Covered Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 10;
- (g) any Global Covered Bond to the extent that it has been exchanged for definitive Covered Bonds or another Global Covered Bond pursuant to its provisions, the provisions of the Bond Trust Deed and the Agency Agreement; and
- (h) those Legended Covered Bonds which have been exchanged for Unlegended Covered Bonds and those Unlegended Covered Bonds which have been exchanged for Legended Covered Bonds, in each case pursuant to their provisions, the provisions of the Bond Trust Deed and the Principal 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 of clause 10 of the Bond Trust Deed, Conditions 9 and 14 of the Conditions 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.

**Overpayment** means in respect of a Mortgage Loan in the Mortgage Loan Portfolio, any additional amounts of Mortgage Loan Principal Receipts received above the regular Mortgage Loan Scheduled Payments due in respect of such Mortgage Loan, paid by the relevant Borrower which:

- (a) is permitted by the terms of such Mortgage Loan or by agreement with the Borrower; and
- (b) reduces the Current Principal Balance of such Mortgage Loan.

**Partial Portfolio** has the meaning given to it in clause 21.6 of the Establishment Deed.

**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).

**Payment Holiday** means the right of a Borrower, under the applicable Mortgage Conditions, to not make a monthly payment for one or more months in certain circumstances and, in respect of any Mortgage Loan in the Mortgage Loan Portfolio, a period of one or more scheduled payment dates under the Mortgage Loan when the relevant Borrower is permitted by the Seller in accordance with the relevant Mortgage Conditions not to make the payments due on such scheduled payments dates.

**Penalty Payment** means:

- (a) any amount (including any civil or criminal penalty, for which the Covered Bond Guarantor is liable under the Consumer Credit Code or the National Consumer Credit Protection Laws and legal costs and other expenses payable or incurred by the Covered Bond Guarantor in relation to such liability;
- (b) any other liability payable by the Covered Bond Guarantor, or legal costs or other expenses payable or incurred by the Covered Bond Guarantor, in relation to such liability;
- (c) any amount which the Covered Bond Guarantor agrees to pay to a Borrower, a Mortgage Guarantor or other person in settlement of any liability or alleged liability or application for an order under the Consumer Credit Code or the National Consumer Credit Protection Laws;
- (d) any legal costs or other costs and expenses payable or incurred by the Covered Bond Guarantor in relation to that application or settlement; and
- (e) any other losses incurred by the Covered Bond Guarantor as a result of any breach of the Consumer Credit Code or the National Consumer Credit Protection Laws,

to the extent to which a person can be indemnified for that liability, money or amount under the Consumer Credit Code or the National Consumer Credit Protection Laws and includes all amounts ordered by a court or other judicial, regulatory or administrative body to be paid by the Covered Bond Guarantor in connection with paragraphs (a) through (e) above.

**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.

**Permitted Investments** means:

- (a) Mortgage Loans and the Related Security;
- (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.

**Personal Information** has the meaning given to it in the Privacy Act.

**Post-Enforcement Priority of Payments** has the meaning given to it in clause 8.2 of the Security Deed.

**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.

**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.

**Pre-Acceleration Principal Priority of Payments** has the meaning given to it in clause 16.4 of the Establishment Deed.

**Pre-Acceleration Priority of Payments** means the Pre-Acceleration Principal Priority of Payments and the Pre-Acceleration Revenue Priority of Payments.

**Pre-Acceleration Revenue Priority of Payments** has the meaning given to it in clause 15.4 of the Establishment Deed.

**Preceding Business Day Convention** has the meaning given to it in Condition 4(b).

**Pre-Maturity Demand Note Funding** has the meaning given to it in clause 5.3 of the Demand Note Subscription Agreement.

**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 clause 14.3 of the Establishment Deed.

**Pre-Maturity Test Date** has the meaning given to it in clause 14.2 of the Establishment Deed.

**Pre-Maturity Test Period** means, in relation to a Series of Hard Bullet Covered Bonds, in respect of:

- (a) the Issuer's long-term credit rating from Moody's, the period commencing on the day six months prior to the Final Maturity Date of the Series and ending on the Final Maturity Date of the relevant Series; or
- (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.

**Principal Agency Agreement** means the agency agreement dated on or about the date of this deed (such agency agreement as amended and/or supplemented and/or restated from time to time) and made between the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee, the Principal Paying Agent, the Exchange Agent, the Transfer Agent and the Registrar.

**Principal Amount Outstanding** has the meaning given to it in Condition 4(a).

**Principal Ledger** 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 Mortgage Loan Principal Receipts and the other amounts described in paragraph (b) of the definition of Available Principal Receipts in accordance with the terms of the Establishment Deed.

**Principal Paying Agent** means Deutsche Bank A.G., London Branch, or any other person from time to time appointed to perform the role of principal paying agent under the Principal Agency Agreement.

**Priorities of Payments** means the orders of priority for the allocation and distribution of amounts standing to the credit of the Trust Accounts in different circumstances, including:

- (a) the Pre-Acceleration Revenue Priority of Payments;
- (b) the Pre-Acceleration Principal Priority of Payments;
- (c) the Post-Enforcement Priority of Payments; and
- (d) the Guarantee Priority of Payments,

each a **Priority of Payments**.

**Privacy Act** means the Privacy Act 1988 (Cth).

**Privacy Commissioner** means the Federal Privacy Commissioner appointed under the Privacy Act.

**Privacy Laws** means:

- (a) the Privacy Act;
- (b) any approved privacy code (as defined in the Privacy Act) which binds any of the parties to the Programme Documents or the transactions contemplated by them; and
- (c) any other law, code, guideline or policy relating to the collection, use, disclosure or storage of, or granting of access rights to, Personal Information which binds any of the parties to the Programme Documents or the transactions contemplated by them.

**Product Switch** means a variation, from time to time, in the Mortgage Conditions applicable to a Borrower's Mortgage Loan and/or moving a Borrower to an alternative mortgage product which, in either case, means that the Mortgage Loan would no longer be a Qualifying Mortgage Loan.

**Programme** means the covered bond programme established by the Issuer pursuant to the Programme Agreement.

**Programme Agreement** means the agreement dated 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 subscribe for, offer or place Covered Bonds.

**Programme Date** means the date as set out in the Base Prospectus.

**Programme Documents** means the following documents:

- (a) Mortgage Sale Agreement (and any documents entered into (including but not limited to any document setting out particulars of each New Mortgage Loan Portfolio pursuant to the Mortgage Sale Agreement);
- (b) Servicing Agreement;
- (c) Cover Pool Monitor Agreement;
- (d) Intercompany Note Subscription Agreement;
- (e) Demand Note Subscription Agreement;
- (f) Establishment Deed;
- (g) Management Agreement;
- (h) Interest Rate Swap Agreement;
- (i) each Covered Bond Swap Agreement;
- (j) Account Bank Agreement;

- (k) Security Deed (and any documents entered into pursuant to the Security Deed, including each Deed of Accession);
- (l) Bond Trust Deed;
- (m) Programme Agreement;
- (n) each Agency Agreement;
- (o) each Subscription Agreement;
- (p) Seller's Power of Attorney; and
- (q) Definitions Schedule,

and each document, agreement or deed ancillary or supplemental to any of such documents and each a **Programme Document**.

**Programme Limit** has the meaning given to such term in the Bond Trust Deed.

**Programme Resolution** has the meaning given to it in Condition 14.

**Property** means Land which is subject to a Mortgage.

**Prospectus** means, at any time, the most recent published information memorandum, offering circular or Base Prospectus, including any supplement thereto, issued by the Issuer in relation to the Programme.

**Purchase Price** means, in relation to a New Mortgage Loan Portfolio being sold by the Seller to the Covered Bond Guarantor an amount equal to the aggregate of the Current Principal Balances of the Mortgage Loans in the New Mortgage Loan Portfolio.

**Purchaser** means the Seller or any third party to whom the Covered Bond Guarantor offers to sell Selected Mortgage Loans.

**Put Notice** has the meaning given to it in Condition 6(d).

**QIB** has the meaning given to it in Condition 2(i).

**Qualified Institution** means an Authorised Deposit Taking Institution:

- (a) which pays any relevant interest in the ordinary course of its business; and
- (b) whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's, or F1 by Fitch (or, if Fitch has placed the Authorised Deposit Taking Institution on ratings watch negative at the relevant time, F1+ by Fitch); and
- (c) whose long term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least A by Fitch (or, if Fitch has placed the Authorised Deposit Taking Institution on ratings watch negative at the relevant time, A+ by Fitch).

**Qualifying Borrower** means a Borrower which is not a Borrower in respect of a Defaulted Mortgage Loan and any other person which, notwithstanding this definition, the Covered Bond Guarantor approves and notifies in writing to the Seller as being a "Qualifying Borrower".

**Qualifying Mortgage Loan** means a Mortgage Loan which satisfies the qualifying mortgage loan eligibility criteria set out in schedule 1 of the Mortgage Sale Agreement.

**Rate of Interest** has the meaning given to it in Condition 5(j).

**Rating Agencies** means Moody's and Fitch or their successors, to the extent they provide ratings in respect of the Covered Bonds, and each a **Rating Agency**.

**Rating Affirmation Notice** means, in relation to an event or circumstances, 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 circumstances, 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, 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.

**RBA** means the Reserve Bank of Australia.

**Receiptholders** has the meaning given to it in the Conditions.

**Receipts** has the meaning given to it in the Conditions.

**Receiver** means any person or persons appointed (and any additional person or persons appointed or substituted pursuant thereto) by the Security Trustee as a receiver, receiver, manager, or receiver and manager of the property charged or secured under the Security Deed.

**Redeemed Covered Bonds** has the meaning given to it in Condition 6(c).

**Redenomination Date** has the meaning given to it in Condition 5(j).

**Redraw** means either of a Cash Redraw or a Non-Cash Redraw.

**Reference Banks** means nab, Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, Westpac Banking Corporation and/or such other ADI as determined by the Trust Manager from time to time.

**Reference Price** in respect of a Zero Coupon Covered Bond, has the meaning given in the Applicable Final Terms.

**Register** means the register of holders of the Registered Covered Bonds maintained by the Registrar.

**Registered Covered Bonds** 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).

**Registered Definitive Covered Bond** has the meaning given to it in the Conditions.



**Registered Global Covered Bond** has the meaning given to it in Condition 2(a).

**Registrar** means Deutsche Bank Trust Company Americas, or any other person from time to time appointed to perform the role of registrar under the Principal Agency Agreement.

**Regulatory Event** means that the value of assets in cover pools securing covered bonds issued by the Issuer exceeds 8%, 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.

**Regulated Market** means the regulated market of the Luxembourg Stock Exchange.

**Regulation S** means Regulation S under the Securities Act.

**Regulation S Global Covered Bond** has the meaning given to it in the Conditions.

**Related Body Corporate** has the meaning given to it in the Corporations Act.

**Related Entity** has the meaning given to it in the Corporations Act.

**Related Security** means in relation to a Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage and all other documents, matters and things related thereto and which constitute all or part of the security for the payment of all sums due in respect of the Mortgage Loan, including for the avoidance of doubt, guarantees, security over life policies, and any replacement security for a Mortgage Loan that is transferred to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement, and with respect to any Related Security that constitutes an All Moneys Mortgage, the beneficial interest of the Covered Bond Guarantor in the Seller Trust declared in respect of that Mortgage.

**Relevant Acquired Covered Bonds** has the meaning given to it in clause 8.3 of the Intercompany Note Subscription Agreement.

**Relevant Covered Bonds** has the meaning given to it in clause 8.4 of the Intercompany Note Subscription Agreement.

**Relevant Mortgage Loan** has the meaning given to it in clause 12.7 of the Establishment Deed.

**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 (*Notices*).

**Representations and Warranties** means the representations and warranties made by the Seller in relation to the Mortgage Loans and the Related Security set out in schedule 2 of the Mortgage Sale Agreement.

**Required Current Principal Balance Amount** has the meaning given to it in of clause 21.2 of the Establishment Deed.

**Required Redemption Amount** means, in respect of a Series of Covered Bonds, the amount calculated in accordance with the following formula:

$$Ax\left(1+\left(Bx\frac{C}{365}\right)\right)$$

where,

A=the Principal Amount Outstanding of the relevant Series of Covered Bonds;

B=the Negative Carry Factor; and

C=days to maturity of the relevant Series of Covered Bonds.

**Reserve Fund** means the reserve fund that the Covered Bond Guarantor will be required to establish in the GIC Account which will be credited with the proceeds of Available Revenue Receipts or proceeds from the issue of an Intercompany Note up to an amount equal to the Reserve Fund Required Amount.

**Reserve Fund Required Amount** means:

- (a) if, and for so long as, the Issuer's credit ratings are equal to or higher than the Moody's Specified Rating and the Fitch Specified Rating, nil or such other amount as the Issuer will direct the Covered Bond Guarantor from time to time; or
- (b) the higher of:
  - (i) if, and for as long as, the Issuer's credit ratings are less than the Moody's Specified Rating but are higher than or equal to the Fitch Specified Rating, an amount equal to greater of 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 month; 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 month; and/or
    - (C) an amount equal to one quarter of the anticipated aggregate annual amount payable in respect of the items specified in clause 15.4(a) to (d), and if applicable (e), of the Establishment Deed 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;
  - (ii) if, and for so long as, the Issuer's credit rating are less than the Fitch Specified Rating 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 a Covered Bond Swap 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 one quarter of the anticipated aggregate annual amount payable in respect of the items specified in clause 15.4(a) to (d), and if applicable (e), of the Establishment Deed 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) if, and for so long as, the Issuer's credit ratings are less than both the Moody's Specified Rating and the Fitch Specified Rating, the higher of the amounts determined in accordance with paragraphs (i) and (ii) above.

**Reserve Ledger** means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement, to record the crediting of Mortgage Loan Revenue Receipts to the Reserve Fund and the debiting of such Reserve Fund in accordance with the terms of the Establishment Deed.

**Residual Capital Unit** means a Unit in the Trust which is designated as a "Residual Capital Unit" in the Instrument Register.

**Residual Capital Unitholder** means a person registered as the holder of a Residual Capital Unit in the Trust in the Instrument Register.

**Residual Income Unit** means the Unit in the Trust which is designated as the "Residual Income Unit" in the Instrument Register.

**Residual Income Unitholder** means the person registered as the holder of the Residual Income Unit in the Trust in the Instrument Register.

**Retention Account** has the meaning given to it in clause 7.7 of the Security Deed.

**Revenue Ledger** means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record credits and debits of Mortgage Loan Revenue Receipts and the other amounts described in paragraph (b) of the definition of Available Revenue Receipts in accordance with the terms of the Establishment Deed.

**Rule 144A** means Rule 144A under the Securities Act.

**Rule 144A Global Covered Bond** has the meaning given to it in the Conditions.

**Sale Proceeds** means the cash proceeds realised from the sale of Selected Mortgage Loans and the Related Security.

**Scheduled Balance** in relation to a Mortgage Loan means the amount that would be owing on that Mortgage Loan at the date of determination if the mortgagor had made prior to that date the minimum payments required on that Mortgage Loan.

**Scheduled Interest** means an amount equal to the amount in respect of interest which would have been due and payable under the Covered Bonds on each Interest Payment Date as specified in

Condition 4 (but excluding any additional amounts relating to premiums, default interest or interest upon interest (**Excluded Scheduled Interest 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 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 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, each Interest Payment Date or the Final Maturity Date as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date.

**Scheduled Principal** means an amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on each Interest Payment Date or the Final Maturity Date (as the case may be) as specified in Condition 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 Receiptholders, 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; or
  - (B) the Covered Bond Guarantor consented to or was aware of the assignment or transfer; or
  - (C) the assigned or transferred obligation was secured; or
- (v) whether the Security Trustee or any Secured Creditor is the original Security Trustee or an original Secured Creditor or an assignee or a transferee of the original Security Trustee or an original Secured Creditor, and whether or not the Covered Bond Guarantor consented to or was aware of the assignment or transfer.

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

**Security** means the Security Interests over the Charged Property granted pursuant to the Security Deed.

**Security Deed** means the security deed dated on or about the date of this deed (such security deed as amended and/or supplemented and/or restated from time to time) and made between, among others, the Covered Bond Guarantor, the Trust Manager and the Security Trustee.

**Security Interest** means any mortgage, security interest, charge, encumbrance, pledge, lien, hypothecation, assignment by way of security or other security interest or title retention arrangement and any agreement, trust or arrangement having substantially the same economic or financial effect as any of the foregoing (other than a lien arising in the ordinary course of business or by operation of law).

**Security Trust** means the trust formed under the Security Deed.

**Security Trustee** means P.T. Limited ABN 67 004 454 666, in its capacity as security trustee 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.

**Selected Mortgage Loan Extinguishment Notice** means a notice substantially in the form of schedule 7 of the Mortgage Sale Agreement from the Covered Bond Guarantor served on the Seller offering to extinguish its interest in, or transfer, Selected Mortgage Loans and the Related Security in favour of, or to, the Seller.

**Selected Mortgage Loans** means Mortgage Loans and the Related Security 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.

**Selection Date** has the meaning given to it in Condition 6(c).

**Seller** means nab in its capacity as seller pursuant to the Mortgage Sale Agreement.

**Seller's Power of Attorney** means the Seller Power of Attorney in favour of the Covered Bond Guarantor in substantially the form set out at schedule 5 to the Mortgage Sale Agreement.

**Seller Trust** means, in respect of an All Moneys Mortgage, the trust established or, as the case may be, to be established pursuant to the Mortgage Sale Agreement on the date that such All Moneys Mortgage is sold by the Seller to the Covered Bond Guarantor.

**Seller Trustee** means, in respect of a Seller Trust, the Covered Bond Guarantor as bare trustee of that Seller Trust.

**Seller Trust Assets** means the right, title and interest of the Covered Bond Guarantor in the assets referred to in clause 18.2 of the Mortgage Sale Agreement from time to time.

**Series** means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are:

- (a) expressed to be consolidated and form a single series; and
- (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

**Series Reserved Matter** has the meaning given to it in Condition 14.

**Servicer** means nab, or any other person from time to time appointed to perform the role of servicer under the Servicing Agreement.

**Servicer Termination Event** has the meaning given to it in clause 12.1 of the Servicing Agreement.

**Services** has the meaning given to it in clause 2.1(b) of the Servicing Agreement.

**Servicing Agreement** means the servicing agreement entered into on or about the date of this deed, between the Covered Bond Guarantor, the Trust Manager, the Servicer, the Seller and the Security Trustee.

**Servicing Procedures** means the guidelines relating to the servicing and collection procedures (including enforcement) as agreed by the Trust Manager, the Seller and the Servicer and provided to

the Covered Bond Guarantor (as such guidelines may be amended by the Manager and Servicer from time to time in accordance with clause 9 of the Servicing Agreement).

**Servicing Statement** has the meaning given in paragraph 9 of schedule 1 of the Servicing Agreement.

**Settlement Amount** means \$10.

**Settlor** means nab.

**Specified Currency** 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.

**Specified Denomination** means in respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds specified in the Applicable Final Terms.

**Specified Time** means 11.00 a.m. (London time, in the case of determination of LIBOR or Brussels time, in the case of determination of EURIBOR).

**Stock Exchange** means the Luxembourg Stock Exchange or any other or further stock exchange(s) on which any Covered Bonds may from time to time be listed or admitted to trading and references to the relevant Stock Exchange will, in relation to any Covered Bonds, be references to the Stock Exchange on which such Covered Bonds are, from time to time, or are intended to be, listed or admitted to trading.

**Subsidiary** has the meaning given in the Corporations Act.

**Substitute Servicer** has the meaning in clause 12.3(a) of the Servicing Agreement.

**Substituted Debtor** has the meaning given to it in Condition 14.

**Substitution Assets** means:

- (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 nab and satisfy the requirements for eligible assets that may collateralise covered bonds in accordance with RBA repo eligibility requirements (if any);
- (b) Australian Dollar at call deposits held with a Qualified Institution and convertible into cash within 2 AU Business Days;
- (c) Australian Dollar denominated bonds, notes, debentures or other instruments issued or guaranteed by the Commonwealth of Australia or an Australian state or territory provided that such investments ~~have a remaining period to maturity of one year or less~~ will have certain minimum long-term and short-term ratings which will be at least:
  - (i) for so long as Moody's is rating the Covered Bonds, A2 or P-1 for exposures maturing within 30 days, Aa3 and P-1 for exposures maturing between 30 days and 365 days and Aaa and P-1 for exposures maturing after 365 days; and

(ii) for so long as Fitch is rating the Covered Bonds, AA- or F1+ for exposures maturing within 365 days and AAA (or the highest rating of the Covered Bonds then on issue) for exposures maturing after 365 days; and

- (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.

**Swap Agreement Credit Support Document** 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) to the ISDA Master Agreement.

**Swap Agreements** means the Interest Rate Swap Agreement and the Covered Bond Swap Agreements and each, a **Swap Agreement**.

**Swap Collateral** means at any time, an amount of cash 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.

**Swap Collateral Account Mandate** means the resolutions, instructions and signature authorities relating to the Swap Collateral Cash Accounts.

**Swap Collateral Available Amounts** means, at any time, the amount of Swap Collateral which, under the terms of the relevant Swap Agreement may be applied at that time in satisfaction of the relevant Swap Provider's obligations to the Covered Bond Guarantor following termination of the Swap Agreement to the extent that such obligations relate to payments to be made in connection with the Pre-Acceleration Priority of Payments or the Guarantee Priority of Payments.

**Swap Collateral Cash Account** means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the relevant Swap Agreement Credit Support 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.

**Swap Collateral Excluded Amounts** means at any time, the amount of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Covered Bond Guarantor, including Swap Collateral, which is to be returned 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.

**Swap Master Agreement** means each 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.

**Swap Provider Default** 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.

**Swap Provider Downgrade Event** 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.

**Swap Providers** means the Interest Rate Swap Provider and the Covered Bond Swap Providers, and each a **Swap Provider**.

**Swaps** means the Interest Rate Swaps and the Covered Bond Swaps and each, a **Swap**.

**Talons** means, if indicated in the Applicable Final Terms, talons for further Coupons on interest-bearing Bearer Definitive Covered Bonds.

**TARGET2 System** has the meaning given to it in Condition 4(b)(i)(B).

**Taxes** 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 Act** means the Income Tax Assessment Act 1936 (Cth) or the Income Tax Assessment Act 1997 (Cth) as applicable.

**Tax Authority** means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world including the Australian Taxation Office.

**Tax Consolidated Group** means a consolidated group or an MEC group (each as defined in the Tax Act).

~~**Tax Jurisdiction** has the meaning given to it in Condition 7.~~

**Tax Sharing Agreement** means a tax sharing agreement which complies with the requirements set out in Part 3-90 of the Tax Act and any relevant regulations, and which is in accordance with any guidelines published by the Commissioner of Taxation concerning what is a reasonable allocation of the total amount of the Group Tax Liability of a Tax Consolidated Group among certain members of that group, or is otherwise accepted by the Commissioner of Taxation as being such a reasonable allocation.

