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# Medallion Trust

## Medallion Trust Series 2014-1P Information Memorandum



**\$550,000,000**

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

**A\$506,000,000**

**Class A1 Mortgage Backed Pass-Through  
Floating Rate Securities due June 2046**

*Ratings*

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

*“AAAsf” by Fitch Australia Pty Ltd*

**A\$33,000,000**

**Class B Mortgage Backed Pass-Through Floating  
Rate Securities due June 2046**

*Ratings*

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

*“Asf” by Fitch Australia Pty Ltd*

**A\$11,000,000**

**Class C Mortgage Backed Pass-Through Floating  
Rate Securities due June 2046**

*Unrated*

**Arranger, Bookrunner and Lead Manager  
J.P. Morgan Australia Limited**

ABN 52 002 888 011

**30 April 2014**

## **No Guarantee by Commonwealth Bank of Australia or J.P. Morgan**

The Class A Notes, the Class B Notes, the Class C Notes and the Redraw Notes do not represent deposits or other liabilities of Commonwealth Bank of Australia (ABN 48 123 123 124) (“**Commonwealth Bank of Australia**”) or J.P. Morgan Australia Limited (ABN 52 002 888 011) (“**J.P. Morgan**”) or any other member of the Commonwealth Bank of Australia group or J.P. Morgan group. None of Commonwealth Bank of Australia, Securitisation Advisory Services Pty Limited (ABN 88 064 133 946) (the “**Manager**”) or J.P. Morgan, or any other member of the Commonwealth Bank of Australia group or J.P. Morgan group guarantees the payment or repayment or the return of any principal invested in, or any particular rate of return on, the Class A Notes, the Class B Notes, the Class C Notes and the Redraw Notes or the performance of the Assets of the Series Trust. In addition, none of the obligations of the Manager are guaranteed in any way by Commonwealth Bank of Australia or any other member of the Commonwealth Bank of Australia group or J.P. Morgan group.

## **Listing of the Class A1 Notes**

As at the Preparation Date, Securitisation Advisory Services Pty Limited, as Manager, intends to make an application to the Australian Securities Exchange for the Class A1 Notes to be listed and admitted to trading. Such approval, if sought and obtained, would relate only to the Class A1 Notes which are to be listed and admitted to trading on the Australian Securities Exchange. However, there can be no assurance that any approval from the Australian Securities Exchange to listing of the Class A1 Notes will be granted. Accordingly the issuance and settlement of the Notes on the Closing Date is not conditional on the listing of the Class A1 Notes on the Australian Securities Exchange or any other stock exchange. Perpetual Trustee Company Limited has not made or authorised any application for admission to listing and/or trading of the Class A1 Notes.

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

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

## **US Selling Restrictions**

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

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# 1 Important notice

## 1.1 Terms

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

## 1.2 Purpose

This Information Memorandum relates solely to a proposed issue of the Class A1 Notes, the Class B Notes and the Class C Notes by Perpetual Trustee Company Limited ABN 42 000 001 007 in its capacity as trustee of the Medallion Trust Series 2014-1P (the “**Series Trust**”) (the “**Trustee**”). This Information Memorandum does not relate to, and is not relevant for, any other purpose. Without limitation, while this Information Memorandum contains information relating to the Class A1-R Notes and the Redraw Notes, the Class A1-R Notes and the Redraw Notes are not being offered for issue, nor are applications for the issue of the Class A1-R Notes and the Redraw Notes being invited, by this Information Memorandum.

## 1.3 Summary Only

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

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

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

## 1.4 Limited Responsibility for Information

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

None of Commonwealth Bank of Australia, J.P. Morgan, Perpetual Trustee Company Limited, the Trustee or P.T. Limited (ABN 67 004 454 666) including in its capacity as trustee of the Security Trust (the “**Security Trustee**”) have authorised, caused the issue of, or have (and expressly disclaim) any responsibility for, or made any statement in, any part of this Information Memorandum. Furthermore, none of Perpetual Trustee Company Limited, the Trustee, P.T. Limited or the Security Trustee has had any involvement in the preparation of any part of this Information Memorandum (other than where parts of this Information Memorandum contain particular references to Perpetual Trustee Company Limited or P.T. Limited in their corporate capacity). Whilst the Manager believes the statements made in this Information Memorandum are accurate, neither it nor Commonwealth Bank of Australia, J.P. Morgan, Perpetual Trustee Company Limited, the Trustee, P.T. Limited, the Security Trustee nor any external adviser to any of the foregoing makes any representation or warranty, express or implied, as to, nor assumes any responsibility or liability for, the authenticity, origin, validity, accuracy or completeness of, or any errors or omissions in, any information, statement, opinion or forecast contained in this Information Memorandum or in any previous, accompanying or subsequent material or presentation.

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

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

This Information Memorandum has been prepared as at 30 April 2014 (the “**Preparation Date**”), based on information available and facts and circumstances known to the Manager at that time.

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

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

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

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

## **1.6 Independent Investment Decisions**

This Information Memorandum is not intended to be, and does not constitute, a recommendation by the Manager, the Trustee, J.P. Morgan, Commonwealth Bank of Australia, Perpetual Trustee Company Limited, P.T. Limited or the Security Trustee that any



person subscribe for or purchase any Note. Accordingly, any person contemplating the subscription or purchase of any Note must:

- (a) make their own independent investigation of the terms of the Notes (including reviewing the Transaction Documents) and the financial condition, affairs and creditworthiness of the Series Trust, after taking all appropriate advice from qualified professional persons; and
- (b) base any investment decision on the investigation and advice referred to in paragraph (a) and not on this Information Memorandum.

### **1.7 Authorised Material**

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

### **1.8 Distribution to Professional Investors Only**

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

### **1.9 Distribution**

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

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

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

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

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

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

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

### **1.11 Australian Interest Withholding Tax**

Division 11A of Part III of the Income Tax Assessment Act 1936 imposes interest withholding tax on debt securities at a rate of 10% of the gross amount of interest paid by the Trustee to a non-resident of Australia (other than a non-resident holding the debt securities in carrying on business at or through a permanent establishment in Australia) or a resident holding the debt securities in carrying on business at or through a permanent establishment outside Australia unless an exemption is available. For these purposes, interest is defined in section 128A(1AB) of the Australian Tax Act to include amounts in the nature of, or in substitution for, interest and certain other amounts.

Under present law, interest and other amounts paid on debt securities will not be subject to Australian interest withholding tax if they are issued in accordance with certain prescribed conditions set out in section 128F of the Income Tax Assessment Act 1936 (Cwth) and they are not acquired directly or indirectly by certain offshore associates of the Trustee or Commonwealth Bank of Australia, other than in the capacity of a dealer, manager or underwriter in relation to the placement of the relevant debt securities, or a clearing house, custodian, funds manager or responsible entity of a registered scheme.

The Notes will not be issued in accordance with the conditions set out in section 128F of the Income Tax Assessment Act 1936 (Cwth). Any person contemplating the subscription or purchase of any Note should obtain advice from their own tax advisers in relation to the tax implications of an investment in the Notes, including in relation to whether any other exemption from Australian interest withholding tax may apply to payments in respect of the Notes made to them. None of the Manager, the Trustee, Commonwealth Bank of Australia or J.P. Morgan represents that any such exemption from interest withholding tax will be available. The Trustee is not obligated to pay any additional amounts to Noteholders to cover any Australian interest withholding tax or any other withholding tax.

See also Section 3.29 (“*Withholding Tax*”) and Section 12 (“*Taxation considerations*”).

### **1.12 Disclosure of Interests**

Each of Commonwealth Bank of Australia, J.P. Morgan, the Manager and their respective subsidiaries:

- (a) may have a pecuniary or other interest in the Notes; and

- (b) may receive fees, brokerage and commissions, and may act as principal, in any dealings in the Notes.