**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 (Form of Temporary Bearer Global Covered Bond) 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.

**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 a Borrower of any fees (including Early Repayment Charges) and other charges which are due to the Seller; and

- (b) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to any of that Borrower 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 Documents**, in respect of a Mortgage Loan, includes the original of:

- (a) the certificate or other indicia of title (if any) in respect of the relevant Property;
  - (b) any valuation report obtained in connection with the Mortgage Loan;
  - (c) any deed of priority or similar document entered into in connection with that Mortgage Loan;
  - (d) the relevant Mortgage Conditions;
  - (e) all other documents required to evidence the interest of the lender of record in the relevant Property;
  - (f) all other documents specified as such in the relevant New Mortgage Loan Portfolio Notice,
- as applicable.

**Title Penalty Payment** in relation to a Mortgage Loan and Related Security 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 Related Security 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.

**Title Perfection Event** has the meaning given to it in clause 17.1 of the Mortgage Sale Agreement.

**Total Demand Note Commitment** means A\$ an amount as set out in the Demand Note Subscription Agreement, as may be increased or decreased from time to time in accordance with clause 3.2 of the Demand Note Subscription Agreement.

**Total Intercompany Note Commitment** means an amount as set out in the Intercompany Note Subscription Agreement, as increased or decreased from time to time in accordance with clause 2.4 of the Intercompany Note Subscription Agreement.

**Tranche** means Covered Bonds which are identical in all respects (including as to listing).

**Transaction Accounts** means the accounts (other than the GIC Account) as may for the time being be in place with the prior consent of the Security Trustee and designated as such and **Transaction Account** will denote any one of the Transaction Accounts;

**Transaction Party** means any person who is a party to a Programme Document and **Transaction Parties** means some or all of them.

**Transfer Agent** means Deutsche Bank Trust Company Americas, or any other person from time to time appointed to perform the role of transfer agent under the Principal Agency Agreement.

**Transfer Certificate** has the meaning given to it in the Conditions.

**Transfer Date** means the date on which the Seller, subject to the fulfilment of certain conditions, sells a New Mortgage Loan Portfolio to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement.

**Transferee** has the meaning given to it in Clause 18.5(b) of the Mortgage Sale Agreement.

**Treaty** has the meaning given to it in Condition 5(j).

**Trust** means the trust known as the "nab Covered Bond Trust" formed under the Establishment Deed.

**Trust Accounts** means each of the Transaction Accounts, the GIC Account, the Swap Collateral Cash Account or any other applicable currency transaction account held by the Covered Bond Guarantor with the Account Bank.

**Trust Corporation** 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.

**Trust Manager** means nab, or any other person from time to time appointed to perform the role of trust manager under the Management Agreement.

**Trust Manager Termination Event** has the meaning given to it in clause 12.1 of the Management Agreement.

**Trust Management Services** has the meaning given to it in clause 3.1 of the Management Agreement.

**Trust Payment Date** means the 15th day of each calendar month or, if such day is not a Business Day, the next Business Day.

**Trust Payment Period** means the period from (and including) a Trust Payment Date (or the first Transfer Date in the case of the first Trust Payment Period) to (but excluding) the next Trust Payment Date.

**Trustee Acts** means the Trustee Act 1925 (UK) and the Trustee Act 2000 (UK).

**Unit** means, in respect of the Trust, the Residual Income Unit and each Residual Capital Unit in that Trust.

**Unitholder** means each person registered as the holder of a Unit in the Trust in the Instrument Register.

**Unlegended Covered Bonds** means those of the Registered Covered Bonds which are not Legended Covered Bonds.

**Unpaid Interest** means in relation to an Offset Mortgage Loan, the amount of interest which would, but for the offset arrangement in the Offset Mortgage Loan, have been payable in respect of the relevant Mortgage Loan on the relevant Scheduled Payment Date for such Mortgage Loan.

**U.S. Paying Agent** means Deutsche Bank Trust Company Americas or any other person from time to time appointed to perform the role of U.S. paying agent under the Principal Agency Agreement.

**Vesting Date** means, in relation to the Trust, the earliest of:

- (a) the day preceding the eightieth anniversary of the date upon which the Trust was established;
- (b) the date upon which the Trust terminates by operation of law or in accordance with the Establishment Deed; and
- (c) following the occurrence of a Covered Bond Guarantor Event of Default, the date on which the Security Trustee has notified the Covered Bond Guarantor in writing that it has enforced the Security and has distributed all of the amounts which it is required to distribute under the Security Deed.

**Written Resolution** means a written resolution of Covered Bondholders passed as such under the terms of the Bond Trust Deed.

**Yield Shortfall** has the meaning given to in clause 4.2 of the Servicing Agreement.

**Yield Shortfall Test** has the meaning given to it in clause 4.2 of the Servicing Agreement.

**Zero Coupon Covered Bonds** means Covered Bonds which will be offered and sold at a discount to their nominal amount and which will not bear interest.

## 2. INTERPRETATION AND CONSTRUCTION

- (a) Any reference in this Definitions Schedule or any Programme Document to:

**after-tax basis** means a basis such that the amount required to be paid or credited to the person entitled thereto (the **payee**) will be such amount as, after taking into account all federal, national, local and state income and withholding taxes resulting from the receipt or accrual of the payment or credit or the event giving rise to such payment or credit and all tax reliefs and other benefits (including tax credits) resulting from the receipt of or accrual of such payment or credit or the event giving rise to such payment or credit, leaves the payee in the same after-tax position as it would have been in had the event giving rise to such payment or credit not occurred and such payment or credit not been subject to such taxes.

**agreed form** means, in relation to any document, the draft of that document the form of which has been agreed between the parties thereto (or if such document is delivered pursuant to another Programme Document, between the parties to such Programme Document) and initialled on their behalf for the purpose of identification.

the **assets** of any person will be construed as a reference to the whole or any part of its business, undertakings, property, intellectual property, shares, securities, debts, accounts, revenues (including any right to receive revenues), goodwill, shareholdings and uncalled capital including premium whether now or hereafter acquired and any other assets whatsoever.

**disposal** will be construed as any sale, lease, transfer, conveyance, assignment, assignation, licence, sublicence or other disposal and "dispose" will be construed accordingly.

a **guarantee** means any guarantee, bond, indemnity, letter of credit, third party security or other legally binding assurance against financial loss granted by one person in respect of any indebtedness of another person, or any agreement to assume any indebtedness of any other person or to supply funds or to invest in any manner whatsoever in such other person by reason of, or otherwise in relation to, indebtedness of such other person.

**holding company** has the meaning given to that term in the Corporations Act.

**includes** and **including** and similar expressions are not expressions of limitation.

**indebtedness** will be construed so as to include any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent.

a **month** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month save that, where any such period would otherwise end on a day which is not a Business Day, it will end on the next Business Day, unless that day falls in the calendar month succeeding that in which it would otherwise have ended, in which case it will end on the preceding Business Day, provided that, if a period starts on the last Business Day in a calendar month or if there is no numerically corresponding day in the month in which that period ends, that period will end on the last Business Day in that later month (and references to "months" will be construed accordingly).

**party** will be construed as a party to a particular agreement, as the case may be.

**set-off** will be construed so as to include equivalent or analogous rights under the laws of jurisdictions other than New South Wales.

**subsidiary** has the meaning given to that term in the Corporations Act.

a **wholly-owned subsidiary** of a company or corporation will be construed as a reference to any company or corporation which has no other members except that other company or corporation and that other company's or corporation's wholly-owned subsidiaries or persons acting on behalf of that other company or corporation or its wholly-owned subsidiaries.

the **winding-up or administration** of an entity will be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such entity is incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, bankruptcy, reorganisation, dissolution, administration, appointment of a controller or statutory manager, arrangement, adjustment, protection or relief of debtors.

**wilful default** in respect of the Covered Bond Guarantor or the Security Trustee means any intentional failure to comply, or intentional breach, by the defaulting party any of its obligations under the Programme Documents, other than a failure or breach which:

- (a) is in accordance with a lawful court order or direction or otherwise required by law; or
- (b) 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
- (c) 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.

**\$, AUD, Australian Dollar, dollars or Dollars** denotes the lawful currency for the time being of Australia.

**£, sterling, Sterling or pounds sterling** denotes the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland; **Yen** denotes the lawful currency for the time being of Japan; **US\$ or U.S. dollars** denotes the lawful currency for the time being of the United States of America; **€, euro, EUR or Euro** denotes 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 Monetary Union pursuant to the Treaty of Rome of 25 March 1957 establishing the European Community as amended from time to time and as amended by, inter alia, the Treaty of European Union of 7 February 1992.

- (b) In this Definitions Schedule and in any of the Programme Documents in which this Definitions Schedule is expressed to be incorporated or to which this Definitions Schedule is expressed to apply:
- (i) words denoting the singular number only will include the plural number also and vice versa;
  - (ii) words denoting one gender only will include the other genders;
  - (iii) words denoting persons only will include firms and corporations and vice versa;
  - (iv) references to any statutory provision will be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment;
  - (v) references to any agreement or other document (including any of the Programme Documents) will be deemed also to refer to such agreement or document as amended, amended and restated, varied, supplemented or novated from time to time;
  - (vi) references to the Security Deed will include all documents entered into pursuant to the Security Deed;
  - (vii) clause, paragraph and schedule headings are for ease of reference only;
  - (viii) reference to a statute will be construed as a reference to such statute as the same may have been, or may from time to time be, amended or re-enacted to the extent such amendment or re-enactment is substantially to the same effect as such statute on the date hereof;
  - (ix) unless stated otherwise reference to a time of day will be construed as a reference to Melbourne time;
  - (x) references to any person will include references to that person's successors, transferees and assigns and any person deriving title under or through that person; and
  - (xi) a reference to the **fraud, negligence or wilful default** of the Covered Bond Guarantor, the Security Trustee or the Seller Trustee means the fraud, negligence or wilful default of the Covered Bond Guarantor, the Security Trustee, or the Seller Trustee, as the case may be, and of its officers, employees, agents and any other person where the Covered Bond Guarantor, the Security Trustee or the Seller Trustee is liable for the acts or omissions of such other person under the terms of the relevant Programme Document.

- (c) Any requirement in any Programme Document for any action to be taken according to the standards of a "reasonable, prudent mortgage lender" will be satisfied by the relevant party taking the relevant action in accordance with the Servicing Procedures from time to time.
- (d) Save as provided otherwise, where any obligation in a Programme Document is owed to more than one party that obligation is owed to each of them separately and may be enforced by any of them.
- (e) Any reference to a document (including a Programme Document) will be construed as a reference to that document as the same may have been, or may from time to time be, amended, amended and restated, varied, novated, replaced or supplemented in accordance with the terms of the Programme Documents.
- (f) In each Programme Document, except where expressly provided to the contrary:
  - (i) a reference to:
    - (A) the Covered Bond Guarantor is a reference to Covered Bond Guarantor in its capacity as trustee of the Trust only; and
    - (B) the Security Trustee is a reference to the Security Trustee in its capacity as trustee of the Security Trust only; and
  - (ii) a reference to the undertaking, assets, business, money or any other thing of or in relation to:
    - (A) the Covered Bond Guarantor is a reference to such undertaking, assets, business, money or other thing of or in relation to the Covered Bond Guarantor only in its capacity as trustee of the Trust; and
    - (B) the Security Trustee is a reference to such undertaking, assets, business, money or other thing of or in relation to the Security Trustee only in its capacity as trustee of the Security Trust.

### **3. EXECUTION IN COUNTERPARTS AND SEVERABILITY**

#### **3.1 Counterparts**

This Definitions Schedule may be executed in any number of counterparts and by different parties to this Definitions Schedule in separate counterparts, each of which when so executed will be deemed to be an original and all of which when taken together will constitute one and the same instrument.

#### **3.2 Severability**

Where any provision in or obligation under this Definitions Schedule is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this Definitions Schedule, or of such provision or obligation in any other jurisdiction, will not be affected or impaired thereby.

### **4. GOVERNING LAW AND JURISDICTION**

#### **4.1 Governing Law**

This Definitions Schedule is governed by, and must be construed in accordance with, the law applying in the State of New South Wales, Australia.

## **4.2 Submission to jurisdiction**

Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the State of New South Wales, Australia. Each party waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

Each of the Principal Paying Agent, the Exchange Agent, the Bond Trustee, the Registrar and the Transfer Agent irrevocably and unconditionally appoints Deutsche Bank AG, Sydney Branch, Level 16, Deutsche Bank Place, Cnr Hunter and Phillip Streets, Sydney NSW 2000, for the time being and in the event of its ceasing so to act will appoint such other person as the Issuer may approve, for the purpose to accept service of process on its behalf in State of New South Wales, Australia in respect of any proceedings brought in relation to this Definitions Schedule. Each of the Principal Paying Agent, the Exchange Agent, the Bond Trustee, the Registrar and the Transfer Agent:

- (a) agrees to procure that, so long as any of the Covered Bonds remains liable to prescription, there will be in force an appointment of such a person approved by the Issuer with an office in Sydney with authority to accept service as aforesaid;
- (b) agrees that a failure by any such person to give notice of such service or process to the Principal Paying Agent, the Exchange Agent, the Bond Trustee, the Registrar or the Transfer Agent will not impair the validity of such service or of any judgment based thereon;
- (c) consents to the service of process in respect of any proceedings in accordance with clause 35 of the Establishment Deed and/or 31 of the Principal Agency Agreement; and
- (d) agrees that nothing in this Definitions Schedule will affect the right to serve process in any other manner permitted by law.



## SIGNATORIES

**EXECUTED as a deed.**

**Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber and Swap Provider**

**EXECUTED** for and on behalf of **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937** by its Attorney  
Michael White

under a Power of Attorney dated 9 November 2011  
and the Attorney declares that the Attorney has not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:

(Sgd D Bell)  
Signature of Witness in full

(Sgd M White)  
Signature of Attorney

Darren Bell  
Name of Witness in full

**Covered Bond Guarantor and Seller Trustee**

**EXECUTED** for and on behalf of **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533** by its Attorney

Anthony Michael Tesvic

(Sgd A Tesvic)  
Signature of Attorney

under a Power of Attorney dated 10 November 2011  
and the Attorney declares that the Attorney has not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:

(Sgd K Rajan)  
Signature of Witness

Keshini Rajan  
Name of Witness in full

**Security Trustee**

**EXECUTED** for and on behalf of **P.T. LIMITED**  
**ABN 67 004 454 666** by its Attorneys

Anthony Michael Tesvic

(Sgd A Tesvic)

Signature of Attorney

under a Power of Attorney dated 10 November 2011  
and the Attorney declares that the Attorney has not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:

(Sgd K Rajan)

Signature of Witness

Keshini Rajan

Name of Witness in full

**SCHEDULE 3**  
**CONFORMED SECURITY DEED**

**CONFORMED DOCUMENT AS AMENDED BY**  
**THE NAB COVERED BOND TRUST**  
**DEED OF AMENDMENT DATED**  
**15 NOVEMBER 2011**

**EXECUTION VERSION**

**NAB COVERED BOND TRUST  
SECURITY DEED**

**PERPETUAL CORPORATE TRUST LIMITED**  
**Covered Bond Guarantor**

**P.T. LIMITED**  
**Security Trustee**

**NATIONAL AUSTRALIA BANK LIMITED**  
**nab, Issuer, Seller, Servicer, Trust Manager, Swap Provider and Account Bank**

**ALLEN & OVERY**

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### Schedule

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**DEED** dated 10 November 2011

**PARTIES:**

- (1) **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533**, in its capacity as trustee of the nab Covered Bond Trust, acting as Covered Bond Guarantor, having its registered office at Level 12, 123 Pitt Street, Sydney NSW 2000, Australia (**Covered Bond Guarantor**);
- (2) **P.T. LIMITED ABN 67 004 454 666**, in its capacity as Security Trustee, having its registered office at Level 12, 123 Pitt Street, Sydney NSW 2000, Australia (**Security Trustee**); and
- (3) **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937**, in its capacities as Issuer, Seller, Servicer, Trust Manager, Swap Provider and Account Bank, having its registered office at 500 Bourke Street, Melbourne Victoria 3000, Australia (**nab, Issuer, Seller, Servicer, Trust Manager, Swap Provider and Account Bank**).

**INTRODUCTION:**

- (A) Under the terms of the Establishment Deed, the Covered Bond Guarantor is authorised to enter into this deed to grant security over the assets of the Trust to secure the due and punctual payment of the Secured Obligations to the Secured Creditors.
- (B) The Security Trustee enters into this deed as Secured Creditor and as trustee for each other Secured Creditor.

**IT IS AGREED:**

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions Schedule**

The nab Covered Bond Trust Definitions Schedule made between, amongst others, the parties to this deed on or about the date of this deed as the same may be amended, varied or supplemented from time to time (**Definitions Schedule**) is expressly and specifically incorporated into this deed and, accordingly, the expressions defined in the Definitions Schedule (as so amended, varied or supplemented) will, except where the context otherwise requires or where otherwise defined in this deed, have the same meanings in this deed, including the Introduction and this deed will be construed in accordance with the interpretation provisions set out in clause 2 of the Definitions Schedule.

**1.2 Payment not irrevocable**

If the Security Trustee considers that an amount paid by or on behalf of the Covered Bond Guarantor to a Secured Creditor and/or the Security Trustee and/or the Receiver under or pursuant to this deed or the other Programme Documents to which the Covered Bond Guarantor is a party is capable of being avoided or otherwise set aside in the winding-up of the Trust or otherwise and that there is a reasonable prospect of such winding-up occurring and of such payment being so avoided or set aside, then that amount will not be considered to have been irrevocably paid for the purposes of this deed.

### **1.3 Construction**

In this deed, except where the context otherwise requires:

- (a) a reference to any property, assets, undertakings or rights includes present and future property, assets, undertakings or rights; and
- (b) this deed means this Security Deed and all schedules hereto (as from time to time modified and/or supplemented in accordance with the provisions set out herein) and all Deeds of Accession entered into under or pursuant to this deed and each other document or deed entered into pursuant hereto (as from time to time modified and/or supplemented as aforesaid) and/or expressed to be supplemental hereto.

### **1.4 nab**

Any notice, letter or other communication that, pursuant to the terms of this deed is required to be delivered by nab (acting in one capacity) solely to nab (acting in a different capacity), will be deemed to be complied with by nab without a formal notice, letter or other communication being issued or received provided that, at the relevant time, it maintains a written record of the subject matter of the relevant notice, letter or other communication.

### **1.5 Capacity of the Covered Bond Guarantor**

Clause 39 of the Establishment Deed is incorporated into this deed as if set out here in full with any necessary amendments to clause references and references to applicable documents.

### **1.6 Knowledge of the Covered Bond Guarantor**

Clause 27.8 of the Establishment Deed is incorporated into this deed as if set out here in full with any necessary amendments to clause references and references to applicable documents.

### **1.7 Knowledge of the Security Trustee**

Clause 38.3 of the Establishment Deed is incorporated into this deed as if set out here in full with any necessary amendments to clause references and references to applicable documents.

### **1.8 Knowledge of the Trust Manager**

The Trust Manager will only be considered to have knowledge or notice of, or awareness of, any matter or thing if the Trust Manager has knowledge, notice or awareness of that matter or thing by virtue of the actual knowledge, notice or awareness of the officers or employees of the Trust Manager who have day to day responsibility for the administration of the Trust Manager's obligations under this agreement or any other Programme Document.

## **2. APPOINTMENT OF SECURITY TRUSTEE**

### **2.1 The Security Trustee**

The Security Trustee:

- (a) is appointed to act as trustee on behalf of the Secured Creditors on the terms and conditions of this deed; and
- (b) acknowledges and declares that it:

- (i) holds the sum of \$10.00 received on the date of this deed from the Settlor; and
- (ii) will hold the benefit of the Security, the Charged Property and the benefit of each of the Programme Documents to which the Security Trustee is a party,

in each case, on trust for each Secured Creditor, in accordance with the terms and conditions of this deed (such trust, the **Security Trust**).

## **2.2 Resolution of conflicts**

The Security Trustee must, as regards the exercise of all discretions vested in it by this deed and all other Programme Documents to which it is a party, except where expressly provided otherwise, have regard to the interest of the Secured Creditors.

## **2.3 Duration of Trust**

The trust established under this deed commences on the date of this deed and ends on the Vesting Date unless determined earlier.

## **2.4 Security Trustee's discretion**

Subject to Clause 11.26, without prejudice to the rights of the Security Trustee after the Security has become enforceable, the Covered Bond Guarantor hereby authorises the Security Trustee, prior to the Security becoming enforceable, to exercise, or refrain from exercising, all rights, powers, authorities, discretions and remedies of the Covered Bond Guarantor under or in respect of the Programme Documents to which the Covered Bond Guarantor is a party (other than this deed and, in respect of the Swap Agreements, after giving effect to all applicable netting and set-off provisions therein) in such manner as the Security Trustee in its absolute discretion thinks fit. For the avoidance of doubt, the Security Trustee will not be required to have regard to the interests of the Covered Bond Guarantor in the exercise or non-exercise of any such rights, powers, authorities, discretions and remedies or to comply with any direction given by the Covered Bond Guarantor in relation thereto.

## **2.5 Rights and power of Security Trustee**

Except where expressly provided otherwise in this deed, the Security Trustee may exercise, or refrain from exercising, all of its rights, powers, authorities, discretions and remedies under this deed and the other Programme Documents, and may form opinions, and give consents, approvals and waivers under this 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 or (where no Covered Bonds are outstanding) the Majority Secured Creditors.

## **2.6 Exercise of rights and compliance with obligations**

The Security Trustee has all the powers of a natural person or corporation in connection with the exercise of its rights and compliance with its obligations under the Programme Documents.

## **2.7 Rights of Secured Creditors**

The Secured Creditors are bound by, and are deemed to have notice of, the provisions of the Programme Documents. The rights of the Secured Creditors are limited by the terms of such Programme Documents.



## **2.8 Restrictions on Secured Creditors**

Without limiting Clause 2.6, no Secured Creditor is entitled (other than as permitted by this deed or any other Programme Document) to:

- (a) interfere with the Trust or any rights or powers of the Trust Manager or the Covered Bond Guarantor under the Establishment Deed or any other Programme Document;
- (b) exercise a right in respect of any asset of the Trust or lodge a caveat or other notice affecting any asset of the Trust or otherwise claim any interest in any asset of the Trust;
- (c) require the transfer to it of any asset of the Trust;
- (d) seek to terminate or wind up the Trust;
- (e) have any recourse whatsoever to either of the Covered Bond Guarantor or the Trust Manager in their personal capacities except in the case of fraud, negligence or wilful default on the part of the Covered Bond Guarantor or Trust Manager (as applicable); or
- (f) seek to remove the Covered Bond Guarantor as trustee of the Trust or the Trust Manager as manager of the Trust.

However, nothing in this Clause prevents a Secured Creditor from:

- (i) exercising its rights in connection with any Programme Document;
- (ii) taking proceedings to obtain an injunction or other order to restrain any breach of any Programme Document; or
- (iii) taking proceedings to obtain declaratory relief in relation to any Programme Document.

## **2.9 Deeds of Accession**

Each of the Secured Creditors irrevocably authorises the Security Trustee to sign each Deed of Accession on its behalf.

## **2.10 Agreement to be bound**

The Security Trustee acknowledges and agrees to be bound by and has the benefit of the terms of the Establishment Deed as if it were a party to that document.

# **3. PAYMENTS**

## **3.1 Payment to Security Trustee**

Subject to Clause 3.2, the Covered Bond Guarantor agrees to pay the Secured Obligations to the Security Trustee in accordance with the terms of the Programme Documents.

## **3.2 Discharge by payment to Secured Creditors**

- (a) The payment of the Secured Obligations by or on behalf of the Covered Bond Guarantor to a Secured Creditor in accordance with the terms of the relevant Programme Document will discharge the Covered Bond Guarantor from any obligation to pay that amount to the Security Trustee in accordance with Clause 3.1.

- (b) Clause 3.2(a) does not affect or limit the obligation of the Covered Bond Guarantor to pay to the Security Trustee any Secured Obligations payable to the Security Trustee on its own account pursuant to the terms of any Programme Document.

### **3.3 Election by Security Trustee**

The Security Trustee may elect, at any time following the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, to require payment to it of all or part of the Secured Obligations. Clause 3.2(a) will not apply if any such election is made by the Security Trustee.

## **4. SECURITY**

### **4.1 Security**

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 in favour of the Security Trustee.

### **4.2 Priority**

The Security granted in Clause 4.1 has the same priority in respect of all Secured Obligations, including future advances.

- (a) For the purpose only of establishing priority under section 282(3) of the Corporations Act, the parties agree that the maximum prospective liability secured under this deed is \$100,000,000,000. The Security Trustee may at any time lodge notices under section 268(2) of the Corporations Act to increase the maximum amount referred to in this Clause 2.2 and on any such lodgement the maximum prospective liability specified in this Clause 2.2 will be taken to be changed to the amount specified in the lodgement.
- (b) Nothing in Clause 4.2(a) is to be construed as limiting either the Secured Obligations or the amount of the Secured Obligations which are actually secured under this deed.

### **4.3 Continuing security**

This deed is a continuing security and will operate irrespective of any intervening payment, settlement of account or other matter or thing whatever, until a final release in favour of the Covered Bond Guarantor has been signed by the Security Trustee and delivered to the Covered Bond Guarantor in accordance with Clause 22.

### **4.4 Other securities**

- (a) This deed is collateral to each other Security Interest (whenever executed or given) which is at any time held by a Secured Creditor.
- (b) The Security Trustee or any other Secured Creditor may exercise any of their rights, powers and remedies under this deed and any other Security Interest separately or concurrently.
- (c) Nothing in this deed will discharge, abate or prejudice any other Security Interest at any time held by any person.

#### **4.5 Accession of New Secured Creditors**

As a condition precedent to any new Series or Tranche, as applicable, of Covered Bonds issued under the Programme, any New Secured Creditor will accede to the terms of this deed by executing a Deed of Accession.

### **5. NATURE OF CHARGE**

#### **5.1 Floating charge**

The Security granted pursuant to Clause 4.1 is a floating charge.

#### **5.2 Automatic crystallisation**

To the extent that the Security granted pursuant to Clause 4.1(b) is a floating charge, it will become a fixed charge automatically and immediately in respect of all Charged Property subject to the floating charge:

- (a) without the need for any notice to or act by the Security Trustee, following the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer; and
- (b) in respect of any such Charged Property specified in any notice which may be given by the Security Trustee to the Covered Bond Guarantor and the Trust Manager at any time if, in the opinion of the Security Trustee, that Charged Property is at risk of being seized, taken or becoming subject to any Security Interest other than any Security Interest expressly permitted under the Programme Documents.

### **6. COVENANTS BY THE COVERED BOND GUARANTOR AND TRUST MANAGER**

#### **6.1 Positive covenants**

Each of the Covered Bond Guarantor and the Trust Manager agrees to:

- (a) at all times comply with the obligations and provisions binding on it under this deed and the other Programme Documents;
- (b) in the case of the Trust Manager, at the same time or as soon as practicable after a notice referred to in Clause 6.1(h) is given to the Security Trustee, provide to the Security Trustee:
  - (i) details (including notice details) of each Secured Creditor; and
  - (ii) details of the Secured Obligations owing to each Secured Creditor;
- (c) upon request from the Security Trustee (acting reasonably), provide to the Security Trustee such information, copies of any accounting records, financial statements and other documents, statements and reports required to be maintained by, or that are otherwise in the possession of, the Covered Bond Guarantor or the Trust Manager, as applicable, or which the Covered Bond Guarantor or the Trust Manager, as applicable, is entitled to obtain from any person (including information and documents referred to in Clause 6.1(b)) under any Programme Document, including the procurement by the Covered Bond Guarantor or the Trust Manager, as applicable, of all such certificates called for by the Security Trustee under or pursuant to this deed or any other Programme Documents;

- (d) deposit with the Security Trustee immediately or as soon as the Covered Bond Guarantor, or the Trust Manager on its behalf, receives them:
  - (i) anything evidencing a Security Interest in respect of an asset of the Trust and any document of title given to the Covered Bond Guarantor or the Trust Manager, as applicable, to secure the payment of a monetary obligation to the Covered Bond Guarantor; and
  - (ii) any documents of title relating to any Charged Property;
- (e) in the case of the Trust Manager, cause to be prepared and certified by the Auditor in respect of each Fiscal Period accounts in such form as will comply with relevant legal and accounting requirements applicable to it for the time being;
- (f) in the case of the Trust Manager, at all times keep or procure the keeping of proper books of account and records in respect of the Trust separate from any person or entity and allow the Security Trustee and any person or persons appointed by the Security Trustee to whom the Covered Bond Guarantor or the Trust Manager, as applicable, has no reasonable objection free access to such books of account and records at all times during normal business hours upon reasonable notice in writing provided that such inspection only be made for the purposes of carrying out its duties under or pursuant to this deed and any information so obtained will only be used and passed on to any other person for the purpose of the Security Trustee carrying out its duties under this deed;
- (g) in the case of the Trust Manager, send to the Security Trustee a copy of every balance sheet, profit and loss account, source and application of funds statement (if any), report, or other notice, statement, circular or document issued or given to any holder of securities (including Covered Bondholders) or creditors of the Covered Bond Guarantor as soon as reasonably practicable after issue of the same;
- (h) give notice in writing to the Security Trustee of the occurrence of any Covered Bond Guarantor Event of Default, Potential Covered Bond Guarantor Event of Default and/or service of a Covered Bond Guarantee Acceleration Notice (such notice to be effected by the delivery of a copy of the Covered Bond Guarantee Acceleration Notice to the Security Trustee) immediately upon becoming actually aware thereof and without waiting for the Security Trustee to take any further action;
- (i) give to the Security Trustee:
  - (i) within 14 days after demand by the Security Trustee therefor; and
  - (ii) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each Fiscal Period and in any event not later than the date by which it is required by statute to file or publish (whichever is earlier) such audited accounts after the end of each such Fiscal Period,

a certificate signed by two Authorised Signatories of the Covered Bond Guarantor or the Trust Manager, if applicable, to the effect that as at a date not more than seven days before delivering such certificate (the **certification date**) there did not exist and had not existed since the certification date of the previous certificate (or in the case of the first such certificate the date of this deed) any Covered Bond Guarantor Event of Default (or if such then exists or existed, specifying the same) and that during the period from and including the certification date of the last such certificate (or in the case of the first such certificate the

date of this deed) to and including the certification date of such certificate the Covered Bond Guarantor or the Trust Manager, as applicable, has complied, to the best of such Authorised Signatories' knowledge and belief, with all its obligations contained in this deed and each of the other Programme Documents to which it is a party or (if such is not the case) specifying the respects in which it has not so complied;

- (j) at all times execute all such further documents as the Security Trustee reasonably requires and do all such further acts and things as may in the opinion of the Security Trustee be necessary at any time or times to give effect to the terms and conditions of this deed and the other Programme Documents; and
- (k) duly and promptly pay and discharge all Taxes imposed upon it or its assets in respect of the Trust unless such Taxes are being contested in good faith by the Covered Bond Guarantor, to the extent it is able to meet such obligations taking into account the extent of its rights of indemnity out of the assets of the Trust and the Priorities of Payments.

## **6.2 Negative covenants**

So long as any of the Secured Obligations remains outstanding, the Trust Manager must not direct the Covered Bond Guarantor to, and the Covered Bond Guarantor must not, save to the extent permitted by or provided for in the Programme Documents or with the prior written consent of the Security Trustee (which may only be given if the Security Trustee consents acting on the instructions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors):

- (a) create or permit to arise any right of set-off, netting or combination of accounts in respect of any Charged Property that is an account receivable (other than rights that arise solely by operation of law or permitted by the Mortgage Conditions);
- (b) create or permit to subsist any Security Interest whatsoever (unless arising by operation of law) upon the whole or any part of its assets, present or future;
- (c) carry on any Trust business other than as described from time to time in the Programme Documents and the related activities described therein;
- (d) sell, assign, transfer, convey, lend, part with, charge, declare a trust over, create any beneficial interest in or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of the Charged Property, or any of its interest, estate, right, title or benefit therein or thereto or agree or attempt or purport to do so;
- (e) incur any indebtedness in respect of the Trust whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person in respect of the Trust;
- (f) permit any of the Programme Documents to which it is a party to become invalid or ineffective, or the priority of the Security Interests created thereby to be reduced, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of any of the Programme Documents to which it is a party, or permit any party to any of the Programme Documents to which it is a party or any other person whose obligations form part of the Charged Property to be released from its respective obligations;
- (g) have an interest in any bank account other than the Trust Accounts, unless such account or interest therein is subject to a Security Interest in favour of the Security Trustee on terms acceptable to it;

- (h) do any act or thing the effect of which would be to make the Covered Bond Guarantor Tax resident in any jurisdiction other than Australia; or
- (i) permit any person other than the Security Trustee and the Covered Bond Guarantor to have any equitable or beneficial interest in any of its assets or any interest, estate, right, title or benefit therein.

### **6.3 Set-off under the Intercompany Note Subscription Agreement and Demand Note Subscription Agreement**

Without limitation to Clause 6.2, the Security Trustee:

- (a) expressly authorises and approves the set-offs described in clause 8.5 of the Intercompany Note Subscription Agreement and clause 10.3 of the Demand Note Subscription Agreement;
- (b) acknowledges that, under clause 33.16 of the Establishment Deed, the Covered Bond Guarantor has a first and paramount lien over the rights to payment by the Intercompany Note Subscriber under clauses 8.3 and 8.4 of the Intercompany Note Subscription Agreement (such rights, the **Indemnity Payment Rights**);
- (c) agrees that the rights of the Security Trustee under the Security in relation to the Indemnity Payment Rights are secondary and subordinate to the rights of the Covered Bond Guarantor under its lien over the Indemnity Payment Rights; and
- (d) agrees that it will not in any way interfere with, or restrict the exercise of, the lien over the Indemnity Payment Rights by the Covered Bond Guarantor.

### **6.4 Trust Manager undertakings**

The Trust Manager undertakes to the Covered Bond Guarantor and the Security Trustee that it will not give any direction to the Covered Bond Guarantor or the Security Trustee under the Programme Documents which would, if complied with, result in the Covered Bond Guarantor or the Security Trustee breaching the terms of this deed or any other Programme Document.

## **7. PAYMENTS OUT OF THE TRUST ACCOUNTS PRIOR TO ENFORCEMENT**

### **7.1 Following service of a Covered Bond Guarantee Acceleration Notice**

Subject to the terms of this deed, no payment, transfer or withdrawal from the Trust Accounts may be made under this Clause 7 at any time after a Covered Bond Guarantee Acceleration Notice has been served.

### **7.2 Pre-Acceleration Priority of Payment**

Notwithstanding the Security created by or pursuant to Clause 4, prior to the service of a Notice to Pay or the service of a Covered Bond Guarantee Acceleration Notice by the Bond Trustee on the Covered Bond Guarantor and the Issuer, the Trust Manager must direct the Covered Bond Guarantor to, and upon that direction, the Covered Bond Guarantor must (subject to the terms of the Establishment Deed and the Management Agreement) withdraw, or instruct the Account Bank or cause the Account Bank to be instructed to withdraw (unless the intended recipient of the relevant payment agrees otherwise), moneys from the Trust Accounts to be applied in the order of priority on the specified dates (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 and to the extent that such withdrawal does not cause the

Trust Accounts to become overdrawn) set out in the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments.

### **7.3 Guarantee Priorities of Payment**

Notwithstanding the Security created by or pursuant to Clause 4, following the service of a Notice to Pay but prior to the service of a Covered Bond Guarantee Acceleration Notice by the Bond Trustee 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 must (subject to the terms of the Establishment Deed and the Management Agreement) withdraw, or instruct the Account Bank or cause the Account Bank to be instructed to withdraw (unless the intended recipient of the relevant payment agrees otherwise), moneys from the Trust Accounts to be applied in the order of priority on the specified dates (and in each case only if and to the extent that payments or provision of a higher order of priority have been made in full and to the extent that such withdrawal does not cause the Trust Accounts to become overdrawn) as set out in the Guarantee Priority of Payments.

### **7.4 Payments under Programme Documents**

Notwithstanding the Security created by or pursuant to Clause 4, prior to the service of a Notice to Pay or the service of a Covered Bond Guarantee Acceleration Notice by the Bond Trustee 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 must withdraw, or instruct the Account Bank or cause the Account Bank to be instructed to withdraw (unless the intended recipient of the relevant payment agrees otherwise), moneys from the Trust Accounts for application in making any payments due to be made subject to and in accordance with the Programme Documents (but only to the extent that such withdrawal does not cause the Trust Accounts to become overdrawn).

### **7.5 Investments in Authorised Investments and Substitution Assets**

Notwithstanding the Security created by or pursuant to Clause 4 (and without prejudice to Clause 11.1), the Trust Manager may direct the Covered Bond Guarantor or the Security Trustee to, and upon receiving that direction the Covered Bond Guarantor or Security Trustee (as the case may be) must, invest in the name of the Covered Bond Guarantor and the Security Trustee, moneys standing from time to time to the credit of the Trust Accounts in Authorised Investments and Substitution Assets in accordance with the Management Agreement and the Establishment Deed provided that:

- (a) any costs properly incurred by the Security Trustee in making and changing investments will be reimbursed to the Security Trustee by the Covered Bond Guarantor (acting on the direction of the Trust Manager), as trustee of the Trust; and
- (b) all income from and proceeds following the disposal or maturity of Authorised Investments and Substitution Assets must be credited to the relevant Trust Account.

Each of the Covered Bond Guarantor and the Security Trustee is not required to invest any of the moneys standing from time to time to the credit of the Trust Accounts in Authorised Investments and Substitution Assets unless directed to do so by the Trust Manager.

Notwithstanding the Security created by or pursuant to Clause 4, Authorised Investments and Substitution Assets may, on any AU Business Day, be sold, redeemed, realised or otherwise disposed of subject always to the other provisions of this deed (including Clauses 4 and 22.2).



## 7.6 Management and application of funds

The Trust Manager must direct the Covered Bond Guarantor to, and upon receiving that direction, the Covered Bond Guarantor will, take or cause to be taken such action as may from time to time be necessary on its part to ensure that the GIC Account from time to time is credited with all amounts received by or on behalf of the Covered Bond Guarantor and falling within any of the following categories:

- (a) all Mortgage Loan Revenue Receipts and all Mortgage Loan Principal Receipts;
- (b) all amounts of interest paid to the Covered Bond Guarantor by the Servicer pursuant to clause 5.3 of the Servicing Agreement;
- (c) all Pre-Maturity Demand Note Funding;
- (d) Excess Proceeds received from the Bond Trustee pursuant to the Bond Trust Deed;
- (e) any other amount whatsoever received by or on behalf of the Covered Bond Guarantor after the date of this deed (including the proceeds of any Intercompany Notes issued by it to the Intercompany Note Subscriber where such proceeds have not been applied to acquire New Mortgage Loan Portfolios or invest in Substitution Assets or Authorised Investments);
- (f) the proceeds arising from the disposal of any Authorised Investments or Substitution Assets and any and all income or other distributions received by or on behalf of the Covered Bond Guarantor in respect thereof or arising from the proceeds of any Authorised Investments or Substitution Assets; and
- (g) such other payments received by or on behalf of the Covered Bond Guarantor as are, or ought in accordance with this deed to be, comprised in the Charged Property.

## 7.7 Enforcement when not all amounts due and payable

If the Security Trustee (or any Receiver) enforces the Security at a time when either no amounts or not all amounts owing in respect of the Secured Obligations have become due and payable, the Security Trustee (or any Receiver) may, for so long as no such amounts or not all such amounts have become due and payable, pay any moneys referred to in Clause 8 into, and retain such moneys in, an interest-bearing account (a **Retention Account**) to be held by it as security and applied by it in accordance with Clause 8 as and when any of the amounts referred to therein become due and payable.

## 7.8 Swap Collateral Excluded Amounts

Any Swap Collateral Excluded Amounts must not be paid in accordance with the relevant Priority of Payment, but must be applied solely in accordance with the relevant Swap Agreement. For the avoidance of doubt, the Swap Collateral Excluded Amounts may not be applied by the Covered Bond Guarantor and the Trust Manager except in accordance with the provisions of the ISDA 1995 Credit Support Annex to the relevant Swap Agreement. The Trust Manager must ensure that all directions given by it to the Covered Bond Guarantor will comply with this Clause 7.8.



## 8. PAYMENTS OUT OF THE TRUST ACCOUNTS UPON ENFORCEMENT

### 8.1 Following 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 (acting on the directions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors).

### 8.2 Post-Enforcement Priority of Payments

All moneys received or recovered by the Security Trustee or any Receiver (excluding all amounts due or to become due in respect of any Third Party Amounts and excluding any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor, under the relevant Swap Agreement which must be paid directly to the relevant Swap Provider in accordance with the terms of the relevant Swap Agreements) and any In Specie Mortgage Loans (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, must 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*, 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;
- (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 in the Trust Payment Period during which the application of moneys is made, 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 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 *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 relevant 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)(i) 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 Clause 8.2(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.

The Security Trustee and any Receiver must ensure that no moneys will be applied under Clause 8.2(f). Any amount payable by the Security Trustee or any Receiver in accordance with Clause 8.2(f) must only be satisfied by an in specie distribution to the Demand Note Subscriber of the In Specie Mortgage Loans pursuant to clause 10.2 of the Demand Note Subscription Agreement. The Security Trustee or any Receiver may, but is not obliged to, satisfy any amount payable in accordance with Clause 8.2(j) by an in specie distribution to the Demand Note Subscriber of In Specie Mortgage Loans.

## **9. FURTHER ASSURANCES**

### **9.1 Covered Bond Guarantor assurances**

The Covered Bond Guarantor, in respect of the Trust, agrees to:

- (a) execute in favour of the Security Trustee, or as the Security Trustee directs, and in a form acceptable to the Security Trustee, further documents; and
- (b) do the things the Security Trustee stipulates,

to provide more effective security to the Security Trustee over the Charged Property with the priority required by the Security Trustee, for the payment of the Secured Obligations and to enable the Security Trustee to exercise its rights in connection with the Charged Property, except that the Covered Bond Guarantor will not be obliged to obtain an executed transfer of any Mortgage, or notify any relevant Borrower in respect of any Mortgage, unless a Title Perfection Event has occurred and is subsisting.

### **9.2 Completion of instruments**

An Authorised Signatory of the Security Trustee may fill in any blanks in this deed and complete in favour of the Security Trustee or anyone purchasing under the powers given by this deed any

instrument executed by or on behalf of the Covered Bond Guarantor in blank and deposited with the Security Trustee in connection with this deed.

## **10. REPRESENTATIONS AND WARRANTIES**

### **10.1 Covered Bond Guarantor representations and warranties**

The Covered Bond Guarantor, as trustee of the Trust, represents and warrants that it has the power under the Establishment Deed to grant the Security and that it has taken no action to create any Security Interest in respect of the Charged Property (other than any Security Interest permitted or contemplated by any Programme Document), and the Covered Bond Guarantor further represents and warrants on the terms of the representations and warranties set out in Part 1 of Schedule 2.

### **10.2 Security Trustee representations and warranties**

The Security Trustee represents and warrants on the terms of the representations and warranties set out in Part 2 of Schedule 2.

## **11. SECURITY TRUSTEE'S POWERS AND LIMITATIONS**

### **11.1 Power to invest prior to enforcement**

Subject to Clause 7.5 all moneys received by the Security Trustee and not required to be applied immediately under any of the discretions or powers contained in this deed may be placed at the time by the Security Trustee in Authorised Investments.

### **11.2 Prior Notification**

The Security Trustee must, if reasonably practicable, give prior notification to the Seller of the Security Trustee's intention to enforce the Security, provided always that the failure of the Security Trustee to provide such notification will not prejudice the ability of the Security Trustee to enforce the Security.

### **11.3 Security immediately enforceable**

Without prejudice to the provisions of Clause 14, the Security will become immediately enforceable at any time following service of a Covered Bond Guarantee Acceleration Notice or, if there are no Covered Bonds outstanding, following a default in the payment of any other Secured Obligations on its due date.

### **11.4 Power to invest on or after enforcement**

Any moneys which under the trusts of this deed ought to or may be invested by the Security Trustee (or by the Trust Manager or any other agent on its behalf) after the Security has become enforceable may be invested in the name of the Security Trustee or in the name of any nominee on its behalf and under the control of the Security Trustee in any Authorised Investments and the Security Trustee may at any time vary or transfer (or direct the Trust Manager to vary or transfer) any of such Authorised Investments for or into other such Authorised Investments as the Security Trustee in its absolute discretion may determine, and will not be responsible (save where any loss results from the Security Trustee's fraud, negligence or wilful default or that of its officers or employees) for any loss occasioned by reason of any such Authorised Investments whether by depreciation in value or otherwise, provided that such Authorised Investments were made in accordance with the foregoing provisions. If a bank or institution with which any moneys placed on deposit in accordance with this

Clause is the Security Trustee or an affiliate of the Security Trustee, it need only account for an amount of interest equal to the amount of interest which would, at then current rates, be payable by it on such a deposit to an independent customer. The income from such Authorised Investments may be accumulated and such accumulations and investments must then be applied in or towards satisfaction of any amounts owing to the Security Trustee under Clause 8.2(b)(ii) and then in accordance with the Post-Enforcement Priority of Payments.