### **1.13 Limited Recovery**

Any obligation or liability of the Trustee arising under or in any way connected with the Notes, the Master Trust Deed, the Series Supplement, the Security Trust Deed or any other Transaction Document to which the Trustee is a party is limited, except in the case of fraud, negligence or wilful default on the part of the Trustee or its officers, employees or agents or any other person whose acts or omissions the Trustee is liable for under the Transaction Documents, to the extent to which it can be satisfied out of the Assets of the Series Trust out of which the Trustee is actually indemnified for the obligation or liability. Other than in the exception previously mentioned, the personal assets of the Trustee, the Security Trustee or any other member of the Perpetual Trustee group are not available to meet payments of interest or repayments of principal on the Notes.

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

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

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

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

Articles 404 – 410 (inclusive) of Regulation (EU) No 575/2013 (as amended by corrigendum) of the European Parliament and Council (as implemented by the Member States of the European Economic Area) (“**CRR**”) came into force on 1 January 2014.

Article 406 of the CRR restricts ‘credit institutions’ and ‘investment firms’ (each as defined in the CRR), and the consolidated group subsidiaries thereof from investing in a ‘securitisation’ (as defined in the CRR) (each, an “**Affected Investor**”) unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the Affected Investor that it will retain, on an ongoing basis, a net economic interest of at least 5 per cent in that securitisation in the manner contemplated by Article 405 and, once adopted by the European Commission, the regulatory technical standards in relation to the same.

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

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

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

Articles 404 – 410 (inclusive) of the CRR (the “**Retention Rules**”) apply in respect of the Notes. Accordingly, Affected Investors should make themselves aware of the requirements of the Retention Rules (and any implementing rules in relation to a relevant jurisdiction) in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes and should carefully consider whether the applicable conditions under the Retention Rules are satisfied at any time.

Investors should also be aware of Section 5 of Chapter III of the regulation implementing the EU Alternative Investment Fund Managers Directive (“**Investment Managers Directive**”), the provisions of which section introduced risk retention and due diligence requirements (which took effect from 22 July 2013 in general) in respect of alternative investment fund managers that are required to become authorised under the Investment Managers Directive and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. The requirements under Section 5 are similar (but not identical) to those which apply under the Retention Rules.

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

See Section 3.33 (“*European Union Capital Requirements Regulation - securitisation exposure rules and other regulatory initiatives*”) for further details.

#### **1.16 Repo-eligibility**

The Manager intends, but is under no obligation, to make an application to the Reserve Bank of Australia (“**RBA**”) for the Class A1 Notes to be “eligible securities” (or “repo eligible”) for the purposes of repurchase agreements with the RBA.

The RBA has recently published new criteria for repo eligibility which are scheduled to apply from 31 December 2014. The new criteria may, once they take effect, affect whether the Class A1 Notes are repo eligible. No assurance can be given that the application by the Manager (if any) for the Class A1 Notes to be repo eligible (whether made before or after the new criteria are implemented by the RBA) will be successful, or that the relevant Class A1 Notes will continue to be repo eligible at all times even if they are eligible in relation to their initial issue.

#### **1.17 References to Ratings**

There are various references in this Information Memorandum to the credit ratings of Notes and of particular parties. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant Rating Agency. In addition, the ratings of Notes do not address the expected timing of principal repayments under those Notes. None of the Rating Agencies has been involved in the preparation of this Information Memorandum. Each Rating Agency is not established in the

European Community but rather is incorporated in the Commonwealth of Australia. Consequently, each Rating Agency is not required to be registered under Regulation (EC) 1060/2009.

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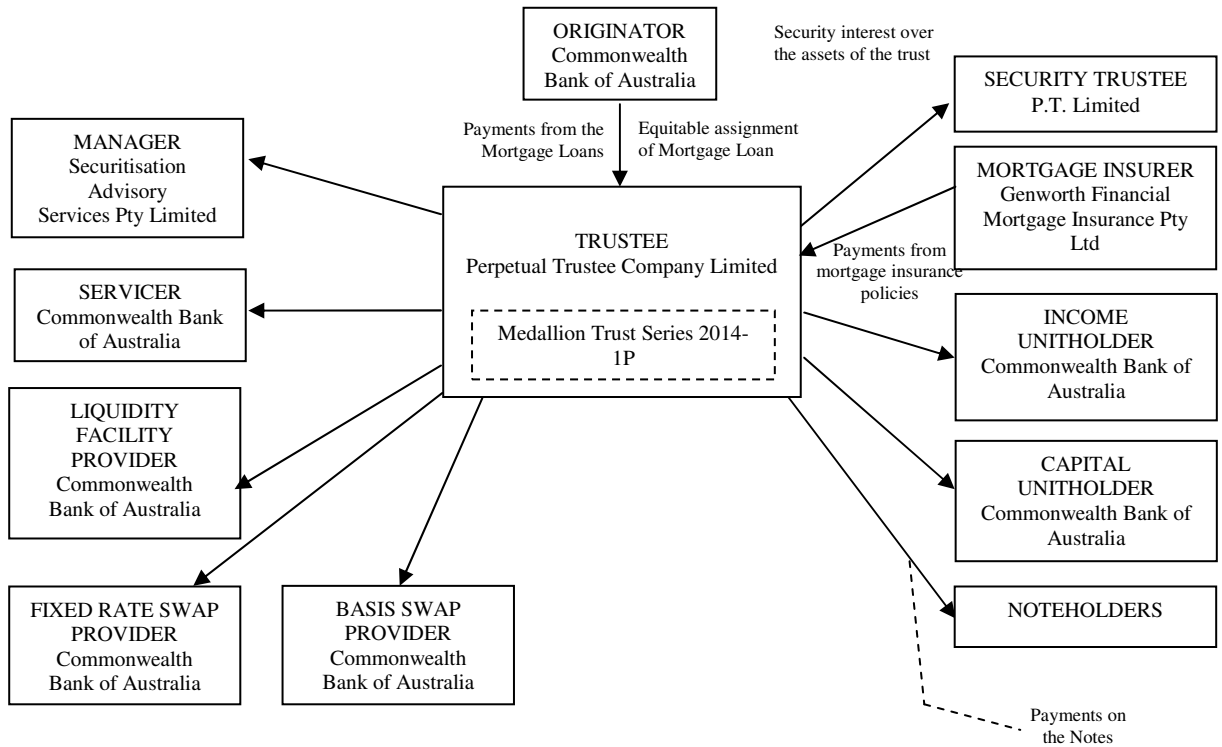
## 2 Summary