#### **11.5 Other powers**

The Security Trustee may, whenever it thinks it expedient in the interests of the Secured Creditors, apply to any court for an order that the powers and trusts of this deed be exercised or carried out, for the appointment of a Receiver of the Charged Property or any part thereof and for any other order in relation to the execution and administration of the powers and trusts of this deed and for directions in relation to any question of law or fact arising either before or after the Security created pursuant to this deed has become enforceable and assent to, and approve of or oppose any application to any court made by or at the instance of any Secured Creditor, the Covered Bond Guarantor or the Trust Manager. Further, the Security Trustee:

- (a) may take such action as it is directed to take by (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors to defend the Security Trust against any legal proceedings that, if successful, might adversely affect the Security Trust; and
- (b) may take such action as it considers necessary to defend itself as trustee of the Security Trust against any legal proceedings.

#### **11.6 Discretion of Security Trustee as to exercise of powers**

Subject to Clause 2.5 and any other express provision to the contrary contained in this deed, the Security Trustee will, as regards all the powers, authorities and discretions vested in it by this deed have absolute discretion as to the exercise of them in all respects and, in the absence of fraud, negligence or wilful default on its part, the Security Trustee will not be in any way responsible for any loss, costs, damages, claims or obligations that may result from the exercise or non-exercise of them.

#### **11.7 Limitation on Security Trustee's actions**

Notwithstanding knowledge by, or notice to, the Security Trustee of a Covered Bond Guarantor Event of Default or anticipatory or actual breach of, or default under, any covenant, obligation, condition or provision by the Covered Bond Guarantor or the Trust Manager contained in or imposed by this deed or any other Programme Document, the Security Trustee is only required to take all such steps and do all such things as it is empowered to do having regard to the powers, authorities and discretions vested in it pursuant to this deed and the obligations imposed on the Security Trustee by this deed.

#### **11.8 Effect of resolution**

An Extraordinary Resolution passed at a meeting of Covered Bondholders duly convened and held in accordance with the Bond Trust Deed and any subsequent instructions relating to the Extraordinary Resolution to be provided by the Bond Trustee acting in accordance with the Bond Trust Deed are binding upon the Security Trustee and all the Secured Creditors whether present or not present at such meeting and each of such Secured Creditors and (subject to Clauses 11.18 and 11.19) the Security Trustee is bound to give effect to the Extraordinary Resolution. Nothing in this

Clause 11.8 requires the Security Trustee to do or omit to do any act if, in the opinion of the Security Trustee, this might cause it to breach a law, a Programme Document, a fiduciary duty or an obligation owed to another person.

### **11.9 Limitations on Security Trustee's responsibility**

The Security Trustee is not to and will not be:

- (a) under any liability whatsoever for acting in accordance with any resolution of Covered Bondholders nor will the Security Trustee be held responsible if it acts upon any resolution purporting to have been passed at any meeting of the Covered Bondholders of one or more Series at which minutes were made and signed even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any other reason the resolution was not valid or binding upon any of those Secured Creditors whom it purports to bind or upon the Security Trustee;
- (b) obliged to notify the Secured Creditors of the happening or continuance of a Covered Bond Guarantor Event of Default;
- (c) bound or concerned to examine or enquire into, nor be liable for any defect or failure in, the title of the Covered Bond Guarantor to any Charged Property; and
- (d) under any liability whatsoever for a failure to take any action in respect of any breach by the Covered Bond Guarantor of its duties as trustee of the Trust of which the Security Trustee is not actually aware or in respect of a Covered Bond Guarantor Event of Default of which the Security Trustee is not actually aware,

except to the extent that any such matter or liability is caused by the fraud, negligence or wilful default of the Security Trustee.

### **11.10 No liability**

The Security Trustee is not liable:

- (a) for any loss, costs, damages or expenses arising out of the exercise or non- exercise of a discretion or for any act or omission on its part under this deed;
- (b) for any loss, costs, damages or expenses arising out of the exercise or non- exercise of a discretion of the Covered Bond Guarantor or the Trust Manager or the act or omission of the Covered Bond Guarantor or the Trust Manager;
- (c) for any loss caused by its failure to check any information, document, form or list supplied or purported to be supplied to it by the Covered Bond Guarantor or the Trust Manager;
- (d) to the Secured Creditors or any other person for any liability or thing beyond the extent of the Security Trustee's right of indemnity from the assets of the Security Trust or beyond the extent to which the Security Trustee is actually indemnified for the liability or thing;
- (e) to make a payment to any Secured Creditor except out of funds held for that purpose pursuant to this deed; or
- (f) for any other act or omission on its part,

except, in the case of paragraphs (a), (b), (d), (e) and (f), to the extent that the relevant matter is due to the fraud, negligence or wilful default of the Security Trustee.

#### **11.11 Security Trustee not responsible for monitoring**

- (a) Each Secured Creditor (other than the Bond Trustee in its personal capacity, the Covered Bond Guarantor in its personal capacity and the Security Trustee in the case of sub-paragraphs (i) and (ii) below) is taken to confirm for the benefit of the Security Trustee that:
  - (i) it has made its own appraisal and investigation of the business, financial condition, status and affairs of the Trust Manager, the Servicer, the Cover Pool Monitor, the Account Bank, the Issuer, the Covered Bond Guarantor and each other party to each Programme Document, of the assets of the Trust and of the property comprising the Security Trust;
  - (ii) it is solely responsible for continuing that appraisal and investigation after the date of this deed;
  - (iii) it has not entered into any Programme Document as the result of any inducement from, or representation or statement by, the Security Trustee and that the Security Trustee is not concerned with, or responsible for, any statement or information contained in the Base Prospectus or other document issued in connection with the invitation for the subscription of Covered Bonds; and
  - (iv) it has made its own appraisal of its financial return under the Programme Documents.
- (b) Each Secured Creditor is taken to confirm that it has not relied, and will not rely, on the Security Trustee at any time, and that the Security Trustee is not required:
  - (i) to provide it with any information concerning the business, financial condition, status or affairs of the Trust Manager, the Servicer, the Cover Pool Monitor, the Account Bank, the Issuer, the Covered Bond Guarantor or any other party to any Programme Document;
  - (ii) to investigate the adequacy, accuracy or completeness of any information provided by the Trust Manager, the Servicer, the Cover Pool Monitor, the Account Bank, the Issuer, the Covered Bond Guarantor or any other party to any Programme Document in connection with the Programme Documents (whether or not the information is provided to that Secured Creditor by the Security Trustee);
  - (iii) to assess or keep under review the business, financial condition, status or affairs of the Trust Manager, the Servicer, the Cover Pool Monitor, the Account Bank, the Issuer, the Covered Bond Guarantor or any other party to any Programme Document or to inspect any of their properties or books;
  - (iv) to investigate whether or not a Covered Bond Guarantor Event of Default has occurred;
  - (v) to verify or otherwise confirm that any asset acquired by or otherwise arising or accruing in favour of, the Covered Bond Guarantor is an Authorised Investment; or



- (vi) to investigate or keep itself informed as to the performance by any other party to any Programme Document of its obligations under any Programme Document, or any other document or agreement to which one or more of them is a party.
- (c) Except to the extent contemplated by another Programme Document, the Security Trustee has no duty or responsibility, but is authorised in its absolute discretion, to provide any Secured Creditor with any credit or other information concerning the assets, liabilities, financial condition or business of the Covered Bond Guarantor, the Trust or (to the extent that it is relevant to the performance by that person of its obligations under the Programme Documents) the Trust Manager or the Servicer which may come into the possession of the Security Trustee.

#### **11.12 Security Trustee's further duties**

Subject to this deed and each other Programme Document, or as permitted or contemplated by this deed and each other Programme Document, the Security Trustee must comply with the duties imposed on it by this deed and each other Programme Document to which it is a party and must:

- (a) act continuously as trustee of the Security Trust until it is terminated in accordance with this deed or until the Security Trustee has retired or been removed in accordance with this deed;
- (b) exercise all due diligence and vigilance in carrying out its functions and duties under this deed;
- (c) retain the Security Trust in safe custody and hold it on trust for the Secured Creditors upon the terms of this deed; and
- (d) not sell, create a Security Interest over, or part with the possession of any part or the whole of the Security Trust (or permit any of its officers, agents and employees to do so) except as permitted or contemplated by any Programme Document.

#### **11.13 Acceptance of certificates etc**

The Security Trustee is, for any purpose and at any time, entitled to rely on, act upon, accept and regard as conclusive and sufficient (without being in any way bound to call for further evidence or information or being responsible for any loss that may be occasioned by such reliance, acceptance or regard) any of the following:

- (a) any information, report, balance sheet, income statement, certificate or statement supplied by the Covered Bond Guarantor, the Trust Manager or any other party to a Programme Document by any Authorised Signatory, auditor or solicitor of any of them and any other details of the identity of, Secured Obligations owing to, and notice details of, any Secured Creditor;
- (b) all statements (including statements made or given to the best of the maker's knowledge and belief or similarly qualified) contained in any information, report, balance sheet, income statement, certificate or statement given pursuant to, or in relation to, this deed or the Establishment Deed; and
- (c) all accounts supplied to the Security Trustee pursuant to this deed and all reports of the Auditor of the Trust supplied to the Security Trustee pursuant to this deed or the Establishment Deed,



except, in each case, when it is actually aware that the information supplied pursuant to Clauses (a) to (c) above is incorrect.

#### **11.14 Act on opinion of experts**

The Security Trustee may, in relation to this deed or the rights, powers or obligations conferred or imposed by this deed, act on the advice or opinion or information received from any adviser of a kind appropriate to the particular case including any lawyer, banker, accountant, securities company, broker or valuer or other expert in Australia or elsewhere, whether obtained by the Security Trustee or otherwise (including by the Covered Bond Guarantor or the Trust Manager). The Security Trustee is not responsible for any loss occasioned by so acting in good faith and any such advice or opinion or information may be given verbally or by letter or otherwise. The Security Trustee is not to be liable for any loss occasioned by acting in good faith on any opinion, advice and information purporting to be so conveyed although the same contains some error or is not authentic.

#### **11.15 Right to rectify**

The Security Trustee may do anything which should have been done by the Covered Bond Guarantor or the Trust Manager under this deed but which has not been done or which the Security Trustee considers has not been done properly, but the Security Trustee is under no obligation to do so.

#### **11.16 Ascertain Covered Bond Guarantor Event of Default**

The Security Trustee need not:

- (a) without limiting any other provision of this deed, notify any person of the execution of this deed; or
- (b) take any steps to ascertain whether there has occurred any Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default.

Nothing in this Clause limits or restricts the duties of the Security Trustee to take any action if it becomes actually aware of, or has actual notice of, a Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default. Until it has received written notice to the contrary from the Trust Manager or a Secured Creditor, the Security Trustee may assume that no Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default has occurred and that the Covered Bond Guarantor and the Trust Manager are observing and performing all the obligations on their part contained in the Programme Documents and need not inquire whether that is, in fact, the case.

#### **11.17 No duty to investigate**

The Security Trustee has no duty to keep itself informed about the circumstances of the Issuer, the Covered Bond Guarantor, the Trust Manager, the Account Bank or the Cover Pool Monitor, or the performance by the Issuer, the Covered Bond Guarantor, the Trust Manager, the Account Bank or the Cover Pool Monitor of their respective obligations under this deed or the other Programme Documents or (subject to the express requirements of this deed) to consider or provide any Secured Creditor with any information with respect to the Issuer, the Covered Bond Guarantor, the Trust Manager, the Account Bank or the Cover Pool Monitor.

### **11.18 Liability must be limited**

The Security Trustee is not obliged to do or omit to do anything including enter into any transaction or expend or risk its own funds or otherwise incur any liability in the performance of any of its duties or in the exercise of any of its rights or powers or otherwise in connection with this deed or any other Programme Document (including forming any opinion or employing any legal, financial or other adviser) unless repayment of such funds is assured to the Security Trustee's satisfaction or the Security Trustee's liability is limited in a manner which is consistent with Clause 12.7.

### **11.19 Receipt of instructions**

Without limiting its rights, powers and discretions, but subject to its express duties or obligations under Clause 12.5, the Security Trustee will not be required to exercise any right, power or discretion (including to require anything to be done, form any opinion or view, make a determination or give any notice, consent, waiver or approval) without specific instructions given by the Bond Trustee, or, if there are no Covered Bondholders, without specific instructions given by the Majority Secured Creditors. However, the Security Trustee may exercise a right, power or discretion before it receives any such instructions if the Security Trustee reasonably believes that it is in the best interests of the Secured Creditors that it does so (and provided that the Security Trustee first notifies in writing the Secured Creditors of its intention to do so).

The provisions of this Clause 11.19 and Clause 12.5 apply notwithstanding any other provision of the Programme Documents which provides, or which may be construed, to the contrary.

### **11.20 Dispute or ambiguity**

In the event of any dispute or ambiguity as to the construction or enforceability of this deed or any other Programme Document, or the Security Trustee's powers or obligations under or in connection with this deed or the determination or calculation of any amount or thing for the purpose of this deed or the construction or validity of any direction from Secured Creditors, the Security Trustee may (but will have no obligation to):

- (a) obtain and rely on advice from any person referred to in Clause 11.14; and
- (b) apply to a court or similar body for any direction or order the Security Trustee considers appropriate,

and provided the Security Trustee is using reasonable endeavours to resolve such ambiguity or dispute, the Security Trustee, in its absolute discretion, may (but will have no obligation to) refuse to act or refrain from acting in relation to matters affected by such dispute or ambiguity.

### **11.21 No liability for documents**

The Security Trustee has no responsibility for the form or contents of this deed or any other Programme Document and will have no liability arising as a result of or in connection with any inadequacy, invalidity or unenforceability of any provision of this deed or the other Programme Documents except insofar as it applies to the Security Trustee or to any representation and warranty given by the Security Trustee.

### **11.22 Conflict of duty**

- (a) 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.

- (b) In connection with the exercise of its powers, trusts, authorities and discretions (including any modifications, waiver, authorisation or determination), the Security Trustee 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, Receiptholders 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, Receiptholder 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, Receiptholders or Couponholders, except to the extent already provided for in Condition 7.
- (c) If, in connection with the exercise of its powers, trusts, authorities and 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%, 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.
- (d) Provided that the Security Trustee acts in good faith under this Clause 11.22, it will not incur any liability to any Secured Creditor or any other person for doing so.

### **11.23 Delegation**

The Security Trustee may in accordance with this Clause authorise in writing specified parties to act as its delegate, attorney or agent to perform its functions under the Programme Documents (including the holding of Mortgage Loan Files and a power to sub-delegate). The Security Trustee may include provisions in the authorisation to protect and assist those dealing with the delegate, attorney or agent as the Security Trustee may think fit in the interests of the Secured Creditors. The Security Trustee will give prompt notice to the Covered Bond Guarantor and the Rating Agencies of any such appointment.

### **11.24 Restrictions on delegation**

The Security Trustee must not delegate to any person any of its trusts, duties, powers, authorities and discretions under this deed except:

- (a) subject to this Clause, to a Related Company of the Security Trustee;
- (b) to the Trust Manager, the Servicer or a Receiver in accordance with the provisions of this deed or any other Programme Document relating;

- (c) to any clearing house (in respect of which the Security Trustee is not liable for its acts or omissions); or
- (d) in accordance with the provisions of this deed, provided that, in each case, the Security Trustee must not delegate to such third parties any material part of its powers, duties or obligations as Security Trustee.

Where the Security Trustee delegates any of its trusts, duties, powers, authorities and discretions to any person who is a Related Company of the Security Trustee, the Security Trustee at all times remains liable for the acts or omissions of the Related Company and for the payment of fees of the Related Company when acting as delegate. Subject to this, the Security Trustee is not liable for the acts or omissions of any delegate, attorney or agent if it appointed the delegate, attorney or agent using reasonable care and in good faith.

#### **11.25 Termination of delegation**

Any delegation made by the Security Trustee under Clause 11.24 in respect of the Security Trust will automatically terminate if the Security Trustee retires, or is removed, in accordance with this deed.

#### **11.26 Limit on duties**

The Security Trustee has no duties, obligations or responsibilities other than those expressly set out in this deed.

#### **11.27 No liability**

Without limitation, the Security Trustee is not liable for:

- (a) any decline in the value or loss realised upon any sale or other dispositions made under this deed of any Charged Property;
- (b) any decline in value of the Charged Property directly or indirectly arising from the Security Trustee acting or failing to act as a consequence of an opinion reached by it; or
- (c) any omission, delay or mistake or any loss or irregularity in or about the exercise, attempted exercise, non-exercise or purported exercise of any of its powers under this deed,

except to the extent caused or contributed to by any fraud, negligence or wilful default on the part of the Security Trustee.

#### **11.28 Authorisation or waiver of breach**

The Security Trustee may, without the consent of the Covered Bondholders, Receiptholders 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 there are any Covered Bonds outstanding) instructed by the Bond Trustee (pursuant to Clause 20.1 of the Bond Trust Deed) or (where no Covered Bonds are outstanding) the Majority Secured Creditors, waive or authorise any breach or proposed breach of any of the covenants or provisions contained in the Covered Bonds of any Series, this deed or any other 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 this deed. Any such waiver, authorisation, modification or determination will be binding on the Covered Bondholders, the related Receiptholders and/or the Couponholders and the other Secured Creditors and if, but only if, the Bond Trustee or the Security Trustee so require, will be notified by the Trust Manager to the Covered Bondholders in accordance with Condition 13 as soon as practicable thereafter.

### **11.29 Provision of information**

Where the Security Trustee requests or requires directions or consent from the Bond Trustee in relation to exercising any right, power or discretion under this deed, the Security Trustee must provide to the Bond Trustee all the information the Bond Trustee may reasonably require to be able to provide such direction or consents.

### **11.30 Security Trustee's determination**

As between itself and the Secured Creditors, the Security Trustee has full power to determine (acting reasonably and in good faith) all questions and doubts arising in relation to any of the provisions of this deed or any Programme Document and every such determination, whether based upon a question actually raised or implied in the acts or proceedings of the Security Trustee, is conclusive and binds the Secured Creditors.

### **11.31 Security Trustee acting on direction of the Trust Manager**

Each of the Secured Creditors (a) acknowledges that the Security Trustee may act on the direction of the Trust Manager under certain provisions of the Programme Documents and (b) authorises the Security Trustee to act on the direction of the Trust Manager when permitted or required to do so under any provision of any Programme Document without obtaining any direction or instruction from any person (including, without limitation, the Bond Trustee or the Majority Secured Creditors).

## **12. EXERCISE OF CERTAIN RIGHTS**

### **12.1 No enforcement by Secured Creditors**

Each of the Secured Creditors (other than the Security Trustee and, in relation to Clause 12.1(b) below, the Bond Trustee) agrees with the Covered Bond Guarantor and the Security Trustee that:

- (a) only the Security Trustee (acting on the directions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors) may enforce the Security in accordance with the provisions of this deed; and
- (b) save to the extent permitted by or provided for in the Programme Documents, it will not take any steps for the purpose of:
  - (i) recovering any of the Secured Obligations (including by exercising any rights of set-off); or
  - (ii) enforcing any rights arising out of the Programme Documents against the Covered Bond Guarantor or procuring the winding-up of the Trust in respect of any of its liabilities whatsoever,

unless the Security Trustee, having become bound to take any steps or proceedings to enforce the Security under or pursuant to this deed, fails to do so within a reasonable time

and such failure is continuing, in which case each of such Secured Creditors will be entitled to take any such steps and proceedings as it deems necessary (other than the presentation of a petition for the winding-up of the Trust).

## 12.2 Subordination

- (a) Each of the Secured Creditors agrees to be bound by the terms of each Priority of Payments set out in the Establishment Deed and this deed. Without prejudice to Clause 12.1, each of the Secured Creditors (other than the Bond Trustee in relation to the Covered Bond Guarantee) further agrees with each other party to this deed that, notwithstanding any other provision contained in this deed or in any other Programme Document:
  - (i) it will not demand or receive payment of, or any distribution in respect of or on account of, any amounts payable by the Covered Bond Guarantor (or the Trust Manager on its behalf) or the Security Trustee, as applicable, to that Secured Creditor under the Programme Documents, in cash or in kind, and will not, save to the extent permitted by or provided for in the Programme Documents, apply any money or assets in discharge of any such amounts payable to it (whether by set-off or by any other method), unless all amounts then due and payable by the Covered Bond Guarantor to all other Secured Creditors ranking higher in the relevant Priorities of Payments have been paid in full;
  - (ii) if any amount is received by it (including by way of set-off) in respect of Secured Obligations owed to it:
    - (A) prior to the occurrence of a Covered Bond Guarantor Event of Default and/or service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, other than in accordance with the provisions of this deed and the Pre-Acceleration Priority of Payments or the Guarantee Priority of Payments or as a result of the set-offs described in clause 8.5 of the Intercompany Note Subscription Agreement and clause 10.3 of the Demand Note Subscription Agreement, as applicable, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of this deed and the Pre-Acceleration Priority of Payments or the Guarantee Priority of Payments, as applicable, will be received and held by it as trustee for the Covered Bond Guarantor and must be paid over to the Covered Bond Guarantor immediately upon receipt so that such amount can be applied in accordance with the provisions of this deed and the Pre-Acceleration Priority of Payments or the Guarantee Priority of Payments, as applicable; and
    - (B) after 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, other than in accordance with the provisions of this deed and the Post-Enforcement Priority of Payments or as a result of the set-offs described in clause 8.5 of the Intercompany Note Subscription Agreement and clause 10.3 of the Demand Note Subscription Agreement then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of this deed and the Post-Enforcement Priority of Payments will be received and held by it as trustee for the Security Trustee and must be paid over to the Security Trustee immediately upon receipt so

that such amount can be applied in accordance with the provisions of this deed and the Post-Enforcement Priority of Payments;

- (iii) without prejudice to the foregoing, whether in the winding-up of the Trust or any other party to the Programme Documents or otherwise, if any payment or distribution (or the proceeds of any enforcement of any Security Interest) is received by a Secured Creditor (other than the Bond Trustee in relation to the Covered Bond Guarantee) in respect of any amount payable by the Covered Bond Guarantor (or the Trust Manager on its behalf) or the Security Trustee or any insolvency official of the Trust, as applicable, to that Secured Creditor under the relevant Programme Document at a time when, by virtue of the provisions of the relevant Programme Document, the Establishment Deed and this deed, no payment or distribution should have been made, the amount so received must promptly be paid by that Secured Creditor to the Security Trustee and pending such payment will be held by that Secured Creditor upon trust for the Security Trustee, and immediately upon receipt by the Security Trustee must be applied in accordance with the terms of this deed and the other Programme Documents; and
  - (iv) without prejudice to Clause 12.1, it will not claim, rank, prove or vote as creditor of the Covered Bond Guarantor or its estate in competition with any prior ranking Secured Creditors in the relevant Priorities of Payments, the Security Trustee or the Bond Trustee, as applicable, or claim a right of set-off until all amounts then due and payable to Secured Creditors who rank higher in the relevant Priorities of Payments have been paid in full.
- (b) Neither the Covered Bond Guarantor nor the Security Trustee may, and the Trust Manager will not direct the Covered Bond Guarantor or the Security Trustee to, pay or repay, or make any distribution in respect of, any amount owing to a Secured Creditor under the relevant Programme Documents (in cash or in kind) unless and until the Trust Manager (in the case of a payment by the Covered Bond Guarantor) or the Security Trustee, as applicable, determines that all amounts then due and payable by the Covered Bond Guarantor or the Security Trustee to all other Secured Creditors ranking higher in the relevant Priorities of Payments have been paid in full.
- (c) The perpetuity period for the trusts in this Clause 12.2 is 80 years.