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

### 2.1 Parties to the Transaction

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

## Structural Diagram



## 2.2 Summary of the Notes

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

	<b>Class A1 Notes</b>	<b>Class B Notes</b>	<b>Class C Notes</b>
Initial Principal Balance	A\$506,000,000	A\$33,000,000	A\$11,000,000
% of Total	92.0%	6.0%	2.0%
Ratings:			
Standard & Poor's (Australia) Pty Ltd	AAA(sf)	A(sf)	Not rated
Fitch Australia Pty Ltd	AAAsf	Asf	Not rated
Interest rate up to but excluding the Call Date	BBSW plus 0.87%	BBSW plus an undisclosed margin	BBSW plus an undisclosed margin.
Interest rate following the Call Date	BBSW plus 0.87% + 0.25% provided that, if on or after the Call Date the Trustee, at the direction of the Manager, proposes to redeem the Class A1 Notes at their Stated Amount (together with all accrued but unpaid interest) on a Distribution Date, but is unable to do so because the Class A1 Noteholders have not approved by an Extraordinary Resolution, the redemption of the Class A1 Notes at their Stated Amount, then BBSW plus 0.87%.	BBSW plus the initial undisclosed margin	BBSW plus the initial undisclosed margin.
Interest Accrual Method	actual /365	actual /365	actual /365
Distribution Dates ("Distribution Dates")	24 <sup>th</sup> day of each calendar month commencing on 24 June 2014 or, if such day is not a Business Day, the next Business Day unless that day falls in the next calendar month, in which case, the date is brought forward to the first preceding Business Day.	24 <sup>th</sup> day of each calendar month commencing on 24 June 2014 or, if such day is not a Business Day, the next Business Day, unless that day falls in the next calendar month, in which case, the date is brought forward to the first preceding Business Day.	24 <sup>th</sup> day of each calendar month commencing on 24 June 2014 or, if such day is not a Business Day, the next Business Day unless that day falls in the next calendar month, in which case, the date is brought forward to the first preceding Business Day.
Interest payable	On each Distribution Date as specified above	On each Distribution Date specified above	On each Distribution Date specified above
Clearance/Settlement	Austraclear/ Euroclear/ Clearstream	Austraclear/ Euroclear/ Clearstream	Austraclear/ Euroclear/ Clearstream
ISIN	AU3FN0023081	AU3FN0023099	AU3FN0023107
Cut-Off Date	Commencement of business on 28 April 2014		
Closing Date	2 May 2014		
Final Maturity Date	The Distribution Date occurring in June 2046		

The Trustee may issue Class A1-R Notes on:

- (a) the Distribution Date occurring in April 2020; or
- (b) if the Manager is unable to issue Class A1-R Notes on that Distribution Date with an aggregate Initial Invested Amount equal to the Invested Amount of the Class A1



Notes on that Distribution Date in order to fully redeem the Class A1 Notes in accordance with the conditions set out in Section 8.16 (“*Refinancing of Class A1 Notes with Class A1-R Notes*”), subject to Manager’s discretion, on any subsequent Distribution Date on which there are Class A1 Notes outstanding,

and use the issue proceeds of those Class A1-R Notes to redeem all of the Class A1 Notes which remain outstanding at that time, as described in Section 8.16 (“*Refinancing of Class A1 Notes with Class A1-R Notes*”).

## 2.3 Structural Overview

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

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

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

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

## 2.4 Credit Enhancements

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

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

(a) **Subordination of interest payments**

Prior to enforcement of the Charge:

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

in their respective rights to receive interest payments.

(b) **Subordination of principal repayments**

Prior to enforcement of the Charge:

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

in their right to receive principal payments on a Distribution Date unless the Step-Down Conditions are satisfied on the immediately preceding Determination Date, in which event the Class B Notes will be entitled to receive principal payments rateably with the Class A Notes (but below the Redraw Notes) to the extent described in Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”).

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

Following enforcement of the Charge:

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

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

(d) **Allocation of losses**

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

Any losses allocated to the Class A Notes will be allocated rateably with the Redraw Notes and *pari passu* and rateably as between the Class A Notes, as described in Section 8.18(a) (“*Principal Chargeoffs*”).

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

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

following chart describes the initial support provided by the relevant Classes of Notes:

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

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

The Trustee may issue Redraw Notes in the circumstances described in Section 8.17 (“*Redraws and Further Advances*”). If issued, Redraw Notes will, as indicated in the preceding paragraphs, prior to enforcement of the Charge, rank equally with the Class A Notes in their right to receive interest payments and will rank in priority to the Class A Notes in their right to receive principal payments. Any losses on the Mortgage Loans will be allocated to the Redraw Notes pari passu and rateably with the Class A Notes (and after allocation to the Class C Notes and the Class B Notes) as described in Section 8.18(a) (“*Principal Chargeoffs*”). Following enforcement of the Charge, the Redraw Notes will rank equally with the Class A Notes in their right to receive both interest and principal payments.

(e) **Mortgage Insurance Policies**

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

(f) **Excess Available Income**

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

## 2.5 Liquidity Enhancement

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

(a) **Principal Draws**

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

(b) **Liquidity Facility**

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

## 2.6 Redraws and Further Advances

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

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

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

Where Commonwealth Bank of Australia makes further advances which exceed the scheduled principal balance of a Mortgage Loan by more than one scheduled monthly instalment, then Commonwealth Bank of Australia must repurchase the loan from the pool. See Sections 7 (“*Commonwealth Bank of Australia Residential Loan Program*”), 8.17 (“*Redraws and Further Advances*”) and 10.10 (“*Loans insured by Genworth Financial Mortgage Insurance Pty Limited*”).

(b) **Redraw Notes**

The Manager may direct the Trustee to issue Redraw Notes if Commonwealth Bank of Australia (while it is also the Servicer) or the Trustee cannot apply collections held by it to reimburse Commonwealth Bank of Australia for a redraw, or a further advance which exceeds the scheduled principal balance of a Mortgage Loan by no more than one scheduled monthly instalment on the Mortgage Loan, because either Commonwealth Bank of Australia or the Trustee (as applicable) does not have sufficient collections to be able to make that reimbursement or the Manager considers that the Principal Collections for the Collection Period in which that reimbursement is to be made will not exceed the aggregate of the amount of that reimbursement, any other reimbursement of redraws or relevant further advances made from collections during that same Collection Period and any Principal Draw anticipated by the Manager to be required on the Determination Date immediately following that Collection Period. The issue proceeds of Redraw Notes must be applied firstly towards reimbursement of Commonwealth Bank of Australia for the relevant redraws and further advances by paying those proceeds directly to Commonwealth Bank of Australia. Any issue proceeds of Redraw Notes remaining after all such redraws and further advances have been repaid in full will be available for distribution on the Distribution Date immediately following the Issue Date of those Redraw Notes in accordance with Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”).

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

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

## **2.7 Extraordinary Expense Reserve**

To assist in meeting Extraordinary Expenses that may be incurred in relation to the Series Trust, the Trustee will, at the direction of the Manager, deposit an amount equal to the Extraordinary Expense Reserve Required Amount from the proceeds of the issue of Notes on the Closing Date into the Collections Account as a sub-ledger known as the “**Extraordinary Expense Reserve**”.

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

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

from the Extraordinary Expense Reserve on the following Distribution Date by the Trustee, towards payment or reimbursement of those Extraordinary Expenses (“**Extraordinary Expense Reserve Draw**”).

In addition to making Extraordinary Expense Reserve Draws on a Distribution Date as described above, amounts will only be released from the Extraordinary Expense Reserve to be applied towards principal on the date on which all Notes are to be redeemed or otherwise applied in the circumstances described in Section 8.8 (“*Extraordinary Expense Reserve*”).

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

## 2.8 Hedging Arrangements

The Trustee will enter into swaps to hedge the following risks:

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

## 2.9 Optional Redemption

The Trustee will, if the Manager directs it to do so, at the Manager’s option, redeem all (but not some) of the Notes at their then Invested Amounts, subject to the following, together with accrued but unpaid interest to, but excluding the date of redemption, on any Distribution Date occurring on or after the Call Date.

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

With effect on and from the Call Date, the interest rate on any outstanding Class A1 Notes will increase to the one-month Bank Bill Rate plus 1.12%. However, if the Trustee, at the direction of the Manager, has proposed to exercise its option to redeem the Class A1 Notes on a Distribution Date on or after the Call Date at their respective Stated Amounts as described in the preceding paragraphs but is unable to obtain the approval of an Extraordinary Resolution of Class A1 Noteholders to do so, then the interest rate on the Class A1 Notes will remain at, or if that Distribution Date occurs after the Call Date return to, as applicable, one-month Bank Bill Rate plus 0.87%.

With effect on and from the Call Date, the interest rate on any outstanding Class A1-R Notes will increase to the one-month Bank Bill Rate plus the Class A1-R Margin plus 0.25%. However, if the Trustee, at the direction of the Manager, has proposed to exercise its option to redeem the Notes on a Distribution Date on or after the Call Date at their respective Stated Amounts as described in the preceding paragraphs but is unable to obtain the approval of an Extraordinary Resolution of Class A1-R Noteholders to do so, then the interest rate on the Class A1-R Notes will remain at, or if that Distribution Date occurs after the Call Date return to, one-month Bank Bill Rate plus the Class A1-R Margin.

Any Class B Notes or Class C Notes outstanding as at the Call Date, or any Distribution Date after the Call Date, will continue to have the margins applicable to them as at their date of issue.

## 2.10 The Mortgage Loan Pool

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

Selected Mortgage Loan Pool Data as of the commencement of business on 17 March 2014

Number of Mortgage Loans.....	2,124
Mortgage Loan Pool Size.....	A\$549,998,972
Average Mortgage Loan Balance .....	A\$258,945
Maximum Mortgage Loan Balance .....	A\$995,167
Minimum Mortgage Loan Balance .....	A\$50,628
Total Valuation of the Properties .....	A\$1,056,027,484
Maximum Remaining Term to Maturity in Months .....	360
Maximum Current Loan-to-Value Ratio.....	93.79%
Weighted Average Seasoning in Months.....	24
Weighted Average Remaining Term to Maturity in Months....	322
Weighted Average Original Loan-to-Value Ratio .....	68.26%
Weighted Average Current Loan-to-Value Ratio .....	58.67%
Weighted Average Mortgage Rate.....	5.17%

The original loan-to-value ratio of a Mortgage Loan is calculated by comparing the initial principal amount of the Mortgage Loan to the valuation of the property that is currently securing the Mortgage Loan at the time the Mortgage Loan was originated unless the property has been revaluated in the limited circumstances described below. There will be no revaluation of the properties specifically for the purposes of the issue of the Notes. Revaluations are only conducted in circumstances where a borrower under a Mortgage Loan seeks additional funding, or seeks to partially discharge an existing security, or where a borrower is in default and Commonwealth Bank of Australia is considering enforcement action. Thus, if collateral has been released from the mortgage securing a Mortgage Loan or if



the property securing the Mortgage Loan has reduced in value, the original loan-to-value ratio at the Cut-Off Date may not reflect the loan-to-value ratio at the origination of that Mortgage Loan.

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

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

Mortgage Loans will be selected from Commonwealth Bank of Australia's general portfolio consistent with the representations and warranties set out in Section 6.5 ("*Representations, Warranties and Eligibility Criteria*"). The portfolio will be selected from general home loan portfolio, taking into consideration geographic distribution and loan-to-value ratio distribution.

## 2.11 Collections

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

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

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

The Available Income Amount is used to pay or provide for certain fees and expenses of the Series Trust and interest on the Notes. The Available Principal Amount is used to pay, among other things, principal on the Notes. If there is an excess of Available Income Amount on a Distribution Date after the payment of such fees and expenses and interest on the Notes (other than interest on the Class C Notes), the excess income will be used to:

- (f) first, reimburse any Principal Draws;
- (g) next, reduce any Principal Chargeoffs on the Notes in the order described in Section 8.18(b) ("*Principal Chargeoffs*");

- (h) next, allocate amounts to the Extraordinary Expense Reserve until the balance of the Extraordinary Expense Reserve reaches the Extraordinary Expense Reserve Required Amount;
- (i) next, pay any other amounts owing under the Liquidity Facility Agreement;
- (j) next, pay any Subordinated Termination Payments owing under the Interest Rate Swap Agreement; and
- (k) next, pay interest on the Class C Notes.

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

## 2.12 Interest on the Notes

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

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

Within that order of priority, on each Distribution Date:

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

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

- (a) the Invested Amount of that Note as of the first day of that Accrual Period, after giving effect to any payments of principal made with respect to such Note on such day;

- (b) the interest rate for such Note for that Accrual Period; and
- (c) a fraction on the numerator of which is the actual number of days in that Accrual Period and the denominator of which is 365 days.

If the Class A1 Notes are repaid in full by the issue of Class A1-R Notes on the Class A1 Refinancing Date, the interest rate applicable to any Class A1-R Notes for each Accrual Period from (and including) the Class A1 Refinancing Date is the aggregate of the Bank Bill Rate for that Accrual Period and the applicable Class A1-R Margin for the relevant Class A1-R Notes as determined in accordance with Section 8.16 (“*Refinancing of Class A1 Notes with Class A1-R Notes*”) plus, in respect of each Accrual Period commencing on or after the Call Date, 0.25% except in the circumstances described in Section 8.10 (“*Interest on the Notes*”).

## 2.13 Principal on the Notes

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

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

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

only if there are sufficient funds available to make the repayments of principal on the Redraw Notes to the Redraw Noteholders;

- (c) repayments of principal will be payable by the Trustee to the Class B Noteholders until the Invested Amount of the Class B Notes is reduced to zero only if there are sufficient funds available to make the repayments of principal on the Redraw Notes and the Class A Notes to the Redraw Noteholders and the Class A Noteholders in the circumstances and to the extent set out in paragraphs (a) and (b) above; and
- (d) repayments of principal will be payable by the Trustee to the Class C Noteholders until the Invested Amount of the Class C Notes is reduced to zero only if there are

sufficient funds available to make the repayments of principal on the Redraw Notes, the Class A Notes and the Class B Notes to the Redraw Noteholders, the Class A Noteholders and the Class B Noteholders as set out in paragraphs (a) to (c) (inclusive) above.

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

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

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

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

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

## **2.14 Allocation of Cash Flows**

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

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

**Finance Charge Collections**

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

+

**Mortgage Insurance Income Proceeds**

Amounts received pursuant to a mortgage insurance policy which the Manager determines should be accounted for in respect of a finance charge loss.

+

**Other Income Amounts**

Certain other amounts and certain other receipts in the nature of income (as determined by the Manager) received by the Trustee during the Collection Period ending on that preceding Determination Date.

+

**Principal Draw**

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

+

**Liquidity Facility Advance**

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

+

**Extraordinary Expense Reserve Draw**

Any Extraordinary Expense Reserve Draw to be allocated to the Available Income Amount on that Distribution Date

+

**Other Amounts under Support Facilities**

Other amounts received from a Support Facility Provider which the Manager determines should be included in the Available Income Amount.

=

**Available Income Amount**

### Payment of Available Income Amount on a Distribution Date

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



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



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



Pay to the Trustee its monthly fee.



Pay to the Security Trustee its monthly fee.



Pay to the Manager its monthly management fee.



Pay to the Servicer its monthly fee.



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



Pari passu and rateably:

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



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



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



Pay pari passu and rateably:

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



Pay to the Class B Noteholders the interest due on the Class B Notes for that Distribution Date together with any unpaid interest in relation to the Class B Notes for previous Distribution Dates.



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



Allocate the amount of any unreimbursed Principal Chargeoffs to the Available Principal Amount for payment.



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



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



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



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



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



Pay any remaining amounts to the Income Unitholder.