### **12.3 Discretionary enforcement**

Subject to the provisions of this deed, the Security Trustee may at any time, at its discretion and without notice, take such proceedings and/or other action as it may think fit against, or in relation to, the Covered Bond Guarantor or any other person to enforce their respective obligations under or pursuant to this deed or any other Programme Document. Subject to the provisions of this deed, at any time after the Security has become enforceable, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security.

### **12.4 Mandatory enforcement**

The Security Trustee will not be bound to take any steps to enforce any provision of this deed or to institute any proceedings or to enforce the Security unless the Security Trustee:

- (a) has been directed to do so by the Bond Trustee (so long as there are any Covered Bonds outstanding) or (if there are no Covered Bonds outstanding) the Majority Secured Creditors; and



- (b) has been indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable and all Liabilities which it may incur by so doing and the terms of such indemnity may include the provision of a fighting fund, non-recourse loan or other similar arrangement and provided always that the Security Trustee will not be bound to take any enforcement proceedings which may, in the opinion of the Security Trustee in its absolute discretion, result in the Security Trustee failing to receive any payment to which it is or would be entitled. The Security Trustee acknowledges that Bond Trustee is not obliged to provide indemnification, security or pre-funding to the Security Trustee.

## **12.5 Mandatory other action**

The Security Trustee is not obliged to take any other steps (other than the steps referred to in Clause 12.4) under this 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 this 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 Clause 22 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.

## **12.6 Disposal of Charged Property**

Notwithstanding Clause 11, if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Covered Bonds, the Security Trustee will not be entitled to dispose of any of the Charged Property unless either a sufficient amount would be realised to allow discharge in full of all amounts owing to the Covered Bondholders or the Security Trustee is of the sole opinion, which will be binding on the Secured Creditors, reached after considering at any time and from time to time the advice of any financial adviser (or such other professional advisers reasonably selected by the Security Trustee for the purpose of giving such advice), that the cash flow prospectively receivable by the Covered Bond Guarantor will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Covered Bond Guarantor, to discharge in full in due course all amounts owing to the Covered Bondholders. The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Security Trustee will be paid by the Covered Bond Guarantor.

## **12.7 Limited recourse**

Clause 37 of the Establishment Deed is incorporated into this deed as if set out here in full with any necessary amendments to clause references and references to applicable documents.

## **12.8 Notice of action to remedy Covered Bond Guarantor Event of Default**

If the Covered Bond Guarantor or the Trust Manager take any action or procedures to remedy a Covered Bond Guarantor Event of Default, the Covered Bond Guarantor or the Trust Manager, as the case may be, must keep the Security Trustee informed of those actions and procedures (respectively).



## **12.9 Security Trustee or Receiver to make offer to sell to Seller**

- (a) Prior to the Security Trustee or the Receiver selling, liquidating or otherwise disposing of the Mortgage Loan Portfolio, the Authorised Investments or the Substitution Assets of the Covered Bond Guarantor (the **Offered Assets**) under this deed to any person or entity (other than the Seller), the Security Trustee or the Receiver must serve a notice on the Seller advising the Seller of the proposed sale, liquidation or disposal of those Offered Assets.
- (b) The Seller may following receipt of a notice from the Security Trustee or the Receiver in accordance with paragraph (a) above serve a notice on the Security Trustee or the Receiver offering to acquire some or all of the Offered Assets and the terms upon which it is willing to acquire the relevant Offered Assets.
- (c) If the Security Trustee or the Receiver has received an offer from a person or entity (other than the Seller) in respect of the Offered Assets on terms more favourable to the Secured Creditors than those proposed by the Seller, the Security Trustee or the Receiver must advise the Seller of the terms of that other offer. The Seller may then offer to acquire the Offered Assets on the terms of that other offer.
- (d) The Security Trustee or the Receiver must accept an offer from the Seller pursuant to paragraphs (b) or (c) above provided that:
  - (i) the Seller provides a legal opinion from a reputable law firm that the acquisition of the Offered Assets by the Seller will be legal, valid, binding and enforceable; and
  - (ii) the Security Trustee or the Receiver is satisfied that the offer is not materially prejudicial to the Secured Creditors.

## **13. APPOINTMENT OF RECEIVER**

### **13.1 Power to appoint Receiver**

The Security Trustee may in its absolute discretion and will, if directed by the Bond Trustee (for so long as any Covered Bonds are outstanding) or (if there are no Covered Bonds outstanding) by the Majority Secured Creditors, subject to Clause 12:

- (a) at any time after the Security has become enforceable; or
- (b) at the request of the Covered Bond Guarantor (acting at the direction of the Trust Manager),

appoint in writing any person or persons to be Receiver of all or any of the Charged Property. A Receiver will be the agent of the Covered Bond Guarantor, and the Covered Bond Guarantor alone will be responsible for the acts and defaults of the Receiver. The Security Trustee may remove any Receiver and may appoint a new Receiver in place of a Receiver who has been removed, retired or died, or in addition to a Receiver already appointed.

### **13.2 Powers of Receiver**

Every Receiver appointed in respect of any Charged Property will (in addition to the powers which a receiver, or receiver and manager, has at law) have power to do all or any of the following things, in such manner and on such terms and conditions as the Receiver thinks fit:

- (a) enter upon and take possession of the Charged Property;

- (b) carry on, or concur in carrying on, any business of the Covered Bond Guarantor;
- (c) carry out necessary repairs, effect insurances, and do anything else which the Covered Bond Guarantor could do in the conduct of its business;
- (d) employ, appoint and terminate the employment or appointment of, any officer, manager, employee or agent;
- (e) dispose, or agree to the disposal, of any interest in the Charged Property;
- (f) give receipts for money, and do all acts, matters and things which the Receiver thinks proper for realising the Charged Property;
- (g) acquire an interest in any asset forming part of the Charged Property;
- (h) compromise, settle or submit to arbitration any accounts, claims, questions or disputes which may arise in connection with the business of the Covered Bond Guarantor;
- (i) bring, take, defend or compromise any proceedings in the name of the Covered Bond Guarantor or otherwise;
- (j) sign in the name and on behalf of the Covered Bond Guarantor, and/or affix the common seal (if any) of the Covered Bond Guarantor to, all documents which the Receiver considers necessary or expedient;
- (k) vary, or agree to the variation of, any contract or arrangement to which the Covered Bond Guarantor is a party;
- (l) make calls upon shareholders and contributories in respect of any uncalled amounts on shares in the Covered Bond Guarantor and enforce payment of all unpaid calls, for which purpose the provisions contained in the constitution of the Covered Bond Guarantor, or otherwise provided by law, in respect of calls will (with necessary modifications) apply, will continue to subsist notwithstanding any change in directors of the Covered Bond Guarantor, and will be exercisable to the exclusion of the powers of the directors;
- (m) exercise and enforce all rights, powers and remedies which the Covered Bond Guarantor could exercise over or in relation to its assets while a going concern, whether or not the Covered Bond Guarantor is then in liquidation;
- (n) raise or borrow any money and secure the same with interest by any form of Security Interest over the Charged Property in priority to, equally with, or subsequent to, any Secured Obligations, or otherwise;
- (o) generally do, procure or allow such acts and things in respect of that Charged Property as if the Receiver had absolute ownership of the Charged Property and carried on the business of the Covered Bond Guarantor for the Receiver's own benefit, without being answerable for any consequent loss or damage;
- (p) delegate any of the Receiver's powers to any person or persons for such time as the Security Trustee approves;
- (q) pay and discharge out of the profits and income of the Charged Property and the moneys to be made by it in carrying on the business of the Trust the expenses incurred in and about the carrying on and management of the business or in the exercise of any of the powers

conferred by this Clause 13.2 or otherwise in respect of the Charged Property and all outgoing which it thinks fit to pay and to apply the residue of the said profits, income or moneys in the manner provided by Clause 8 of this deed; and

- (r) do all or any of the things in paragraphs (a) to (q) above alone or in conjunction with any receiver or receiver and manager appointed by the holder or holders of any other security interest over that Charged Property.

### **13.3 Remuneration of Receiver**

The Security Trustee may fix the remuneration of a Receiver at an amount, or on a basis, agreed with the Receiver or, failing agreement, as determined by the Security Trustee.

### **13.4 No liability for Receiver**

The Security Trustee will not be responsible for anything done or not done by the Receiver. To the extent permitted by law, the Receiver will be the agent of the Covered Bond Guarantor and not the Security Trustee. The Receiver's remuneration and necessary expenses must be paid out of the Charged Property, subject to Clause 8 and otherwise in accordance with this deed.

### **13.5 Indemnity to Receiver**

The Security Trustee may give an indemnity, in such terms as it in its absolute discretion considers appropriate, in favour of a Receiver appointed in accordance with this Clause 13. Any indemnity granted to the Receiver by the Security Trustee must be limited in a manner consistent with Clause 11.18 or the Security Trustee must otherwise be indemnified to its satisfaction.

### **13.6 Compliance with Corporations Act**

The Receiver must comply with section 420A of the Corporations Act in connection with any sale, liquidation or disposal of any Charged Property under this deed.

## **14. POWERS OF SECURITY TRUSTEE AND EXCLUSION OF STATUTORY NOTICES**

### **14.1 Security Trustee has powers of Receiver**

At any time after the Security has become immediately enforceable and following service of a Covered Bond Guarantee Acceleration Notice or, if there are no Covered Bonds outstanding, following a default in the payment or discharge of any other Secured Obligation on its due date, the Security Trustee, in addition to powers conferred by other provisions of this deed or by law, may, subject to the provisions of Clause 13, exercise any of the powers set out or referred to in Clause 13 (each of which is to be construed as if the reference to the Receiver were a reference to the Security Trustee) and whether or not a Receiver has been or could be appointed under this deed.

### **14.2 No liability as mortgagee in possession**

If either the Security Trustee or a Receiver exercises its rights under this deed (including under Clause 11 or 13), exercises its rights conferred by law or takes possession of the Charged Property pursuant to this deed, then neither of them is liable to account as mortgagee in possession.

### **14.3 Give up possession of Charged Property**

The Security Trustee may give up possession of the Charged Property at any time if the Security Trustee:

- (a) believes in good faith that it is in the interests of the Secured Creditors to do so; or
- (b) reasonably considers that it will, by retaining possession of the Charged Property, incur a liability which is not limited in accordance with Clause 11.18.

#### **14.4 Exclusion of notices**

The Security Trustee or a Receiver need not give notice or a demand to the Covered Bond Guarantor or allow time to elapse before exercising a right, power or remedy under this deed or conferred by law, unless notice or demand or a lapse of time is required by a law which cannot be excluded. If the law requires that a period of notice must be given or a lapse of time must occur or be permitted before a right, power or remedy under this deed or conferred by law may be exercised, then:

- (a) when a period of notice or lapse of time is mandatory, that period of notice must be given or that lapse of time must occur or be permitted by the Security Trustee or Receiver; or
- (b) when the law provides that a period of notice or lapse of time may be stipulated or fixed by this deed, one day is stipulated and fixed as that period of notice or lapse of time and, without limitation, where applicable, one day is stipulated and fixed as the period of notice or lapse of time during which:
  - (i) default must continue before a notice is given or requirement otherwise made for payment of the Secured Obligations or the observance of obligations under this deed; and
  - (ii) a notice or requirement for payment of the Secured Obligations or the observance of obligations under this deed must remain not complied with before the Security Trustee's or Receiver's rights, powers or remedies may be exercised.

#### **14.5 Compliance with Corporations Act**

The Security Trustee must comply with section 420A of the Corporations Act in connection with any sale, liquidation or disposal of any Charged Property under this deed.

### **15. EXPENSES AND INDEMNITY**

#### **15.1 Expenses**

The Covered Bond Guarantor covenants with and undertakes to the Security Trustee, subject to and in accordance with the applicable Priority of Payments, to reimburse or pay (but only following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor) to the Security Trustee or any Receiver of all or any of the Charged Property the amount of all costs (including legal costs), charges and expenses properly incurred or sustained by the Security Trustee or any Receiver (including, for the avoidance of doubt, any such costs, charges and expenses arising from any act or omission of, or proceedings involving, any third person) in connection with:

- (a) the exercise or the attempted exercise, or the consideration of the exercise by or on behalf of the Security Trustee or any Receiver of any of the powers of the Security Trustee or such Receiver, and the enforcement, preservation or attempted preservation of this deed (or any of the Security) or any of the Charged Property or any other action taken by or on behalf of the Security Trustee or such Receiver with a view to or in connection with the recovery by the Security Trustee or such Receiver of the Secured Obligations from the Trust or any other person; or

- (b) the carrying out of any other act or matter which the Security Trustee or any Receiver may consider to be necessary for the preservation, improvement or benefit of the Charged Property.

## **15.2 Indemnity**

The Covered Bond Guarantor agrees to indemnify in full (but only following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor) the Security Trustee and any Receiver on demand, on an after-Tax basis, from and against all losses, actions, claims, costs (including legal costs and travel expenses), charges and expenses (including insurance premiums), demands and liabilities whether in contract, tort or otherwise now or hereafter properly sustained or incurred and properly documented by the Security Trustee or such Receiver and their respective officers and employees or by any person for whose liability, act or omission the Security Trustee or such Receiver may be answerable, in connection with anything done (or alleged to have been done or omitted to be done) or omitted to be done under or pursuant to this deed or any other Programme Document to which such entity is a party, or in the exercise or purported exercise of the powers herein contained, or occasioned by any breach by the Covered Bond Guarantor of any of its covenants or other obligations to the Security Trustee, or in consequence of any payment in respect of the Secured Obligations (whether made by the Covered Bond Guarantor or a third person) being declared void or impeached for any reason whatsoever.

## **15.3 Costs of experts**

The costs, charges and expenses referred to in Clause 15.1 include those payable to any independent consultant or other person appointed to evaluate any matter of concern (including any person consulted by the Security Trustee pursuant to Clause 11.14), any agent of the Security Trustee, any Receiver or any attorney appointed under this deed, and, in the case of the Security Trustee, its administration costs in connection with any event referred to in Clause 15.1.

## **15.4 GST**

- (a) In this Clause 15.4:
  - (i) words and expressions which are not defined in this deed but which have a defined meaning in GST Law have the same meaning as in the GST Law; and
  - (ii) GST Law has the same meaning given to that expression in the A New Tax System (Goods and Services Tax) Act 1999.
- (b) Unless expressly stated, all prices or other sums payable or consideration to be provided under this document are exclusive of GST.
- (c) If GST is payable on any supply made under this deed, for which the consideration is not expressly stated to include GST, the recipient will pay to the supplier an amount equal to the GST payable on the supply.
- (d) The recipient will pay the amount referred to in Clause 15.4(c) in addition to and at the same time that the consideration for the supply is to be provided under this deed.
- (e) The supplier must deliver a tax invoice or an adjustment note to the recipient before the supplier is entitled to payment of an amount under Clause 15.4(c). The recipient can withhold payment of the amount until the supplier provides a tax invoice or adjustment note as appropriate.

- (f) If an adjustment event arises in respect of a taxable supply made by a supplier under this deed, the amount payable by the recipient under Clause 15.4(c) will be recalculated to reflect the adjustment event and a payment will be made by the recipient to the supplier or by the supplier to the recipient as the case requires.
- (g) Where a party is required under this deed to pay or reimburse an expense or outgoing of another party, the amount to be paid or reimbursed by the first party will be the sum of:
  - (i) the amount of the expense or outgoing less any input tax credits in respect of the expense or outgoing to which the other party, or to which the representative member for a GST group of which the other party is a member, is entitled; and
  - (ii) if the payment or reimbursement is subject to GST, an amount equal to that GST.

## **15.5 Interest**

All sums payable by the Covered Bond Guarantor under this Clause 15 are payable subject to and in accordance with the applicable Priority of Payments and:

- (a) in the case of payments actually made by the Security Trustee prior to the demand, will (if so required by the Security Trustee) carry interest at the rate per annum which is 1% per annum higher than the Bank Bill Rate for the time being from the first AU Business Day following the date of the same being demanded to the date of actual payment (provided that such demand is made on an AU Business Day, otherwise interest will be payable from the second AU Business Day following the date of the demand to the date of actual payment); and
- (b) in all other cases, will (if so required by the Security Trustee) carry interest at such rate from the date 14 days after the date of the same being demanded or (where the demand specifies that payment by the Security Trustee will be made on an earlier date provided such earlier date is an AU Business Day) from such earlier date (not being earlier than the AU Business Day following the date of such demand) to the date of actual payment.

## **16. REMUNERATION OF SECURITY TRUSTEE**

### **16.1 Remuneration**

Subject to the terms of the Establishment Deed (and subject also as hereinafter provided), the Issuer or, following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor must (subject as hereinafter provided) pay to the Security Trustee an annual fee of such amount and payable on such dates as from time to time are agreed in writing by the Issuer and the Security Trustee. All such remuneration will be payable in accordance with the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable. Such remuneration will accrue from day to day and be payable up to and including the date when all of the Secured Obligations have been paid and/or discharged and the Security Trustee has released, reassigned and/or discharged the Charged Property as provided in Clause 22.

### **16.2 Additional Remuneration**

In the event of an Issuer Event of Default, Covered Bond Guarantor Event of Default, Potential Issuer Event of Default or Potential Covered Bond Guarantor Event of Default occurring or in the event of the Security Trustee finding it expedient or necessary or being required by the Issuer or the Covered Bond Guarantor to undertake any duties which the Security Trustee and the Issuer or the Covered Bond Guarantor agree to be of an exceptional nature or otherwise outside the scope of the

normal duties of the Security Trustee under or pursuant to this deed, the Issuer or the Covered Bond Guarantor must pay to the Security Trustee such additional remuneration as may be agreed between the Security Trustee and the Covered Bond Guarantor (acting at the direction of the Trust Manager).

### **16.3 Disputes**

In the event of the Security Trustee and the Issuer or, following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor failing to agree upon the amount of any remuneration from time to time pursuant to Clause 16.1 or to agree in a case to which Clause 16.2 above applies, upon whether such duties are of an exceptional nature or otherwise outside the scope of the normal duties of the Security Trustee hereunder or upon the amount of such additional remuneration, such matters must be determined by a merchant or investment bank (acting as an expert and not as an arbitrator) selected by the Security Trustee and approved by the Issuer or the Covered Bond Guarantor, the fees of such merchant or investment bank being payable by the Issuer or the Covered Bond Guarantor, and the decision of any such merchant or investment bank will be final and binding on the Issuer or the Covered Bond Guarantor and the Security Trustee.

### **16.4 Expenses**

In addition to remuneration hereunder, the Issuer or, following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor must on written request, pay, in accordance with the applicable Priority of Payments, all Liabilities which the Security Trustee may properly incur in relation to the negotiation, preparation and execution of, the exercise of its powers and the performance of its duties under or pursuant to this deed and any of the other Programme Documents to which the Security Trustee is a party including but not limited to travelling and legal expenses and any stamp, issue, registration, documentary and other similar Taxes or duties paid or payable by the Security Trustee in connection with any action taken or contemplated by or on behalf of the Security Trustee for enforcing this deed or any of the other Programme Documents to which it is party.

### **16.5 Indemnity**

Without prejudice to the right of indemnity by law given to trustees, the Issuer or, following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor must indemnify the Security Trustee on demand in full, on an after Tax basis, in respect of all Liabilities (including claims and liabilities in respect of Taxes other than on its own overall net income, legal and travelling expenses), and Liabilities to which it (or any person appointed by it to whom any trust, power, authority or discretion may be delegated by it in the execution or purported execution of the trusts, powers, authorities or discretions vested in it by or pursuant to this deed and any of the other Programme Documents to which the Security Trustee is a party) may be or become liable or which may be properly incurred by it (or any such person as aforesaid) in the execution or purported execution of any of its trusts, powers, authorities and discretions hereunder or its functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to this deed and any of the other Programme Documents to which the Security Trustee is a party, or any such appointment and the Security Trustee will be entitled to be indemnified in full out of the Charged Property in respect thereof. The Security Trustee will not be entitled to be indemnified twice in respect of the same matter pursuant to this Clause and the indemnity contained in Clause 15.2 of this deed.



## **16.6 Interest**

All amounts payable pursuant to Clauses 16.4 and 16.5 above are payable by the Issuer or, following any Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor, by the Covered Bond Guarantor on the date specified in a demand by the Security Trustee and in the case of payments actually made by the Security Trustee prior to such demand will accrue interest at the rate of 1%, per annum above the Bank Bill Rate from the date specified in such demand, and in all other cases will accrue interest at such rate from the date 30 days after the date of the same being demanded or (where the demand specifies that payment by the Security Trustee will be made on an earlier date) from such earlier date (not being earlier than the date of such demand) to the date of actual payment. All remuneration payable to the Security Trustee will accrue interest at such rate from the due date therefor.

## **17. RETIREMENT OF SECURITY TRUSTEE**

### **17.1 Mandatory retirement**

The Security Trustee covenants that it must retire as Security Trustee if:

- (a) the Security Trustee 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);
- (c) an Extraordinary Resolution requiring the removal of the Security Trustee as trustee of the Security Trust is passed (if there are any Covered Bonds outstanding) 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 or (if there are no Covered Bonds outstanding) at a meeting of the Majority Secured Creditors.

### **17.2 Trust Manager may remove Security Trustee**

If the Security Trustee does not retire within 30 days of the occurrence of any of the events described in paragraphs 17.1(a) to 17.1(c), the Trust Manager may by written notice remove the Security Trustee from office as trustee of the Security Trust.

### **17.3 When retirement or removal takes effect**

Subject to Clause 18.4 the retirement or removal of the Security Trustee from office as trustee of the Security Trust takes effect when:

- (a) a successor security trustee is appointed;
- (b) the successor security trustee obtains title to, or obtains the benefit of, this deed and each of the other Programme Documents the Security Trustee is a party in its capacity as security trustee; and
- (c) the successor security trustee and each other party to the Programme Documents to which the Security Trustee is a party in its capacity as a security trustee have the same rights and obligations among themselves as they would have had if the successor security trustee had been party to them at the dates of those Programme Documents.



#### **17.4 Voluntary retirement**

The Security Trustee may retire as trustee of the Security Trust upon giving to the Trust Manager not less than three calendar months' written notice of its intention to do so.

#### **17.5 Trust Manager appoints replacement**

On notification of the retirement or removal of the Security Trustee under Clause 17.1 or 17.2, the Trust Manager agrees to use its best endeavours to ensure that a successor security trustee is appointed as soon as possible. If no successor security trustee is appointed within 90 days after a notice of retirement or removal is given, the Security Trustee may appoint a successor security trustee or apply to the court for a successor security trustee to be appointed.

#### **17.6 Rating**

Any mandatory retirement of the Security Trustee pursuant to Clause 17.1, the removal and the appointment by the Trust Manager pursuant to Clauses 17.2 and 17.4 and the voluntary retirement of the Security Trustee pursuant to Clause 17.4 is conditional upon the Issuer having delivered a Rating Affirmation Notice to the Covered Bond Guarantor, copied to the Security Trustee, the Trust Manager, the Issuer and the Rating Agencies in respect of such mandatory retirement of the Security Trustee, removal and appointment by the Trust Manager or voluntary retirement of, and appointment of successor by, the Security Trustee.

#### **17.7 Discharge of Further Obligations**

When a successor security trustee is appointed as trustee of the Security Trust, the retiring or removed Security Trustee is discharged from any further obligation under the Programme Documents. However, this discharge does not affect any accrued rights or obligations.

#### **17.8 Multiple Security Trustees**

Whenever there are more than two security trustees of the Security Trust, the majority of such security trustees will be competent to execute and exercise all the trusts, powers, authorities and discretions vested by this deed and any of the other Programme Documents in the Security Trustee generally.

#### **17.9 Security Trustee to deliver documents**

If the Security Trustee retires or is removed as trustee of the Security Trust, it agrees to deliver to the successor security trustee or as the Trust Manager may otherwise direct:

- (a) all original documents in its possession relating to the Security Trust; and
- (b) any transfers, requests, notices of assignment or other documents to record the transfer of the assets of the Security Trust to the successor trustee, which the successor security trustee reasonably requests.

#### **17.10 Further Steps**

Without limiting Clause 17.9, if the Security Trustee retires or is removed as trustee of the Security Trust, it agrees to do anything the successor security trustee reasonably asks (such as obtaining consents, and signing, producing and delivering documents including a retirement and appointment document) to give effect to the retirement or removal and the appointment of the successor security trustee.

### **17.11 Costs**

If the Security Trustee is removed, everything it is required to do under this Clause 17 is at the Covered Bond Guarantor's expense. However, if the Security Trustee retires, everything it is required to do under this Clause 18 is at the Security Trustee's own expense.

### **17.12 Power of Security Trustee**

Notwithstanding the provisions of Clause 17.1, the Security Trustee may (as attorney for the Covered Bond Guarantor) upon giving prior written notice to the Covered Bond Guarantor and the Trust Manager but without the consent of the Covered Bond Guarantor, the Trust Manager or the Secured Creditors appoint any person established or resident in any jurisdiction (whether a trust corporation or not) to act either as a separate security trustee or as a co-trustee jointly with the Security Trustee:

- (a) if the Security Trustee considers such appointment to be in the interests of the Secured Creditors (or any of them);
- (b) for the purposes of conforming to any legal requirement, restrictions or conditions in any jurisdiction in which any particular act or acts are to be performed or any Charged Property is or is to be located; or
- (c) for the purposes of obtaining a judgment or decree in any jurisdiction or the enforcement in any jurisdiction of either a judgment or decree already obtained or any of the provisions of this deed or any of the other Programme Documents to which the Security Trustee is a party or obligations arising pursuant thereto or the Security.

The Covered Bond Guarantor hereby irrevocably appoints the Security Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person will (subject always to the provisions of this deed or any of the other Programme Documents to which the Security Trustee is a party) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Security Trustee by this deed or any of the other Programme Documents to which the Security Trustee is a party) and such duties and obligations as are conferred or imposed on it by the instrument of appointment. The Security Trustee will have power in like manner to remove any such person. Such proper remuneration as the Security Trustee may pay to any such person, together with any attributable costs, charges and expenses incurred by it in performing its function as such separate trustee or co-trustee, will for the purposes of this deed be treated as costs, charges and expenses incurred by the Security Trustee.

## **18. PRESERVATION OF SECURITY TRUSTEE'S RIGHTS; DEALINGS WITH SECURITY TRUST**

### **18.1 Liabilities of Covered Bond Guarantor not affected**

The liabilities under this deed of the Covered Bond Guarantor and the rights under this deed of the Security Trustee, a Receiver or an Attorney are not affected by anything which might otherwise affect them at law or in equity including one or more of the following (whether occurring with or without the consent of a person):

- (a) the Security Trustee or another person granting time or other indulgence (with or without the imposition of an additional burden) to, compounding or compromising with, or wholly or partially releasing the Covered Bond Guarantor or another person in any way;

- (b) laches, acquiescence, delay, acts, omissions or mistakes on the part of the Security Trustee or another person or both the Security Trustee and another person;
- (c) any variation or novation of a right of the Security Trustee or another person, or material alteration of a document, in respect of the Covered Bond Guarantor or another person including an increase in the limit of or other variation in connection with the Secured Obligations;
- (d) the transaction of business, expressly or impliedly, with, for or at the request of the Covered Bond Guarantor or another person;
- (e) a change in the legal capacity, rights or obligations of a person;
- (f) the fact that a person is a trustee, nominee, joint owner, joint venturer or a member of a partnership, firm or association;
- (g) a judgment against the Covered Bond Guarantor or another person;
- (h) any part of the Secured Obligations being irrecoverable;
- (i) an assignment of rights in connection with the Secured Obligations;
- (j) the acceptance of repudiation or other termination in connection with the Secured Obligations;
- (k) without limiting the provisions of the Programme Documents, the invalidity or irregularity in the execution of this deed by the Covered Bond Guarantor or any other person or any deficiency in the powers of the Covered Bond Guarantor or any other person to enter into or observe its obligations under this deed; or
- (l) any obligation of the Covered Bond Guarantor or any other person being discharged by operation of law or otherwise.

## **18.2 Other rights unaffected**

Except as expressly limited under this deed, this deed does not otherwise affect any other right, power or remedy of a Secured Creditor at law or in equity.

## **18.3 Purchaser from Security Trustee**

A purchaser from or other person dealing with the Security Trustee, or any Receiver, or any Attorney or a person to whom is tendered for registration an instrument duly executed by any of them need not inquire:

- (a) whether the Secured Obligations are in fact owing or payable;
- (b) whether default has occurred;
- (c) whether a right, power or remedy which they have exercised or purported to exercise has been properly exercised;
- (d) whether a Receiver has been properly appointed; or

- (e) about any other thing in connection with the exercise or purported exercise of a right, power or remedy.

The title of any person relying on this Clause is not affected by express or constructive notice of anything in connection with the matters referred to in Clauses 18.3(a) to (e) (inclusive).

#### **18.4 Dealings with Security Trust**

Neither the Security Trustee nor any director or officer or holding company, Subsidiary or associated company of a corporation acting as a trustee of the Security Trust will by reason of its or his fiduciary position be in any way precluded from:

- (a) entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer, the Covered Bond Guarantor, the Trust Manager or the Bond Trustee or any of their respective Subsidiaries and affiliates (including any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, the Covered Bonds or any other covered bonds, bonds, stocks, shares, debenture stock, debentures or other securities of, the Issuer, the Covered Bond Guarantor, the Trust Manager or the Bond Trustee or any of their respective Subsidiaries or affiliates); or
- (b) accepting or holding the trusteeship of any other trust deed constituting or securing any other securities issued by or guaranteed by, or relating to the Issuer, the Covered Bond Guarantor, the Trust Manager, or the Bond Trustee or any of their respective Subsidiaries or affiliates, or any other office of profit under the Issuer, the Covered Bond Guarantor, the Trust Manager, or the Bond Trustee or any of their respective Subsidiaries or affiliates,

and will be entitled to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such contract, transaction or arrangement as is referred to in Clause 18.4(a) or, as the case may be, any such trusteeship or office of profit as is referred to in Clause 18.4(b) without regard to the interests of, or consequences for the Covered Bondholders, Receiptholders, Couponholders or any other Secured Creditors and notwithstanding that the same may be contrary or prejudicial to the interests of the Covered Bondholders or any other Secured Creditors and will not be responsible for any Liability occasioned to the Covered Bondholders, Receiptholders, Couponholders or any other Secured Creditors thereby and will be entitled to retain and will not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith.

Where any holding company, Subsidiary or associated company of the Security Trustee or any director or officer of the Security Trustee acting other than in his capacity as such a director or officer has any information, the Security Trustee will not thereby be deemed also to have knowledge of such information and, unless it has actual knowledge of such information, will not be responsible for any loss suffered by the Covered Bondholders or any other Secured Creditors resulting from the Security Trustee's failing to take such information into account in acting or refraining from acting under or in relation to the this deed.

#### **18.5 Good faith**

Clause 18.4 only applies if the Security Trustee, in connection with the action, contract or transaction, acts in good faith to all Secured Creditors.

## **18.6 Different roles**

Without limiting Clause 18.4, the Security Trustee and any Related Company of the Security Trustee may perform different roles in connection with the Programme Documents, including roles as trustee, security trustee, registrar, paying agent, beneficiary, and notwithstanding that interests or duties of the Related Company of the Security Trustee in respect of those roles may conflict with interests or duties of the Security Trustee or the interests of any Secured Creditor. The Security Trustee and each Related Company of the Security Trustee will have no liability to any person for assuming different roles or for any use, non-use or communication of any information as contemplated by the Programme Documents. This Clause is subject to the requirement that the Security Trustee and each relevant Related Company of the Security Trustee (other than the Covered Bond Guarantor which remains otherwise subject to the provisions of the Programme Documents in exercising its powers or rights or taking any action) acts in good faith without fraud, negligence or breach of trust regarding the Secured Creditors in exercising any powers or rights or taking any action of the kind permitted under this Clause.

## **19. POWER OF ATTORNEY**

### **19.1 Attorney of Covered Bond Guarantor**

The Covered Bond Guarantor irrevocably appoints the Security Trustee, each Authorised Signatory of the Security Trustee, and each Receiver severally as its Attorneys.

### **19.2 Attorney's Powers**

On or at any time after the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, for so long as it has not been revoked, each Attorney may:

- (a) in the name of the Covered Bond Guarantor do anything which the Covered Bond Guarantor may lawfully authorise an Attorney to do in connection with this deed or the Charged Property or which in the Attorney's opinion is necessary or expedient to:
  - (i) give effect to any right, power or remedy conferred on the Security Trustee or a Receiver by this deed, by law or otherwise, (including executing deeds and instituting, conducting and defending legal proceedings);
  - (ii) protect or preserve the Attorney's and Secured Creditors' interests and rights in and to the Charged Property; and
  - (iii) transfer or assign the Charged Property or any part thereof in or to the Attorney and its successors in title or other person or persons entitled to the benefit thereof;
- (b) delegate such of its powers (including, and where applicable, this power of delegation) as it would be entitled to delegate under Clause 11.23 if it held those powers in its own right rather than as attorney of the Covered Bond Guarantor (in its capacity as trustee of the Trust) to any person for any period and may revoke a delegation; and
- (c) exercise or concur in exercising its powers even if the Attorney has a conflict of duty in exercising its powers or has a direct or personal interest in the means or result of that exercise of powers.

### **19.3 Indemnity**

The Covered Bond Guarantor irrevocably and unconditionally undertakes to indemnify the Attorneys and each delegate appointed by the Attorney pursuant to Clause 19.2(b) (each an **Indemnified Party**) against all actions, proceedings, claims, costs, expenses and liabilities of every description arising from the exercise, or the purported exercise, of any of the powers conferred by this power of attorney, save where the same arises as the result of the fraud, negligence or wilful default of the relevant Indemnified Party or its officers or employees.

### **19.4 Ratification by Covered Bond Guarantor**

The Covered Bond Guarantor agrees to ratify anything done by an Attorney or its delegate in accordance with Clause 19.2.

## **20. AMENDMENTS AND WAIVER**

### **20.1 Entire agreement**

This deed sets out the entire agreement and understanding between the parties with respect to the subject matter of this deed superseding all prior oral or written understandings other than the other Programme Documents.

### **20.2 Amendments and waiver**

Subject to Clause 11.28 and Clause 24 no amendment or waiver of any provision of this deed nor consent to any departure from any provision of this deed by any of the parties will in any event be effective unless the amendment, waiver or consent is in writing and signed by each of the parties to be bound. In the case of a waiver or consent, that waiver or consent will be effective only in the specific instance and as against the party or parties giving it for the specific purpose for which it is given.

### **20.3 Rights cumulative**

The respective rights of each of the parties to this deed are cumulative and may be exercised as often as they consider appropriate. No failure on the part of any party to exercise, and no delay in exercising, any right under this deed will operate as a waiver of that right, nor will any single or partial exercise of any such right preclude any other or further exercise of that right or the exercise of any other right. The remedies in this deed are cumulative and not exclusive of any remedies provided by law.

## **21. NOTICES**

### **21.1 Form**

Subject to Clause 21.5, any notice, direction, approval, consent, request, certificate, demand, recommendation or other communication in connection with this deed:

- (a) may be given by an Authorised Signatory of the relevant party; and
- (b) must be in writing; and
- (c) must be left at the address of the addressee, or sent by prepaid ordinary post (airmail if posted to or from a place outside Australia) to the address of the addressee or sent by facsimile to the facsimile number of the addressee, or sent by email to the email address of

the addressee set out in Clause 21.3 or any other address, facsimile number or email address any party may from time to time notify to the other parties as its address for service of communications pursuant to this deed.

## **21.2 Email**

A notice, approval, request, certificate, demand, consent, recommendation, direction or other communication to be given under this deed may only be given by email where the recipient has agreed that that communication or communications of that type, may be given by email.

## **21.3 Initial address**

The initial address, facsimile number and email address of the parties are:

### **Covered Bond Guarantor**

Address: Level 12, 123 Pitt Street,  
Sydney, NSW 2000  
Australia

Facsimile: +61 (0)2 8256 1424  
Attention: Manager, Transaction Management  
Email: securitisationops@perpetual.com.au

### **nab as Issuer, Seller, Servicer, Trust Manager, Swap Provider and Account Bank**

Address: 500 Bourke Street  
Melbourne, Victoria 3000  
Australia

Facsimile: +61 (0)3 8641 0804  
Attention: Senior Manager, Secured Funding  
Email: Australian.Bank.Securitisation@nab.com.au.

### **Security Trustee**

Address: Level 12, 123 Pitt Street  
Sydney, NSW 2000  
Australia

Facsimile: +61 (0)2 8256 1424  
Attention: Manager, Transaction Management  
Email: securitisationops@perpetual.com.au

## **21.4 Time effective**

Unless a later time is specified in it a notice, approval, request, certificate, demand, consent, recommendation, direction or other communication takes effect from the time it is received.

## **21.5 Receipt**

A notice, approval, request, certificate, demand, consent, recommendation, direction or other communication is taken to be received:

- (a) in the case of a posted letter, on the third (seventh, if posted to or from a place outside Australia) day after posting;
- (b) in the case of a facsimile, on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient notified for the purpose of this Clause; and
- (c) in the case of an email, on receipt by the sender of an email from the recipient stating that the email was delivered in its entirety and the contents and attachments of the email have been received.

However, if the time of deemed receipt of any notice is not before 4.00 p.m. on a AU Business Day it is deemed to have been received at the commencement of business on the next following AU Business Day.

## **22. RELEASE**

### **22.1 On payment**

The Security Trustee agrees to execute a release of the Charged Property from the Security at the request and cost of the Covered Bond Guarantor (acting on the directions of the Trust Manager) on the irrevocable and unconditional payment and discharge of all the Secured Obligations.

### **22.2 Disposal of Authorised Investments and Substitution Assets**

Upon the Trust Manager making a disposal of any Authorised Investment or Substitution Asset that is subject to the Security, the Security Trustee will, if so requested in writing by the Trust Manager (but at the sole cost and expense of the Covered Bond Guarantor) execute a release of the relevant Authorised Investment and/or Substitution Asset from the Security, provided that the proceeds of such disposal are paid into the Trust Account from which the moneys to make such Authorised Investment or Substitution Assets were originally drawn, subject to and in accordance with the provisions of the Account Bank Agreement, the Management Agreement and this deed.

### **22.3 Withdrawals from Trust Accounts**

From time to time, for the avoidance of doubt, there will be deemed to be released from the Charged Property all amounts which the Trust Manager, on behalf of the Covered Bond Guarantor and the Security Trustee, is permitted to withdraw from the Trust Accounts pursuant to the relevant Priorities of Payment and otherwise in accordance with the Management Agreement and this deed, any such release to take effect immediately upon the relevant withdrawal being made provided that where the relevant amount is transferred to another Trust Account, it will thereupon become subject to the Security and part of the Charged Property.

### **22.4 Sale of, or extinguishment of interest in, the Mortgage Loan Portfolio**

- (a) In the event of any:
  - (i) sale or transfer of Mortgage Loans (including Selected Mortgage Loans) and the Related Security (and any other related rights under the same) by or on behalf of the Covered Bond Guarantor pursuant to and in accordance with the Programme Documents (including by way of in specie distribution to the Covered Bond Guarantor); or



- (ii) extinguishment of the Covered Bond Guarantor's interest in Mortgage Loans (including Selected Mortgage Loans) and the Related Security (and any other related rights under the same) by or on behalf of the Covered Bond Guarantor pursuant to and in accordance with the Programme Documents,

such Mortgage Loans and the Related Security (and any other related rights under the same) will no longer form part of the Mortgage Loan Portfolio 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 Loans and the Related Security (and any other related rights under the same) from the Security Interests created under this deed on or prior to the date of any such sale provided that the Trust Manager has provided to the Security Trustee a certificate from two Authorised Signatories of the Trust Manager that such sale of Mortgage Loans and the Related Security has been made in accordance with the terms of the Programme Documents and, in the case of Selected Mortgage Loans only, that the Selected Mortgage Loans have been selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole.

- (b) Subject to Clause 22.4(a), in the event of the transfer of a Mortgage Loan and its Related Security to the Seller, or any extinguishment of the Covered Bond Guarantor's interests in a Mortgage Loan and its Related Security in favour of the Seller, pursuant to and in accordance with the Programme Documents, the Security Trustee will, at the prior written direction of the Trust Manager (at the cost of the Covered Bond Guarantor)), on the date of the transfer or extinguishment (as the case may be) release that Mortgage Loan from the Security Interest created under this deed.

## **22.5 Release of Swap Collateral Excluded Amount**

Notwithstanding the Security created by this deed, the Trust Manager may direct that the Security Trustee release from the Security any Swap Collateral Excluded Amounts due to be returned to the relevant Swap Provider under the relevant Swap Agreement, and the Security Trustee must comply with such request at the sole cost and expense (on an indemnity basis) of the Covered Bond Guarantor.

## **23. MISCELLANEOUS**

### **23.1 Certificate**

A certificate signed by the Security Trustee or its solicitors about a matter or about a sum payable to the Security Trustee in connection with this deed is sufficient evidence of the matter or sum stated in the certificate unless the matter or sum is proved to be false.

### **23.2 Supervening legislation**

Any present or future legislation which operates to vary the obligations of the Security Trustee in connection with this deed, the Secured Obligations or the Charged Property with the result that the Security Trustee's rights, powers or remedies are adversely affected (including by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

### **23.3 Approvals and consent**

The Security Trustee, a Receiver or an Attorney may give conditionally or unconditionally or withhold its approval or consent in its absolute discretion, unless this deed expressly provides otherwise.

### **23.4 Indemnities**

Each indemnity in this deed is a continuing obligation, separate and independent from the other obligations of the Security Trustee and survives termination of this deed. It is not necessary for the Security Trustee to incur expense or make payment before enforcing a right of indemnity conferred by this deed.

### **23.5 Time of the essence**

Time is of the essence in this deed in respect of an obligation of the Security Trustee to pay money.

### **23.6 Receipts**

The receipt of a Receiver, or an Authorised Signatory of the Security Trustee, releases the person paying money to the Receiver or the Security Trustee in connection with this deed from:

- (a) liability to enquire whether the Secured Obligations have become payable;
- (b) liability for the money paid or expressed to be received; and
- (c) being concerned to see to its application or being answerable or accountable for its loss or misapplication.

### **23.7 Acknowledgment**

- (a) The parties acknowledge and agree that the Covered Bond Guarantor and the Trust Manager in exercising their powers and discretions under this deed, and in performing their obligations under this deed, must act in accordance with their duties and obligations under this deed, the Establishment Deed and may exercise such powers and discretions as provided in this deed, the Establishment Deed and (without limitation) in forming any opinion may obtain and act upon the advice of persons who are not parties to this deed.
- (b) The parties acknowledge that they are bound by the terms of this deed, the Establishment Deed and the other Programme Documents.

## **24. MODIFICATION TO PROGRAMME DOCUMENTS**

### **24.1 Modifications**

Subject to Clauses 24.2 and 24.4 of this deed, clauses 12.8 and 13.4 of the Establishment Deed and any express provision to the contrary in any Programme Agreement, the Security Trustee may without the consent or sanction of any of the Covered Bondholders of any Series, the related Receiptholders and/or the 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 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 Receipts and/or Coupons or to this deed or the other Programme Documents but only if:

- (a) the Security Trustee is so directed by either the Bond Trustee (for so long as there are any Covered Bonds outstanding) or the Majority Secured Creditors (where no Covered Bonds are outstanding); or
- (b) the modification is:
  - (i) of a formal, minor or technical nature; or
  - (ii) made to correct a manifest error or an error established as such to the satisfaction of the Security Trustee; or
  - (iii) made to comply with mandatory provisions of law,
 and the Bond Trustee (if any Covered Bonds are outstanding) has approved of the modification pursuant to this paragraph (b) in accordance with the terms of the Bond Trust Deed.

## **24.2 Modifications binding and notification**

Any such modification may be made on such terms and subject to such conditions (if any) as the Bond Trustee and the Security Trustee may determine, will be binding upon the Covered Bondholders, the related Receipholders and/or the Couponholders, 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 to the Rating Agencies as soon as practicable thereafter.

## **24.3 Consent not required**

The prior consent of the Bond Trustee, the Security Trustee and the other Secured Creditors will not be required and will not be obtained in relation to the accession of any new Servicer, new Swap Provider or new Agent to the Programme (including entering into any new Programme Documents) provided that the relevant conditions precedent in the Programme Documents are satisfied at the time of the intended accession.

## **24.4 Conditions precedent to certain modifications**

The Security Trustee and the Bond Trustee must concur in and to effect any modifications to the Programme Documents that are requested by 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 subject to the provisions of Clause 24.1 being satisfied and, provided that:
  - (i) each of the Swap Providers have certified to the Security Trustee and the Bond Trustee that they consent to such modification of those documents to which they are a party (such consent not to be unreasonably withheld);
  - (ii) the two Authorised Signatories of the Trust Manager have certified to the Security Trustee and the Bond Trustee in writing that such modifications are required in order to accommodate the addition of the new Servicer, new Swap Provider, new Trust Manager, new Account Bank, new 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 in writing that all other conditions precedent to the accession of the new Servicer, new Swap Provider, new Trust Manager, new Account Bank, 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; or
- (b) take into account any changes in the covered bonds ratings criteria of the Rating Agencies where, absent such modifications, the rating assigned by the relevant Rating Agency to one or more Series of Covered Bonds may be subject to a downgrade, qualification or withdrawal, subject to receipt by the Bond Trustee and the Security Trustee of a certificate signed by two Authorised Signatories of the Issuer each certifying to the Bond Trustee and the Security Trustee that such modifications are required for the purpose of preventing the relevant downgrade, qualification or withdrawal;
- (c) 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;
- (d) 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 of 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 Secured Creditor;
- (e) enable the issuance of Zero Coupon Covered Bonds and any required amendments to the Asset Coverage Test and the Amortisation Test; or
- ~~(d)~~(f) ensure compliance of the Programme or the Issuer, as applicable, with, or ensure that the Issuer 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 the Australian Prudential Regulation Authority) in relation to covered bonds subject to receipt by the Security Trustee and the Bond Trustee of a certificate signed by two Authorised Signatories of the Trust Manager each certifying to the Security Trustee and the Bond 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.