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

### Principal Collections

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

+

### Other Principal Amounts

Prepayments of principal on the Mortgage Loans received by the Trustee during the preceding Collection Period, amounts received pursuant to a Mortgage Insurance Policy which the Manager determines should be accounted for on the preceding Determination Date in respect of a principal loss, certain other amounts received by the Trustee during the preceding Collection Period, certain other receipts in the nature of principal, as determined by the Manager, received by the preceding Determination Date, for the first Distribution Date, the amount, if any, by which the proceeds of issue of the Notes (less the amount of those proceeds required to be deposited to the Extraordinary Expense Reserve) exceed the consideration for the Mortgage Loans acquired by the Series Trust, for the first Determination Date after the Class A1 Refinancing Date, any surplus issuance proceeds of Class A1-R Notes remaining after redemption in full of the Class A1 Notes, and the amount of any surplus funds in the Extraordinary Expense Reserve after any Extraordinary Expense Reserve Draw on that date.

+

### Principal Chargeoff Reimbursement

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

+

### Redraw Note Amount

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

+

### Principal Draw Reimbursement

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

=

### Available Principal Amount

## Payment of Available Principal Amount on a Distribution Date

### Principal Draws

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



### Redraws and Further Advances

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



### Redraw Notes

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



### Class A Noteholders

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

- first, to repay pari passu and rateably to the Class A1 Noteholders principal on the Class A1 Notes until the Invested Amount of the Class A1 Notes is reduced to zero; and
- second, if the Distribution Date is after the Class A1 Refinancing Date, to repay pari passu and rateably to the Class A1-R Noteholders principal on the Class A1-R Notes until the Invested Amount of the Class A1-R Notes is reduced to zero.

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



### Class B Noteholders

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

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



**Class C Noteholders**

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



**Capital Unitholder**

Pay any remaining amounts to the Capital Unitholder.

## 2.15 Miscellaneous

(a) **Transfer**

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

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

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

(b) **Austraclear**

It is intended that the Notes (other than Redraw Notes) will be lodged in Austraclear after issue. Any subsequent transfer of a Note (other than a Redraw Note) must be in accordance with the Austraclear Regulations so long as the relevant Note (other than a Redraw Note) is held in Austraclear. For further details, see Section 8.2(c) (“*Transfer of Notes*”).

(c) **Stamp Duty**

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

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

Payments of principal and interest on the Notes will be reduced by any applicable withholding taxes. The Trustee is not obligated to pay any additional amounts to Noteholders to cover any withholding taxes.

Under current tax law, tax will be deducted on payments to a holder of a Note who does not provide the Trustee with a tax file number or (in certain circumstances), an Australian Business Number or proof that an exemption applies to that Noteholder.

Noteholders and prospective Noteholders should obtain advice from their own tax advisers in relation to the tax implications of an investment in the Notes.

For further details see Section 12 (“*Taxation considerations*”).

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### **3 Some risk factors**

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

#### **3.1 Limited Liability Under the Notes**

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

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

There is no assurance that any secondary market for the Notes will develop or, if one does develop, that it will provide liquidity of investment or will continue for the life of the Notes.

The risk that a secondary market in the Notes will not develop, cease to develop or fail is increased during major disruptions in the capital markets. Such disruptions may not be limited to issues which are directly relevant to the Assets of the Series Trust and which therefore may appear to be unrelated to the Notes. For example, there has been a significant downturn in the global credit markets in recent times, which during the "global financial crisis" was precipitated by performance concerns in the "sub-prime" loan market in the United States. Due to the way in which those "sub-prime" loans were funded in the capital markets, many investors with exposure to sub-prime loans were forced to revalue their investments based on current market prices and liquidate holdings which crystallised losses.

The global debt capital markets experienced disruptions worldwide resulting from reduced investor demand for debt instruments, including mortgage-backed securities. A prolonged reduction in demand for mortgage-backed or other debt securities (including in relation to Australian prime residential mortgage backed securities), alone or in combination with increases in prevailing market interest rates, may adversely affect the market value of the Notes and may adversely affect the ability of the Noteholders to sell the Notes.

In so far as these disruptions continue to have destabilising effects in the debt capital markets, there is no certainty as to how long those effects will continue or the extent to which they may improve or deteriorate.

Further, these market conditions have demonstrated that there is no certainty as to whether the price of the Notes will be affected by factors which are unrelated to the credit quality of the Notes. For example, the price of the Notes may be affected by issues including the

performance of debt instruments of other Medallion Trust Programme trusts, even though these events may have no direct correlation to the quality of the Assets of the Series Trust.

### 3.3 Timing of Principal Payments

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

- (a) enforcement proceeds received by the Trustee due to a borrower having defaulted on its Mortgage Loan;
- (b) receipt of insurance proceeds by the Trustee in relation to an insurance claim in respect of a Mortgage Loan;
- (c) repurchases of Mortgage Loans by Commonwealth Bank of Australia as a result of any one of the following occurring:
  - (i) the discovery and subsequent notice by the Trustee, Commonwealth Bank of Australia or the Manager, no later than 5 Business Days prior to the expiry of the Prescribed Period, that any of the representations and warranties made by Commonwealth Bank of Australia in respect of that Mortgage Loan were incorrect when given (see Section 6.7 (*“Undertakings by the Seller”*));
  - (ii) Commonwealth Bank of Australia making a further advance under a Mortgage Loan which causes the scheduled principal balance for that Mortgage Loan to be exceeded by more than 1 scheduled monthly instalment (see Section 7.4(c) (*“Redraws and Further Advances”*));
  - (iii) a Potential Termination Event occurs which leads to the Series Trust being terminated early and the Mortgage Loans being repurchased by Commonwealth Bank of Australia or sold to a third party (see Section 9.1 (*“Termination of the Series Trust”*));
  - (iv) Commonwealth Bank of Australia exercising its option to repurchase the balance of the Mortgage Loans following the termination of the Series Trust or on any Distribution Date falling on or after the Call Date (see Section 8.22 (*“Optional Redemption of the Notes”*));
- (d) the Servicer is obliged to service the Mortgage Loans in accordance with its servicing guidelines or, to the extent not covered by the servicing guidelines, the standards and practices of a prudent lender in the business of making and servicing retail home loans. There is no definitive view as to whether the standards and practices of a prudent lender in the business of making and servicing retail home loans do or do not include the Servicer’s own franchise considerations. If those considerations are included the Servicer would be entitled to consider its own reputation and future business writing prospects in making a determination as to how current Mortgage Loans are administered. Such a course may result in a delay of principal returns to Noteholders. The Servicer is, however, required to give undertakings as to how it will administer the Mortgage Loans (see Section 11.1(c) (*“Undertakings by the Servicer”*)) and comply with the express limitations in the Series Supplement;

- (e) the terms and conditions of the Mortgage Loans and related securities allow borrowers, with the consent of Commonwealth Bank of Australia, to substitute their mortgaged property with a different mortgaged property without necessitating the repayment of the Mortgage Loan in full. Mortgage Loans which are secured by mortgaged property which may be substituted in this way may show a slower rate of prepayment than Mortgage Loans secured by mortgaged property which cannot be substituted in this way;
- (f) the terms and conditions of a Mortgage Loan and its related securities may allow a borrower, at the discretion of Commonwealth Bank of Australia, to redraw funds previously prepaid by that borrower (see Section 7.4(c) (“*Redraws and Further Advances*”)). This may slow the rate of prepayment on the Mortgage Loans;
- (g) the mortgage which secures a Mortgage Loan may also secure other financial accommodation provided by Commonwealth Bank of Australia. If the mortgagor is in default under that other financial accommodation and Commonwealth Bank of Australia enforces the relevant mortgage, the proceeds of enforcement will be made available to the Trustee (in priority to Commonwealth Bank of Australia) for repayment of the Mortgage Loan. This may in turn result in the relevant Mortgage Loan being prepaid earlier than would otherwise be the case. This may occur notwithstanding there being no default under the Mortgage Loan; and
- (h) the Trustee transferring (on the direction of the Manager) some or all of the Mortgage Loans to another trust established under the Master Trust Deed on any Distribution Date falling on or after the Call Date (see Section 8.22 (“*Optional Redemption of the Notes*”)).