Any modification under this Clause is effective even if such modification is, or may be, prejudicial or materially prejudicial to the interests of the Covered Bondholders of any Series.

## 24.5 Modifications binding

Each Secured Creditor agrees that any such modifications effected pursuant to this Clause 24 will be binding on it and unless the Security Trustee otherwise agrees, notice thereof will be given by the Trust Manager to the Secured Creditors as soon as practicable after the modifications have been made.

## 24.6 Further acts

Each of the Secured Creditors agrees from time to time to do and perform such other and further acts and execute and deliver any and all such other documents and instruments as may be required by law

or requested by the other party at the other party's expense to establish, maintain and protect the rights and remedies of the other party and carry out and effect the intent and purpose of this Clause 24.

## **25. EXECUTION IN COUNTERPARTS AND SEVERABILITY**

### **25.1 Counterparts**

This deed may be executed in any number of counterparts (manually or by facsimile) and by different parties to this deed in separate counterparts, each of which when so executed will be deemed to be an original and all of which when taken together will constitute one and the same instrument.

### **25.2 Severability**

Where any provision in or obligation under this deed is invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations under this deed, or of such provision or obligation in any other jurisdiction, will not be affected or impaired thereby.

## **26. GOVERNING LAW AND JURISDICTION**

### **26.1 Governing law**

This deed is governed by, and will be construed in accordance with, the law applying in the State of New South Wales, Australia.

### **26.2 Submission to jurisdiction**

Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the State of New South Wales, Australia. Each party waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

### **26.3 Service**

Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of notices under Clause 22.

## SCHEDULE 1

### FORM OF DEED OF ACCESSION

**THIS DEED** is made on [ ]

#### **BETWEEN:**

- (1) **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533** in its capacity as covered bond guarantor of the nab Covered Bond Trust, having its registered office at Level 12, 123 Pitt Street, Sydney NSW 2000, Australia (**Covered Bond Guarantor**);
- (2) **P.T. LIMITED ABN 67 004 454 666** in its capacity as security trustee of the nab Covered Bond Security Trust, having its registered office at Level 12, 123 Pitt Street, Sydney NSW 2000, Australia (**Security Trustee**);
- (3) **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937** in its capacity as Trust Manager, having its registered office at 500 Bourke Street, Melbourne, Victoria 3008, Australia (**nab** and **Trust Manager**);
- (4) [●] in its **capacity** as New Secured Creditor.

**NOW THIS DEED WITNESSES** as follows

- (A) Pursuant to the terms of a [**describe agreement**] the (**Agreement**) dated [ ] made between, amongst others, the Covered Bond Guarantor, the Trust Manager and the New Secured Creditor, the Covered Bond Guarantor (acting at the discretion of the Trust Manager) has agreed to [**describe nature of the obligations of the Covered Bond Guarantor under the Agreement**].
- (B) The Trust Manager has directed the Covered Bond Guarantor to, and the Covered Bond Guarantor has agreed to provide the Security Trustee with the benefit of the security described in the Security Deed to secure the Covered Bond Guarantor's obligations to the Secured Creditors.
- (C) The terms of the Security Deed permit the Covered Bond Guarantor to secure its obligations to a New Secured Creditor thereunder.
- (D) The New Secured Creditor has agreed to enter into this deed to accede to the provisions of the Security Deed.
- (E) The Secured Creditors have agreed to the Security Trustee countersigning this deed on behalf of all Secured Creditors to, among other things, acknowledge and agree to such accession and to permit any consequential changes to the Priorities of Payments set out in the Establishment Deed and/or the Security Deed as are required and any other amendments as may be required to give effect to this Deed of Accession.
- (F) The [new Servicer] [new Swap Provider] [new Agent] [or other] has agreed to [ ] on [ ] pursuant to the [Agreement].

#### **1. INTERPRETATION**

The nab covered bond trust definitions schedule made between, amongst others, the parties to the Security Deed on or about the date of the Security Deed as the same may be amended, varied or supplemented from time to time (the **Definitions Schedule**) is expressly and specifically

incorporated into this deed and, accordingly, the expressions defined in the Definitions Schedule (as so amended, varied or supplemented) will, except where the context otherwise requires and where otherwise defined herein, have the same meanings in this deed, including the Introduction, and this deed will be construed in accordance with the interpretation provisions set out in clause 2 of the Definitions Schedule.

## 2. DIRECTION

On the basis of the direction of the Trust Manager to the Covered Bond Guarantor, the Covered Bond Guarantor enters into this deed and the Covered Bond Guarantor enters into this deed on reliance of such direction.

## 3. REPRESENTATIONS AND WARRANTIES

The New Secured Creditor hereby represents and warrants to the Security Trustee and each of the Secured Creditors in respect of itself that as of the date of this deed:

- (a) pursuant to the terms of the Agreement, the Covered Bond Guarantor (acting at direction of the Trust Manager) has agreed to [ ] **[describe in relation to the Agreement]**; and
- (b) the Agreement expressly provides that all amounts due from the Covered Bond Guarantor thereunder are to be secured by the Security Deed.

## 4. ACCESSION

In consideration of the New Secured Creditor being accepted as a Secured Creditor for the purposes of the Security Deed by the parties thereto as from the date of this deed, the New Secured Creditor;

- (a) confirms that as from **[date]**, it intends to be a party to the Security Deed as a Secured Creditor;
- (b) undertakes to comply with and be bound by all of the provisions of the Definitions Schedule (as the same may be amended, varied or restated from time to time) and the Security Deed in its capacity as a Secured Creditor, as if it had been an original party thereto;
- (c) undertakes to perform, comply with and be bound by all of the provisions of the Security Deed in its capacity as a Secured Creditor, as if it had been an original party thereto as provided in **[relevant clauses relating to Priorities of Payments]**; and
- (d) agrees that the Security Trustee will be the Security Trustee of the Security Deed for all Secured Creditors upon and subject to the terms set out in the Security Deed.

## 5. SCOPE OF THE SECURITY DEED

The Covered Bond Guarantor (acting at the direction of the Trust Manager), the Trust Manager the New Secured Creditor and the Security Trustee hereby agree that for relevant purposes under the Security Deed and the Definitions Schedule:

- (a) the Agreement is a Programme Document; and
- (b) the New Secured Creditor is a Secured Creditor.

## 6. AMENDMENT TO THE PRIORITIES OF PAYMENTS

To the extent necessary, the Secured Creditors agree to amend and restate the Priorities of Payments set out in the Establishment Deed and/or the Security Deed as follows:

(a) [Insert relevant amendments].

(b) [ ].

## 7. NOTICES AND DEMANDS

(a) Any notice or communication under or in connection with this deed, the Security Deed or the Definitions Schedule must be given in the manner and at the times set out in clause 22 of the Security Deed to the addresses given in this Clause or at such other address as the recipient may have notified to the other parties hereto and/or thereto in writing.

(b) The address referred to in this Clause 6 for the New Secured Creditor is:

[ ]

For the attention of: [ ]

Telephone: [ ]

Facsimile: [ ]

or such other address and/or numbers as the New Secured Creditor may notify to the parties to the Security Deed in accordance with the provisions thereof.

## 8. GOVERNING LAW AND JURISDICTION

(a) This deed is governed by and will be construed in accordance with the law applying in the State of New South Wales, Australia.

(b) Each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of the State of New South Wales, Australia. Each party waives any right it has to object to an action being brought in those courts including by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

(c) Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of notices under Clause 6.



## SIGNATORIES

### Trust Manager

**SIGNED sealed and delivered** for and on behalf of  
**NATIONAL AUSTRALIA BANK LIMITED**  
**ABN 12 004 044 937** by its Attorney

under a Power of Attorney dated  
and the Attorney declares that the Attorney has not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:

\_\_\_\_\_  
Signature of Witness in full

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

\_\_\_\_\_  
Name of Witness in full

### Covered Bond Guarantor

**SIGNED sealed and delivered** for and on behalf of  
**PERPETUAL CORPORATE TRUST LIMITED**  
**ABN 99 000 341 533** by its Attorneys

and

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

under a Power of Attorney dated  
and the Attorneys declare that the Attorneys have  
not received any notice of the revocation of such  
Power of Attorney, in the presence of:

\_\_\_\_\_  
Signature of Witness

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

\_\_\_\_\_  
Name of Witness in full

### Security Trustee

**SIGNED sealed and delivered** for and on behalf of  
**P.T. LIMITED ABN 67 004 454 666** by its  
Attorneys

\_\_\_\_\_

and

Signature of Attorney

under a Power of Attorney dated  
and the Attorneys declare that the Attorneys have  
not received any notice of the revocation of such  
Power of Attorney, in the presence of:

\_\_\_\_\_  
Signature of Witness

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

\_\_\_\_\_  
Name of Witness in full

**New Secured Creditor**

***[ New Secured Creditor ([●]) to advise how it will be executing the document]***

**SCHEDULE 2**  
**REPRESENTATIONS AND WARRANTIES**

**PART 1**

**COVERED BOND GUARANTOR'S REPRESENTATIONS AND WARRANTIES**

The Covered Bond Guarantor makes the following representations to the Trust Manager and the Security Trustee as at the date of this deed:

**1. Status**

- (a) It is validly incorporated and existing under the laws of Australia.
- (b) It has the corporate power to own its property and assets and to carry on its business as it is now being conducted and the business proposed to be conducted under the Programme Documents.

**2. Powers and authority**

- (a) It has full power and authority to enter into and perform its obligations under each of the Programme Documents to which it is a party.
- (b) It has taken all necessary corporate and other action to authorise the execution, delivery and performance of each of the Programme Documents to which it is a party in accordance with their respective terms and no additional approval or consent of any person is required.

**3. Legal validity**

Each of the Programme Documents to which it is a party constitute legal, valid and binding obligations of it and, subject to any necessary stamping and registration and to doctrines of equity and laws and defences generally affecting creditors' rights, are enforceable in accordance with their respective terms.

**4. Non-conflict**

The execution, delivery and performance by it of each of the Programme Documents to which it is a party does not and will not violate in any respect any material provision of:

- (a) any law, regulation, authorisation, ruling, consent, judgement, order or decree of any Governmental Authority.
- (b) the constitution or other constituent documents of it; or
- (c) any Security Interest or document which is binding upon it or any of its assets,

and does not and will not result in the creation or imposition of any Security Interest (other than any Security Interests which are created under or pursuant to the Programme Documents) or restriction of any nature on any of its assets under the provision of any Security Interest or document which is binding upon it or its assets.

**5. No litigation**

To the best of its knowledge, it is not, in its capacity as trustee of the Trust, a party to any material litigation, arbitration or administrative proceedings and, to its knowledge, no material litigation, arbitration or administrative proceedings are pending or threatened against it.

**6. Consents and licences**

It has obtained all governmental and regulatory consents, licences and other approvals and authorisations necessary for it to enter into, and perform its obligations under, the Programme Documents and such governmental and regulatory consents, licences and other approvals and authorisations remain in full force and effect.

**7. Solvency**

No Insolvency Event has occurred in respect of the Covered Bond Guarantor in its personal capacity.

**8. Trust**

Upon settlement of the Settlement Amount:

- (a) the Trust will be validly created;
- (b) the Covered Bond Guarantor will be validly appointed as trustee of the Trust; and
- (c) the Covered Bond Guarantor will be the sole trustee of the Trust.

**9. No removal**

- (a) As far as it is aware, there are no proceedings to remove it as trustee of the Trust.
- (b) The vesting date has not occurred in respect of the Trust.

**10. Indemnity**

To the best of its knowledge:

- (a) it has not taken any action (except as expressly provided in the Programme Documents) which will limit its right of indemnity out of, and lien over, the assets of the Trust in any way; and
- (b) it has no liability which may be set-off against that right of indemnity.

## **PART 2**

### **SECURITY TRUSTEE'S REPRESENTATIONS AND WARRANTIES**

The Security Trustee makes the following representations to the Trust Manager and the Covered Bond Guarantor as at the date of this deed:

**1. Status**

It is a limited liability company duly incorporated, validly existing and registered under the laws of Australia, capable of being sued in its own right and not subject to any immunity from any proceedings, and it has the power to own its assets and to carry on its business as it is being conducted.

**2. Powers and authority**

It has the power to enter into, perform and deliver, and has taken all necessary internal corporate and other action to authorise the execution, delivery and performance by it of each of the Programme Documents to which it is or will be a party, and each such Programme Document which has been executed by it has been duly executed and delivered by it.

**3. Legal validity**

Each Programme Document to which it is or will be a party constitutes or when executed in accordance with its terms will constitute its legal, valid and binding obligation subject to any necessary stamping and registration except as such enforceability may be limited by the availability of any equitable remedies or any applicable bankruptcy, insolvency, reorganisation, moratorium or trust or any other similar laws affecting creditors rights generally.

**4. Non-conflict**

To the best of its knowledge and belief, the execution by it of each of the Programme Documents to which it is a party and the exercise by it of its rights and the performance of its obligations under such Programme Documents will not:

- (a) result in the existence or imposition of, nor oblige it to create, any Security Interest in favour of any person over all or any of its present or future revenues or assets other than any Security Interests which are created under or pursuant to the Programme Documents;
- (b) conflict with any document which is binding upon it or any of its assets;
- (c) conflict with its constitutional documents; or
- (d) conflict with any law, regulation or official or judicial order of any government, governmental body or court, domestic or foreign, having jurisdiction over it.

**5. No litigation**

To the best of its knowledge and belief, it is not a party to any material litigation, arbitration or administrative proceedings and, to its knowledge, no material litigation, arbitration or administrative proceedings are pending or threatened against it.

**6. Consents and licences**

All governmental and regulatory consents, licences and other approvals and authorisations required by it, in its capacity as Security Trustee, in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, the Programme Documents have been obtained or effected (as appropriate) and are in full force and effect.

**7. Security Trust**

Upon settlement of the settlement amount specified in clause 2.1(b) of the Security Deed, the Security Trust will be validly created, the Security Trustee will be validly appointed as trustee of the Security Trust, and the Security Trustee will, to the best of its knowledge and belief, be the sole trustee of the Security Trust.

**8. No removal**

No notice has been given to it, and so far as it is aware, no resolution has been passed or direction or notice given, removing it as trustee of the Security Trust.

**9. Indemnity**

To the best of its knowledge:

- (a) it has not taken any action (except as expressly provided in the Programme Documents) which will limit its right of indemnity out of, and lien over, the assets of the Trust in any way; and
- (b) it has no liability which may be set-off against that right of indemnity.

**10. Solvency**

No Insolvency Event has occurred in respect of the Security Trustee in its personal capacity, and the Security Trustee is not insolvent in its personal capacity.

## SIGNATORIES

**EXECUTED as a deed.**

**Issuer, Seller, nab, Servicer, Trust Manager, Swap Provider and Account Bank**

**EXECUTED** for and on behalf of **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937** by its Attorney  
Michael White

under a Power of Attorney dated 9 November 2011  
and the Attorney declares that the Attorney has not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:

(Sgd D Bell)  
Signature of Witness in full

(Sgd M White)  
Signature of Attorney

Darren Bell  
Name of Witness in full

### **Covered Bond Guarantor**

**EXECUTED** for and on behalf of **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533** by its Attorney

Anthony Michael Tesvic

(Sgd A Tesvic)  
Signature of Attorney

under a Power of Attorney dated 10 November 2011  
and the Attorney declares that the Attorney has not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:

(Sgd K Rajan)  
Signature of Witness

Keshini Rajan  
Name of Witness in full

**Security Trustee**

**EXECUTED** for and on behalf of **P.T. LIMITED**  
**ABN 67 004 454 666** by its Attorneys

Anthony Michael Tesvic

(Sgd A Tesvic)  
Signature of Attorney

under a Power of Attorney dated 10 November 2011  
and the Attorney declares that the Attorney has not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:

(Sgd K Rajan)  
Signature of Witness

Keshini Rajan  
Name of Witness in full



## SIGNATORIES

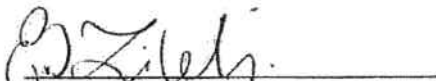
**EXECUTED as a deed.**

**Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber and Swap Provider**

**EXECUTED** for and on behalf of **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044**  
937 by its Attorney *EVA ZILCH*

under a Power of Attorney dated *9 November 2011*  
and the Attorney declares that the Attorney has not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:

  
Signature of Witness in full

  
Signature of Attorney

*Darren Bell*  
Name of Witness in full

**Covered Bond Guarantor and Seller Trustee**

**EXECUTED** for and on behalf of **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533** by its Attorneys

and

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

under a Power of Attorney dated  
and the Attorneys declare that the Attorneys have  
not received any notice of the revocation of such  
Power of Attorney, in the presence of:

\_\_\_\_\_  
Signature of Witness

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

\_\_\_\_\_  
Name of Witness in full

## SIGNATORIES

**EXECUTED as a deed.**

**Issuer, Seller, Servicer, Trust Manager, Account Bank, Intercompany Note Subscriber, Demand Note Subscriber and Swap Provider**

**EXECUTED** for and on behalf of **NATIONAL AUSTRALIA BANK LIMITED ABN 12 004 044 937** by its Attorney

under a Power of Attorney dated  
and the Attorney declares that the Attorney has not  
received any notice of the revocation of such Power  
of Attorney, in the presence of:

\_\_\_\_\_  
Signature of Witness in full

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

\_\_\_\_\_  
Name of Witness in full

**Covered Bond Guarantor and Seller Trustee**

**EXECUTED** for and on behalf of **PERPETUAL CORPORATE TRUST LIMITED ABN 99 000 341 533** by its Attorneys

and

*Lynsey Thorrington*  
*Mark Dickenson*  
under a Power of Attorney dated *31 March 2007*  
and the Attorneys declare that the Attorneys have  
not received any notice of the revocation of such  
Power of Attorney, in the presence of:

*[Signature]*  
\_\_\_\_\_  
Signature of Witness

*Keshini Rajan*  
\_\_\_\_\_  
Name of Witness in full

*[Signature]*  
\_\_\_\_\_  
Signature of Attorney

*Lynsey Thorrington*

*[Signature]*  
\_\_\_\_\_  
Signature of Attorney

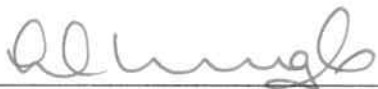
*MARK DICKENSON*

**Security Trustee**

**EXECUTED** for and on behalf of **P.T. LIMITED**  
**ABN 67 004 454 666** by its Attorneys

and Lynsey Thorrington  
Mark Dickenson

under a Power of Attorney dated 31 March 2009  
and the Attorneys declare that the Attorneys have  
not received any notice of the revocation of such  
Power of Attorney, in the presence of:

  
Signature of Attorney  
Lynsey Thorrington

  
Signature of Witness

  
Signature of Attorney  
MARK DICKENSON

Keshini Rajan  
Name of Witness in full

## FINAL TERMS

As of November 30, 2016

### National Australia Bank Limited

**Issue of US\$1,000,000,000 2.400% Fixed Rate Covered Bonds due December 7, 2021  
under the US\$30 billion nab Covered Bond Programme  
unconditionally and irrevocably guaranteed as to payments of interest and principal by  
Perpetual Corporate Trust Limited  
as trustee of the nab Covered Bond Trust and Covered Bond Guarantor**

### PART A—CONTRACTUAL TERMS

Terms used herein will be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated November 17, 2016 (the **Information Memorandum**). This document constitutes the Final Terms of the Covered Bonds described herein (the **Final Terms**) and must be read in conjunction with the Information Memorandum. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Information Memorandum, including the information incorporated by reference therein. If the information in these Final Terms is inconsistent with any information in the Information Memorandum, these Final Terms will apply and supersede such information.

- |    |                                                                                |                                                                                             |
|----|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|
| 1. | (a) Issuer:                                                                    | National Australia Bank Limited                                                             |
|    | (b) Covered Bond Guarantor:                                                    | Perpetual Corporate Trust Limited, in its capacity as trustee of the nab Covered Bond Trust |
|    | (c) A\$ Registrar:                                                             | Not Applicable                                                                              |
|    | (d) Calculation Agent:                                                         | Not Applicable                                                                              |
| 2. | (a) Series Number:                                                             | 28                                                                                          |
|    | (b) Tranche Number:                                                            | 1                                                                                           |
|    | (c) Date on which Covered Bonds will be consolidated and form a single Series: | Not Applicable                                                                              |
| 3. | Specified Currency or Currencies:                                              | US\$                                                                                        |
| 4. | Aggregate Nominal Amount of Covered Bonds admitted to trading:                 |                                                                                             |
|    | (a) Series:                                                                    | US\$1,000,000,000                                                                           |
|    | (b) Tranche:                                                                   | US\$1,000,000,000                                                                           |

5. Issue Price: 99.771 per cent. of the Aggregate Nominal Amount plus accrued interest, if any, from December 7, 2016
6. (a) Specified Denominations: US\$250,000  
Minimum denomination and integral multiples of US\$1,000 thereafter
- (b) Calculation Amount: US\$1,000
7. (a) Issue Date: December 7, 2016
- (b) Interest Commencement Date: Issue Date
- (c) A\$ Record Date: Not Applicable
8. Final Maturity Date: December 7, 2021
9. Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee: December 7, 2022  
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).
10. Interest Basis: 2.400 per cent. per annum Fixed Rate payable semi-annually in arrear from (and including) December 7, 2016, to (but excluding) the Final Maturity Date  
USD-LIBOR-BBA 1 month + 0.79375 per cent. per annum Floating Rate payable monthly in arrear (on the 7th calendar day of each month) from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date  
(see paragraphs 16 and 17 below)
11. Redemption/Payment Basis: 100 per cent. of the nominal amount
12. Change of Interest Basis or Redemption/Payment Basis: From Fixed to Floating  
(see paragraph 10 above)

- |     |                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 13. | Put/Call Options:                                                                             | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 14. | (a) Status of the Covered Bonds:                                                              | <p>Senior</p> <p>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 section 13A(3)(a)-(e) of the Australian Banking Act provides that the Issuer's assets in Australia for these purposes does not include the assets in the Cover Pool. Further, under section 86 of the Reserve Bank Act, debts due by the Issuer to the Reserve Bank of Australia shall in a winding-up of the Issuer have priority over all other debts of the Issuer other than debts due to the Commonwealth of Australia</p> |
|     | (b) Date of Board approval for issuance of Covered Bonds and Covered Bond Guarantee obtained: | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 15. | Method of distribution:                                                                       | Syndicated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

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

- |     |                                     |                                                                                                                                                                                                                                                                                                              |
|-----|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 16. | Fixed Rate Covered Bond Provisions: | Applicable from the Interest Commencement Date to the Final Maturity Date                                                                                                                                                                                                                                    |
|     | (a) Rate of Interest:               | 2.400 per cent. per annum payable semi-annually in arrear on each Interest Payment Date                                                                                                                                                                                                                      |
|     | (b) Interest Payment Date(s):       | June 7 and December 7 in each year from (and including) June 7, 2017, 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) |

|     |                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (c) | Fixed Coupon Amount for Covered Bonds in definitive form (and in relation to Covered Bonds in global form, see Conditions): | US\$12.00 per Calculation Amount                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| (d) | Broken Amount for Covered Bonds in definitive form (and in relation to Covered Bonds in global form, see Conditions):       | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| (e) | Day Count Fraction:                                                                                                         | 30/360                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| (f) | Business Day Convention:                                                                                                    | Following Business Day Convention                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|     | (i) Adjusted:                                                                                                               | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|     | (ii) Non-Adjusted:                                                                                                          | Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| (g) | Additional Business Centre:                                                                                                 | New York                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|     |                                                                                                                             | For the avoidance of doubt, in accordance with the Conditions, this Additional Business Centre is in addition to Sydney and London.                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| (h) | Determination Date(s):                                                                                                      | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 17. | Floating Rate Covered Bond Provisions:                                                                                      | Applicable from the Final Maturity Date to the Extended Due for Payment Date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| (a) | Specified Period(s)/Specified Interest Payment Dates:                                                                       | <p>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</p> <p>The Specified Interest Payment Dates are the 7th calendar day of each month from (but excluding) the Final Maturity Date to (and including) the Extended Due for Payment Date</p> |
| (b) | Business Day Convention:                                                                                                    | Modified Following Business Day Convention                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| (c) | Additional Business Centre:                                                                                                 | New York                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|     |                                                                                                                             | For the avoidance of doubt, in accordance with the Conditions, this Additional Business Centre is in addition to Sydney and London.                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

|       |                                                                                                                                                                                                |                                                                        |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| (d)   | Manner in which the Rate of Interest and Interest Amount is to be determined:                                                                                                                  | Screen Rate Determination                                              |
| (e)   | Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):                                                                                                 | Not Applicable                                                         |
| (f)   | Screen Rate Determination:                                                                                                                                                                     | Applicable                                                             |
| (i)   | Reference Rate and Relevant Financial Centre:                                                                                                                                                  | Reference Rate: 1 month USD LIBOR<br>Relevant Financial Centre: London |
| (ii)  | Interest Determination Date(s):                                                                                                                                                                | Second London business day prior to the start of each Interest Period. |
| (iii) | Relevant Screen Page:                                                                                                                                                                          | Reuters Page LIBOR01                                                   |
| (g)   | ISDA Determination:                                                                                                                                                                            | Not Applicable                                                         |
| (h)   | Margin(s):                                                                                                                                                                                     | + 0.79375 per cent. per annum                                          |
| (i)   | Minimum Rate of Interest:                                                                                                                                                                      | Not Applicable                                                         |
| (j)   | Maximum Rate of Interest:                                                                                                                                                                      | Not Applicable                                                         |
| (k)   | Day Count Fraction:                                                                                                                                                                            | Actual/360, Adjusted                                                   |
| (l)   | Interest Amounts Non-Adjusted:                                                                                                                                                                 | Not Applicable                                                         |
| (m)   | Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions: | Not Applicable                                                         |
| 18.   | Zero Coupon Covered Bond Provisions:                                                                                                                                                           | Not Applicable                                                         |

#### **PROVISIONS RELATING TO REDEMPTION**

|     |                                                                                                                       |                                                    |
|-----|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| 19. | Notice periods for Condition 6(b) (Redemption for taxation reasons) or Condition 6(e) (Redemption due to illegality): | Minimum Period: 30 days<br>Maximum Period: 60 days |
| 20. | Issuer Call:                                                                                                          | Not Applicable                                     |
| 21. | Investor Put:                                                                                                         | Not Applicable                                     |
| 22. | Final Redemption Amount:                                                                                              | US\$1,000 per Calculation Amount                   |



- |                                                                                                                                                                                                                                                                                                                    |                              |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| 23. 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 out in Condition 6(f)): | Condition 6(f) is applicable |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|

## **GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

- |                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 24. Tax gross-up by Issuer in accordance with Condition 7:                            | <p>Not Applicable</p> <p>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.</p> |
| 25. Form of Covered Bonds:                                                            | <p>Registered Covered Bonds:</p> <p>Rule 144A Global Covered Bond registered in the name of a nominee for DTC/Regulation S Global Covered Bond registered in the name of a nominee for DTC</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 26. Additional Financial Centre or other special provisions relating to Payment Days: | <p>New York</p> <p>For the avoidance of doubt, in accordance with the Conditions, this Additional Financial Centre is in addition to Sydney and London.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 27. Talons for future Coupons to be attached to                                       | Not Applicable                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

Definitive Bearer Covered Bonds:

28. Additional U.S. Federal Tax Considerations Not Applicable

29. Additional final terms: Not Applicable

**DISTRIBUTION**

30. (a) If syndicated, names and addresses of Managers and underwriting commitments:

Lead Managers

HSBC Securities (USA) Inc.  
452 Fifth Avenue  
New York, New York 10018  
United States  
Allocation: US\$245,000,000.00

nabSecurities, LLC  
245 Park Avenue, 28th Floor  
New York, New York 10167  
United States  
Allocation: US\$245,000,000.00

RBC Capital Markets, LLC  
Three World Financial Center  
200 Vesey Street  
New York, New York 10281  
United States  
Allocation: US\$245,000,000.00

TD Securities (USA) LLC  
31 West 52nd Street, 2nd Floor  
New York, New York 10019  
United States  
Allocation: US\$245,000,000.00

Co-Manager

DBS Bank Ltd.  
Treasury & Markets – Structured Debt Solutions  
12 Marina Boulevard, Level 42  
DBS Asia Central at Marina Bay Financial  
Centre Tower 3  
Singapore 018982  
Allocation: US\$20,000,000.00

(collectively, the **Managers**)

(b) Date of Subscription Agreement: As of November 30, 2016

(c) Stabilising Manager (if any): Not Applicable

31. If non-syndicated, name and address of Not Applicable

Dealer:

32. U.S. Selling Restrictions: Rule 144A/Regulation S
33. ERISA: Employee benefit plans subject to ERISA can buy –Yes
34. Additional selling restrictions: *Republic of Italy*

The offering of the Covered Bonds has not been registered with the Commissione Nazionale per la Società e la Borsa pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed appointed under the Programme will be required to represent and agree that no Covered Bonds may be offered, sold or delivered, nor may copies of the Information Memorandum or of any other document relating to the Covered Bonds be distributed in the Republic of Italy except:

(i) to qualified investors (investitori qualificati), as defined pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the Financial Services Act) and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (the Regulation No. 11971); or

(ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No. 11971.

Moreover and subject to the foregoing, each Dealer has represented and agreed that any offer, sale or delivery of the Covered Bonds or distribution of copies of the Information Memorandum or any other document relating to the Covered Bonds in the Republic of Italy under (i) or (ii) above must:

(a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the Italian Banking Act); and

(b) comply with any other applicable laws and

regulations or requirement imposed by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Covered Bonds on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971.

Failure to comply with such rules may result in the sale of such Covered Bonds being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

35. Additional U.S. Federal Tax Considerations:

Not Applicable

## **PART B—OTHER INFORMATION**

### **1. LISTING AND ADMISSION TO TRADING**

- |     |                                                             |                                                                                                                                                                                                                    |
|-----|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (a) | Listing and Admission to trading:                           | Application is expected to be made by the Issuer (or on its behalf) for the Covered Bonds to be listed on the Australian Securities Exchange with effect from the expiration of the Distribution Compliance Period |
| (b) | Estimate of total expenses related to admission to trading: | A\$10,000                                                                                                                                                                                                          |

### **2. RATINGS**

- |          |                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ratings: | The Covered Bonds to be issued are expected to be rated:<br><br>Fitch Australia Pty Ltd: AAA<br>Moody's Investors Service Pty Ltd: Aaa<br><br>A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency and any rating should be evaluated independently of any other information. |
|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### **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. REASONS FOR THE OFFER**

- |     |                       |                                                                    |
|-----|-----------------------|--------------------------------------------------------------------|
| (a) | Reasons for the offer | As described in the Information Memorandum under "Use of Proceeds" |
|-----|-----------------------|--------------------------------------------------------------------|

### **5. YIELD**

- |                      |                                                                                                                                            |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| Indication of yield: | 2.449 per cent.<br><br>The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------|

6. **OPERATIONAL INFORMATION**

- |     |                                                                                                                                                                               |                                                                                                                         |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| (a) | ISIN Code:                                                                                                                                                                    | 144A – US63253WAJ09<br>Reg S – US63253XAK54                                                                             |
| (b) | Common Code                                                                                                                                                                   | 144A – 153166358<br>Reg S – 153153272                                                                                   |
| (c) | CUSIP:                                                                                                                                                                        | 144A – 63253WAJ0<br>Reg S – 63253XAK5                                                                                   |
| (d) | Any clearing system(s) other than<br>Euroclear Bank SA/N.V.,<br>Clearstream Banking, S.A.,<br>DTC, the Austraclear System<br>and<br>the relevant identification<br>number(s): | Not Applicable                                                                                                          |
| (e) | Delivery:                                                                                                                                                                     | Delivery against payment                                                                                                |
| (f) | Name(s) and address(es) of<br>initial Paying Agent(s) in relation<br>to the Covered Bonds (other than<br>the A\$ Registered Covered<br>Bonds):                                | Deutsche Bank A.G., London Branch<br>Winchester House<br>1 Great Winchester Street<br>London EC2N 2DB<br>United Kingdom |
| (g) | Name(s) and address(es) of<br>additional Paying Agent(s) (if<br>any) in relation to the Covered<br>Bonds (other than the<br>A\$ Registered Covered Bonds):                    | Not Applicable                                                                                                          |
| (h) | Name(s) and address(es) of<br>A\$ Registrar in relation the<br>A\$ Registered Covered Bonds:                                                                                  | Not Applicable                                                                                                          |

## 7. SELECTED STATISTICAL INFORMATION

The statistical and other information contained in these Final Terms has been compiled by reference to the Mortgage Loans in the Mortgage Loan Portfolio on October 31, 2016 (the **Cut Off Date**). Columns stating percentage amounts may not add up to 100 per cent. due to rounding. The Seller has not revalued any of the mortgaged properties since the date of origination of the related Mortgage Loans for the purposes of the issue of the Covered Bonds, other than in respect of a Borrower that has remortgaged his Property or in relation to any Property in relation to which the Seller has made a Further Advance.

### Pool Summary

|                                                                                        |                   |
|----------------------------------------------------------------------------------------|-------------------|
| Current Principal Balance (AUD).....                                                   | 32,054,859,034.23 |
| Number of Loans .....                                                                  | 102,501           |
| Number of Loan Groups .....                                                            | 102,501           |
| Average Loan Size (AUD) .....                                                          | 312,727.28        |
| Maximum Housing Loan Balance (AUD) .....                                               | 1,800,000.00      |
| Weighted Average Loan Interest Rate (%) .....                                          | 4.28              |
| Weighted Average Current Loan to Value Ratio (LVR) (%) .....                           | 58.56             |
| Weighted Average Consolidated Indexed Loan to Value Ratio (LVR) (%).....               | 60.10             |
| Weighted Average Seasoning (WAS) .....                                                 | 32.00             |
| Weighted Average Remaining Term (Months) .....                                         | 317.10            |
| AUD Equivalent of the Aggregate Principal Amount Outstanding of the Covered Bonds..... | 20,286,562,855    |

The following tables show the distribution of Mortgaged Properties securing the Mortgage Loans throughout each State and Territory of Australia as of the Cut Off Date, as well as the distribution between metropolitan and non-metropolitan locations. No Property is situated outside of Australia.

### Mortgage Pool by Geographic Distribution

|                              | Number of Loans | (%) Number of Loans | Balance Outstanding (AUD) | (%) Balance Outstanding |
|------------------------------|-----------------|---------------------|---------------------------|-------------------------|
| Australian Capital Territory | 2,157           | 2.10%               | 661,204,797.91            | 2.06%                   |
| New South Wales              | 35,533          | 34.67%              | 13,296,478,166.57         | 41.48%                  |
| Northern Territory           | 539             | 0.53%               | 165,398,106.58            | 0.52%                   |
| Queensland                   | 18,314          | 17.87%              | 4,854,195,430.71          | 15.14%                  |
| South Australia              | 4,605           | 4.49%               | 1,046,559,127.47          | 3.26%                   |
| Tasmania                     | 1,688           | 1.65%               | 326,482,780.73            | 1.02%                   |
| Victoria                     | 30,943          | 30.19%              | 9,069,037,260.86          | 28.29%                  |
| Western Australia            | 8,722           | 8.51%               | 2,635,503,363.40          | 8.22%                   |
| <b>Total</b>                 | <b>102,501</b>  | <b>100.00%</b>      | <b>32,054,859,034.23</b>  | <b>100.00%</b>          |

### Geographic Distribution (Region)

|                  | Number of<br>Loans | (%) Number of<br>Loans | Balance<br>Outstanding<br>(AUD) | (%) Balance<br>Outstanding |
|------------------|--------------------|------------------------|---------------------------------|----------------------------|
| Inner city       | 2,790              | 2.72%                  | 905,413,001.54                  | 2.82%                      |
| Metropolitan     | 72,122             | 70.36%                 | 25,010,675,995.71               | 78.02%                     |
| Non-metropolitan | 27,589             | 26.92%                 | 6,138,770,036.98                | 19.15%                     |
| <b>Total</b>     | <b>102,501</b>     | <b>100.00%</b>         | <b>32,054,859,034.23</b>        | <b>100.00%</b>             |



The following tables show the range of current loan to value ratios, or LVR, which express the Current Principal Balance of a Mortgage Loan as at the Cut Off Date divided by the value of the Property securing that Mortgage Loan at the same date. The Seller has not revalued any of the Properties since the date of the origination of the related Mortgage Loan, other than in respect of a Property of a related Borrower that has remortgaged its property or to which the Seller has made a Further Advance.

**Mortgage Pool by Loan Size (Consolidated)**

|                                                 | <b>Number of<br/>Loans</b> | <b>(%) Number of<br/>Loans</b> | <b>Balance<br/>Outstanding<br/>(AUD)</b> | <b>(%) Balance<br/>Outstanding</b> |
|-------------------------------------------------|----------------------------|--------------------------------|------------------------------------------|------------------------------------|
| up to and including \$100,000                   | 13,273                     | 12.95%                         | 720,416,337.58                           | 2.25%                              |
| >\$100,000 up to and including<br>\$200,000     | 20,938                     | 20.43%                         | 3,211,375,944.93                         | 10.02%                             |
| >\$200,000 up to and including<br>\$300,000     | 24,585                     | 23.99%                         | 6,187,466,052.65                         | 19.30%                             |
| >\$300,000 up to and including<br>\$400,000     | 18,324                     | 17.88%                         | 6,374,504,797.47                         | 19.89%                             |
| >\$400,000 up to and including<br>\$500,000     | 10,545                     | 10.29%                         | 4,728,605,284.79                         | 14.75%                             |
| >\$500,000 up to and including<br>\$600,000     | 5,791                      | 5.65%                          | 3,172,161,366.36                         | 9.90%                              |
| >\$600,000 up to and including<br>\$700,000     | 3,216                      | 3.14%                          | 2,084,545,184.01                         | 6.50%                              |
| >\$700,000 up to and including<br>\$800,000     | 1,824                      | 1.78%                          | 1,366,139,377.39                         | 4.26%                              |
| >\$800,000 up to and including<br>\$900,000     | 1,094                      | 1.07%                          | 931,534,340.57                           | 2.91%                              |
| >\$900,000 up to and including<br>\$1,000,000   | 882                        | 0.86%                          | 844,045,411.91                           | 2.63%                              |
| >\$1,000,000 up to and including<br>\$1,250,000 | 1,345                      | 1.31%                          | 1,497,539,877.19                         | 4.67%                              |
| >\$1,250,000 up to and including<br>\$1,500,000 | 670                        | 0.65%                          | 913,684,624.29                           | 2.85%                              |
| >\$1,500,000 up to and including<br>\$1,750,000 | 11                         | 0.01%                          | 17,507,676.57                            | 0.05%                              |
| >\$1,750,000 up to and including<br>\$2,000,000 | 3                          | 0.00%                          | 5,332,758.52                             | 0.02%                              |
| >\$2,000,000                                    | 0                          | 0.00%                          | 0.00                                     | 0.00%                              |
| <b>Total</b>                                    | <b>102,501</b>             | <b>100.00%</b>                 | <b>32,054,859,034.23</b>                 | <b>100.00%</b>                     |

### Mortgage Pool by Loan Seasoning

|                                     | Number of<br>Loans | (%) Number of<br>Loans | Balance<br>Outstanding<br>(AUD) | (%) Balance<br>Outstanding |
|-------------------------------------|--------------------|------------------------|---------------------------------|----------------------------|
| up to and including 3 months        | 2,972              | 2.90%                  | 1,118,524,217.28                | 3.49%                      |
| >3 up to and including 6 months     | 5,794              | 5.65%                  | 2,145,080,106.95                | 6.69%                      |
| >6 up to and including 12 months    | 14,142             | 13.80%                 | 5,005,914,695.09                | 15.62%                     |
| >12 up to and including 18 months   | 11,618             | 11.33%                 | 4,524,109,537.31                | 14.11%                     |
| >18 up to and including 24 months   | 10,563             | 10.31%                 | 3,905,460,335.43                | 12.18%                     |
| >24 up to and including 30 months   | 8,757              | 8.54%                  | 2,986,701,015.73                | 9.32%                      |
| >30 up to and including 36 months   | 4,286              | 4.18%                  | 1,404,238,193.84                | 4.38%                      |
| >36 up to and including 48 months   | 12,097             | 11.80%                 | 3,401,385,576.70                | 10.61%                     |
| >48 up to and including 60 months   | 8,102              | 7.90%                  | 2,156,390,332.15                | 6.73%                      |
| >60 up to and including 72 months   | 8,823              | 8.61%                  | 2,205,089,991.79                | 6.88%                      |
| >72 up to and including 84 months   | 8,890              | 8.67%                  | 2,082,776,891.38                | 6.50%                      |
| >84 up to and including 96 months   | 3,129              | 3.05%                  | 634,860,946.08                  | 1.98%                      |
| >96 up to and including 108 months  | 1,109              | 1.08%                  | 196,816,923.84                  | 0.61%                      |
| >108 up to and including 120 months | 611                | 0.60%                  | 109,073,143.83                  | 0.34%                      |
| >120 months                         | 1,608              | 1.57%                  | 178,437,126.83                  | 0.56%                      |
| <b>Total</b>                        | <b>102,501</b>     | <b>100.00%</b>         | <b>32,054,859,034.23</b>        | <b>100.00%</b>             |

#### Mortgage Pool by Current Loan to Value Ratio (LVR)

|                               | Number of<br>Loans | (%) Number of<br>Loans | Balance<br>Outstanding<br>(AUD) | (%) Balance<br>Outstanding |
|-------------------------------|--------------------|------------------------|---------------------------------|----------------------------|
| up to and including 40%       | 36,930             | 36.03%                 | 6,768,638,252.93                | 21.12%                     |
| >40% up to and including 45%  | 5,762              | 5.62%                  | 1,791,875,382.13                | 5.59%                      |
| >45% up to and including 50%  | 5,868              | 5.72%                  | 1,916,301,102.02                | 5.98%                      |
| >50% up to and including 55%  | 5,986              | 5.84%                  | 2,047,978,532.67                | 6.39%                      |
| >55% up to and including 60%  | 6,001              | 5.85%                  | 2,119,358,591.34                | 6.61%                      |
| >60% up to and including 65%  | 6,345              | 6.19%                  | 2,262,615,796.85                | 7.06%                      |
| >65% up to and including 70%  | 6,896              | 6.73%                  | 2,567,470,013.53                | 8.01%                      |
| >70% up to and including 75%  | 7,378              | 7.20%                  | 2,927,463,591.01                | 9.13%                      |
| >75% up to and including 80%  | 18,413             | 17.96%                 | 8,538,151,815.32                | 26.64%                     |
| >80% up to and including 85%  | 2,472              | 2.41%                  | 949,050,360.21                  | 2.96%                      |
| >85% up to and including 90%  | 303                | 0.30%                  | 109,645,575.34                  | 0.34%                      |
| >90% up to and including 95%  | 95                 | 0.09%                  | 35,095,561.92                   | 0.11%                      |
| >95% up to and including 100% | 26                 | 0.03%                  | 9,766,403.06                    | 0.03%                      |
| >100%                         | 26                 | 0.03%                  | 11,448,127.90                   | 0.04%                      |
| <b>Total</b>                  | <b>102,501</b>     | <b>100.00%</b>         | <b>32,054,859,034.23</b>        | <b>100.00%</b>             |

#### Mortgage Pool by Mortgage Insurer (LVR Specific)

|                                | Number of<br>Loans | (%) Number of<br>Loans | Balance<br>Outstanding<br>(AUD) | (%) Balance<br>Outstanding |
|--------------------------------|--------------------|------------------------|---------------------------------|----------------------------|
| Genworth Financial             | 4,912              | 4.79%                  | 1,253,461,372.67                | 3.91%                      |
| QBE Lenders Mortgage Insurance | 7,569              | 7.38%                  | 2,082,771,915.04                | 6.50%                      |
| Uninsured                      | 90,020             | 87.82%                 | 28,718,625,746.52               | 89.59%                     |
| <b>Total</b>                   | <b>102,501</b>     | <b>100.00%</b>         | <b>32,054,859,034.23</b>        | <b>100.00%</b>             |

[SIGNATURE PAGE FOLLOWS]

SIGNED on behalf of NATIONAL )  
AUSTRALIA BANK LIMITED )  
(ABN 12 004 044 937) by its attorney: )

in the presence of: )

Signature of witness )

MICHAEL DAVEY )  
Name of witness )



Signature of attorney )

Michael White )  
Name of attorney )

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

By: )

Duly authorised

By: )

Duly authorised

[SIGNATURE PAGE TO THE FINAL TERMS]

SIGNED on behalf of NATIONAL )  
AUSTRALIA BANK LIMITED )  
(ABN 12 004 044 937) by its attorney: )

in the presence of: )

Signature of witness )

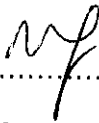
Name of witness )

Signature of attorney

Name of attorney

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

By:



Duly authorised

Marion Gowing  
Transaction Manager

By:



Duly authorised

Eugene Tee  
Manager