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

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

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

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

The Trustee’s obligations to pay interest and principal on the Notes in full is limited by reference to, amongst other things, receipts under or in respect of the outstanding Mortgage Loans. Noteholders must rely, amongst other things, for payment upon payments being made under the Mortgage Loans and on amounts available under the mortgage insurance policies and, if and to the extent available, money to be drawn under the Liquidity Facility (see Section 10.8 (“*The Liquidity Facility*”) and Section 10.9 (“*The Mortgage Insurance Policies*”)).

If borrowers fail to make their monthly payments when due (other than when the borrower has prepaid principal under its Mortgage Loan), there is a possibility that the Trustee may have insufficient funds to make full payments of interest on the Notes and eventual payment of principal to the Noteholders. A wide variety of local or international developments of a legal, social, economic, political or other nature could conceivably affect the performance of borrowers under their Mortgage Loans.

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

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

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

### **3.6 Servicer Risk**

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

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

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

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

The Mortgage Loans will initially be assigned by Commonwealth Bank of Australia as Seller to the Trustee in equity and borrowers and any guarantors or security providers will not be



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

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

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

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

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

### **3.8 Set-Off**

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

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

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

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

The ability of the Trustee to redeem all the Notes at their aggregate outstanding principal amounts whilst any of the Mortgage Loans are still outstanding will depend upon whether the Trustee is able to collect or otherwise obtain an amount sufficient to redeem the Notes and to pay its other obligations in the order explained in Section 8.12 (*"Payment of the Available Principal Amount on a Distribution Date"*). Following an Event of Default and enforcement of the Charge, the Security Trustee will be required to apply moneys otherwise available for distribution in the order of the priority set out in the Security Trust Deed (described in Section 10.6(k) (*"The Security Trust Deed"*)). The moneys available to the Security Trustee for distribution may not be sufficient to satisfy in full the claims of all or any of the Noteholders and neither the Security Trustee nor the Trustee will have any liability to the Noteholders in respect of any such deficiency. Although the Security Trustee may seek to obtain the

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

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

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

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

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

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

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

### 3.11 The Mortgage Insurance Policy

A high LTV master mortgage insurance policy issued by Genworth Financial Mortgage Insurance Pty Limited will provide full coverage for all principal due on those Mortgage Loans which generally had a loan to value ratio greater than 80% at the time of origination. Some Mortgage Loans which had a loan to value ratio greater than 80% at the time of origination may not be covered by any mortgage insurance policy, but the Seller may charge the borrower a fee as described in Section 10.9 (“*The Mortgage Insurance Policies*”). Mortgage Loans with a loan to value ratio less than or equal to 80% at the time of origination may not be covered by individual or pool mortgage insurance policies, and will not be covered by the high LTV master mortgage insurance policy issued by Genworth Financial Mortgage Insurance Pty Limited.

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

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

### 3.12 Consumer credit legislation

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

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

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

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

- (a) grant an injunction preventing a regulated Mortgage Loan from being enforced (or any other action in relation to the Mortgage Loan) if to do so would breach the Consumer Credit Legislation;

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

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

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

Breaches of the Consumer Credit Legislation may also lead to civil penalties or criminal fines being imposed on the Seller, for so long as it holds legal title to the Mortgage Loans and the mortgages. If the Trustee acquires legal title, it will then become primarily responsible for compliance with the Consumer Credit Legislation. The amount of any civil penalty payable by the Seller or the Trustee (as the case may be) may be set off against any amount payable by the debtor under the Mortgage Loans.

The Trustee will be indemnified out of the Assets of the Series Trust for liabilities it incurs under the Consumer Credit Legislation. Where the Trustee is held liable for breaches of the Consumer Credit Legislation, the Trustee must seek relief initially under any indemnities provided to it by the Manager, the Seller or the Servicer before exercising its rights to recover against any Assets of the Series Trust.

The Seller will give certain representations and warranties that the mortgages relating to the Mortgage Loans complied in all material respects with all applicable laws when those mortgages were entered into. The Servicer has also undertaken to comply with the Consumer

Credit Legislation in carrying out its obligations under the Transaction Documents. In certain circumstances the Trustee may have the right to claim damages from Commonwealth Bank of Australia (as Seller or Servicer), as the case may be, where the Trustee suffers loss in connection with a breach of the Consumer Credit Legislation which is caused by a breach of a relevant representation or undertaking.

### ***Unfair Terms***

If the Mortgage Loans have been entered into by an individual, their terms may be subject to review under Part 2 of the Australian Securities and Investments Commission Act 2001 (Cwth) and/or Part 2B of the Fair Trading Act 1999 (Vic) for being unfair. Under the national regime established by Part 2 of the Australian Securities and Investment Commission Act 2001 (Cwth), a term of a standard-form consumer contract will be unfair, and therefore void, if it causes a significant imbalance in the parties' rights and obligations under the contract and is not reasonably necessary to protect the supplier's legitimate interests. A term that is unfair will be void however the contract will continue if it is capable of operating without the term.

Under the Victorian regime, a term in a consumer contract would be unfair and therefore void if it is a prescribed unfair term or if a court or Tribunal determines that in all the circumstances it causes a significant imbalance in the parties' rights and obligations arising under the contract to the detriment of the consumer.

The national regime commenced on 1 July 2010 while the application of the Victorian regime to credit contracts commenced in June 2009. The Victorian and/or the national unfair terms regime may apply to Mortgage Loans, depending when the Mortgage Loans were entered into. However, the Victorian version of the regime ceased applying to new contracts from 1 January 2011.

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

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

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

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

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

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

## **3.13 Independent Ratings Evaluation**

The security ratings of the Notes should be evaluated independently from similar ratings on other types of Notes or securities. A security rating by a Rating Agency is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension,

qualification or withdrawal at any time by the relevant Rating Agency. A revision, suspension, qualification or withdrawal of the rating of the Notes may adversely affect the price of the Notes. In addition, the ratings of the Notes do not address the expected timing of principal repayments under the Notes, only that principal will be received no later than the Final Maturity Date.

### **3.14 Investor Suitability**

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

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

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

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

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

### **3.16 Australian Economic Conditions**

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

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

To the extent that the Series Trust contains a high concentration of Mortgage Loans secured by properties located within a single state or region within Australia, any deterioration in the

real estate values or the economy of any of those states or regions could result in higher rates of delinquencies, foreclosures and losses than expected on the Mortgage Loans. In addition, these states or regions may experience natural disasters, which may not be fully insured against and which may result in property damage and losses on the Mortgage Loans. These events may in turn have a disproportionate impact on funds available to the Series Trust, which could cause investors to suffer losses.

### **3.18 Privacy**

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

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

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

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

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

### **3.21 Termination of Swaps**

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



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

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

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

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

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

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

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

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

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

If the interest collections received during a Collection Period, together with any Extraordinary Expense Reserve Draw applied towards meeting any Extraordinary Expenses in respect of that Collection Period, are insufficient to cover fees and expenses of the Series Trust and the

interest payments due on the Notes (other than the Class C Notes) on the next Distribution Date, funds may be allocated from the Available Principal Amount towards meeting such fees, expenses and interest as a Principal Draw. If there is still a shortfall, the Trustee will request an advance under the Liquidity Facility. In the event that there is not enough money available by way of any Extraordinary Expense Reserve Draw, a Principal Draw or under the Liquidity Facility, investors may not receive a full payment of interest on that Distribution Date, which will reduce the yield on the Notes.

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

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

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

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

### **3.28 Servicer waiving fees**

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

### **3.29 Withholding tax**

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

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

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

The European Union has adopted a Directive (2003/48/EC) regarding the taxation of savings income (“**Savings Tax Directive**”). Under the Savings Tax Directive, European Union member states (“**Member States**”) are required to provide to the tax authorities of other

Member States details of payments of interest and other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State, except that, for a transitional period, Austria and Luxembourg are required instead, subject to certain exceptions, to impose a withholding system in relation to such payments (unless they elect otherwise). A number of non-European Union countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). Therefore, payments of interest on the Notes which are made or collected through Belgium, Luxembourg, Austria or any other relevant country may be subject to withholding tax which would prevent holders of the Notes from receiving interest on their Notes in full. Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date.

The European Commission has proposed certain amendments to the Savings Tax Directive which may, if implemented, widen or vary the requirements outlined above.

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

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 of Australia (“**AML/CTF Act**”) is the main source of regulation of anti-money laundering and counter-terrorism financing regulation in Australia.

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

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

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

### **3.32 Application of the Personal Property Security regime**

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

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

interests whether or not they secure payment or performance of an obligation. These deemed security interests include assignments of receivables.

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

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

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

There is uncertainty on aspects of the implementation of the PPSA regime because the PPSA is still relatively new and has significantly altered the law relating to secured transactions. There are issues and ambiguities in respect of which a market view or practice will evolve over time.

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

Articles 404 – 410 (inclusive) of Regulation (EU) No 575/2013 of the European Parliament and Council (as implemented by the Member States of the European Economic Area) (the “**CRR**”) came into force of 1 January 2014. Article 405 of the CRR restricts ‘credit institutions’ and ‘investment firms’ (each as defined in the CRR), and the consolidated group subsidiaries thereof, from investing in or being exposed to a ‘securitisation’ (as defined in the CRR) (each, an “**Affected Investor**”) unless the originator, sponsor or original lender in respect of that securitisation has explicitly disclosed to the Affected Investor that it will retain, on an ongoing basis, a net economic interest of at least 5 per cent in that securitisation as contemplated by Article 405 and, once adopted by the European Commission, the technical standards in relation to the same.

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

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

Article 406 of the CRR also requires an Affected Investor to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, the notes it has acquired and the underlying exposures, and that procedures have been established for monitoring performance information in relation to the underlying exposures on an on-going basis. Failure to comply with one or more of the requirements set out in Articles 405, 406 or 409 of the CRR may result in the imposition of a penal capital charge with respect to the investment made in the securitisation by the relevant Affected Investor.

Articles 404 – 410 (inclusive) of the CRR (the “**Retention Rules**”) apply in respect of the Notes so Affected Investors should make themselves aware of the requirements of the Retention Rules (and any implementing rules in relation to a relevant jurisdiction) in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes and should carefully consider whether the applicable conditions under the Retention Rules are satisfied at any time.

Investors should also be aware of Section 5 of Chapter III of the regulation implementing the EU Alternative Investment Fund Managers Directive (“**Investment Managers Directive**”), the provisions of which section introduced risk retention and due diligence requirements (which took effect from 22 July 2013 in general) in respect of alternative investment fund managers that are required to become authorised under the Investment Managers Directive and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. While the requirements under Section 5 of the Investment Managers Directive are similar to those which apply under the Retention Rules (including in relation to the requirement to disclose to alternative investment fund managers that the originator, sponsor or original lender will retain, on an ongoing basis, a net economic interest of at least 5 per cent in respect of certain specified credit risk tranches or asset exposures), they are not identical and, in particular, additional due diligence obligations apply to relevant alternative investment fund managers.

Aspects of the Retention Rules and Section 5 of the Investment Managers Directive and what is required to demonstrate compliance to national regulators remain unclear. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non compliance with the Retention Rules or to avoid being required to take corrective action under Section 5 of the Investment Managers Directive should seek guidance from their regulator.

On 17 December 2013 the European Banking Authority published its final draft regulatory technical standards and draft implementing technical standards in relation to the Retention Rules (collectively, the “**Draft Standards**”), which contemplate a number of changes to satisfying the Retention Rules in comparison to the regime previously in place. The Draft Standards have been submitted to the European Commission for approval but will not be finalised until adopted by the European Commission and until confirmation has been obtained that the European Parliament and the European Council have no objection to the Draft Standards. No assurance can be provided that any changes made in connection with the CRR, the Draft Standards and any implementing rules in a relevant jurisdiction will not affect the requirements applying to relevant investors.

Relevant investors are required to independently assess and determine the sufficiency of the information described in this Information Memorandum and in any reports provided to investors in relation to the transaction for the purpose of complying with the Retention Rules and the regulatory technical standards and implementing technical standards that will apply in relation to the same and none of the Trustee, Commonwealth Bank of Australia or any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes.

There remains considerable uncertainty with respect to the Retention Rules and it is not clear what will be required to demonstrate compliance to national regulators. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory charges for non compliance with the Retention Rules and any implementing rules in a relevant jurisdiction should seek guidance from their regulator. Similar requirements to those set out in the Retention Rules may be implemented for other European Union-regulated investors (such as certain types of investment fund managers, insurance and reinsurance undertakings) in the future.

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

There can be no assurance that the regulatory capital treatment of the Notes for any investor will not be affected by any future implementation of, and changes to, the CRR, the Investment Managers Directive, the Draft Standards or other regulatory or accounting changes.

### 3.34 Foreign Account Tax Compliance

As a result of Sections 1471-1474 of the U.S. Internal Revenue Code (“**FATCA**”), the Trustee and other financial institutions through which payments on the Notes are made may be required to withhold United States tax at a rate of 30% in respect of:

- (a) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are not yet outstanding as of the date (“**Grandfathering Date**”) that is six months after the date on which final U.S. Treasury regulations define the term “foreign passthru payment” or are materially modified from the Grandfathering Date; and
- (b) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued, pursuant to, an intergovernmental agreement between the United States and another jurisdiction to improve tax compliance and to implement FATCA (“**IGA**”), or any law or regulation implementing an IGA (“**FATCA Withholding**”).

The FATCA Withholding requirements are due to commence in stages, with withholding requirements in respect of U.S. source payments due to commence on 1 July 2014 and withholding in respect of “foreign passthru payments” and gross proceeds from the sale of debt obligations due to commence after 31 December 2016 (at the earliest). Certain obligations outstanding as at 1 July 2014 will be eligible for grandfathering under FATCA and hence may be exempt from FATCA Withholding.

FATCA Withholding may be triggered if:

- (i) the Trustee is a foreign financial institution (“**FFI**”) (as defined by FATCA) that is required to report to the U.S. Internal Revenue Service (“**IRS**”) or other applicable authority certain information on its account holders (making the Trustee a “**Participating FFI**”); and
- (ii) (A) an investor does not provide information sufficient for the relevant Participating FFI to determine whether or the extent to which the investor is subject to FATCA Withholding, or

- (B) any FFI through or to which payment on such Notes is made, is not a Participating FFI or otherwise exempt from or in deemed-compliance with FATCA.

The IRS announced that Australia and the United States will be treated as having a “Model 1” intergovernmental agreement (a “**Model 1 IGA**”) in effect (the “**Australian IGA**”) as of 2 April 2014, until 31 December 2014, the date by which the Australian IGA must be signed in order for this status to continue without interruption. While the precise details of the Australian IGA are still unknown at this time and the impact of the FATCA regime will depend upon the terms of the Australian IGA and the relevant Australian implementing legislation, under a Model 1 IGA an Australian financial institution, which may include the Series Trust, which is in compliance with applicable legal requirements could be treated as a “Reporting FI” generally not subject to withholding under FATCA on any payments it receives, though it is not yet certain whether a Reporting FI would be required to withhold on foreign passthru payments that it makes. Further, a Reporting FI in a Model 1 IGA jurisdiction would generally not be required to withhold under FATCA or the Model 1 IGA (or any law implementing the Model 1 IGA) from payments it makes (unless it has agreed to do so under the U.S. “qualified intermediary,” “withholding foreign partnership,” or “withholding foreign trust” regimes). Under a Model 1 IGA, regardless of any withholding performed, a Reporting FI would be required to report certain information in respect of its account holders and investors to Australian authorities (which would be shared with United States authorities). There can be no assurance that the Series Trust will be treated as a Reporting FI or that it would not be required to withhold under FATCA or pursuant to the Australian IGA.

The application of FATCA Withholding to interest, principal or other amounts paid with respect to the Notes remains unclear. If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments on the Notes, neither the Trustee nor any other person would, pursuant to the terms and conditions of the Notes, be required to pay additional amounts as a result of such FATCA Withholding. As a result, investors may receive less interest or principal than expected.

Noteholders should consult their own tax advisers on how these rules may apply to payments they receive under the Notes. FATCA Withholding is particularly complex and its application is uncertain at this time.

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

### **4.1 The Trustee**

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

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

### **4.2 The Seller**

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

As at 31 December 2013, Commonwealth Bank of Australia had a long term credit rating of AA- from Fitch Ratings, Aa2 from Moody's Investor Services and AA- from S&P and a short term credit rating of A-1+ from S&P, F1+ from Fitch Ratings and P-1 from Moody's Investor Services.

As at 31 December 2013, Commonwealth Bank of Australia and its subsidiaries, on a consolidated International Financial Reporting Standards basis, had total assets of A\$782.3 billion, deposits of A\$485.4 billion and made a net profit attributable to equity holders of the Bank for the half year ended 31 December 2013 of A\$4,207 million. Total regulatory capital under Basel III was A\$38.2 billion.

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

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



### **4.3 The Manager**

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

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

### **4.4 The Security Trustee**

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

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## 5 Description of the Series Trust

### 5.1 Commonwealth Bank of Australia Securitisation Trust Programme

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

### 5.2 Series Trust

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

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

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

### 5.3 Transfer of assets between Trusts

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

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

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

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

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

#### **5.4 Security Trust**

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

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## 6 Description of the assets of the Series Trust

### 6.1 Assets of the Series Trust

The Assets of the Series Trust will include the following:

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

### 6.2 The Mortgage Loans

The Mortgage Loan pool to be assigned to the Trustee on the Closing Date will be selected from a larger pool of Mortgage Loans originated by Commonwealth Bank of Australia. From that larger pool of Mortgage Loans, the Mortgage Loan pool that has been selected consists of 2,124 Mortgage Loans that have an aggregate principal balance outstanding as of 17 March 2014 of approximately A\$ 549,998,972.

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

### 6.3 Other Features of the Mortgage Loans

The Mortgage Loans have the following features.

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

### 6.4 Transfer and Assignment of the Mortgage Loans

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

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

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

The Seller may in some instances equitably assign to the Trustee a Mortgage Loan secured by an "all moneys" mortgage, which may also secure other financial indebtedness. The Seller will also assign these other loans to the Trustee which will hold these by way of a separate trust for Commonwealth Bank of Australia established under the Series Supplement and known as the "**CBA Trust**". The other loans are not Assets of the Series Trust. The Trustee

will hold the proceeds of enforcement of the related mortgage, to the extent they exceed the amount required to repay the Mortgage Loan, as trustee for the CBA Trust, in relation to that other loan. The mortgage will secure the Mortgage Loan equitably assigned to the Series Trust in priority to that other loan.

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

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

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

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

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

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

## 6.6 Breach of Representations and Warranties

If the Seller, the Manager or the Trustee becomes actually aware that a material representation or warranty from the Seller relating to any Mortgage Loan or mortgage was incorrect when given, including that a Mortgage Loan not meeting the eligibility criteria has been included in the Mortgage Loan pool, it must notify the others accompanied by sufficient details to identify the relevant Mortgage Loan and the reason the representation or warranty is incorrect, within 5 Business Days of the Seller, the Manager or the Trustee (as the case may be) becoming so actually aware. Neither the Manager nor the Trustee is under any obligation whatsoever to conduct any investigation in any manner whatsoever to determine whether any representation or warranty was incorrect when given.

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

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

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

The above are the only rights that the Trustee has if a representation or warranty given by the Seller in relation to a Mortgage Loan or its Mortgage Loan Rights is discovered to be incorrect. In particular, this discovery will not constitute a Perfection of Title Event



except in the circumstances set out in the definition of Perfection of Title Event in Section 17 (“*Glossary*”).

## **6.7 Undertakings by the Seller**

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

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

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

The information in Appendix A, attached to, and incorporated by reference into this Information Memorandum, sets forth in tabular format various details relating to the selection Mortgage Loan pool from which the Mortgage Loans proposed to be sold to the Series Trust on the Closing Date will be selected. The information is provided as of 17 March 2014. All amounts have been rounded to the nearest Australian dollar. The sum in any column may not equal the total indicated due to rounding.

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

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

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

### **7.1 Origination Process**

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

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

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

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

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

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

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

(a) **Verification of application details**

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

(b) **Assessing ability to repay**

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

(i) **Credit scorecard**

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

(ii) *Credit approval authorities*

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

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

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

(c) **Valuation of mortgaged property**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) **Switching Interest Rates**

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

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

(b) **Substitution of Security**

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

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

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

(c) **Redraws and Further Advances**

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

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

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

A further advance to a borrower may also be made under the terms of another loan or as a new loan. These loans may share the same security as a Mortgage Loan assigned

to the Series Trust but will be subordinated upon the enforcement of that security to the Mortgage Loan.

(d) **Repayment Holiday**

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

(e) **Early Repayment**

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

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

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

(g) **Interest Offset**

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

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

(h) **Interest Only Periods**

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

- Home Loans (owner occupied) - Maximum 10 years
- Investment home loan - Maximum of 15 years

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

(i) **Special Introductory Rates**

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

## **7.5 Additional Features**

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



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## 8 Description of the Notes

### 8.1 General

The Trustee will issue the Notes (other than the Class A1-R Notes and the Redraw Notes) on the Closing Date pursuant to a direction from the Manager to the Trustee to issue the Notes and the terms of, *inter alia*, the Master Trust Deed and the Series Supplement. The Notes will be governed by the laws of New South Wales. The following summary describes the material terms of the Notes. The summary does not purport to be complete and is subject to the terms and conditions of the Notes and to the terms and conditions of the Master Trust Deed and the other Transaction Documents. Noteholders are bound by, and deemed to have notice of, all the provisions of the Transaction Documents. The Trustee may issue Class A1-R Notes and Redraw Notes after the Closing Date in accordance with the Series Supplement in the circumstances described in Sections 8.16 (“*Refinancing of Class A1 Notes with Class A1-R Notes*”) and 8.17 (“*Redraws and Further Advances*”), as applicable.

### 8.2 Form of the Notes

#### (a) Security Certificates

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

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

#### (b) The Register of Noteholders

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

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

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

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

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

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

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

(c) **Transfer of Notes**

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

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

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

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

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

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

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

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

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

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

**(d) Marked Security Transfer**

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

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

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

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

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

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

(f) **Notices to Noteholders**

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

- (i) advertisement placed on a Business Day in *The Australian Financial Review* (or other nationally delivered newspaper); or
- (ii) mail, postage prepaid, to the address of the Noteholders as shown in the register. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the Noteholders actually receive the notice.

(g) **Joint Noteholders**

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

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

(h) **Method of Payment**

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

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

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

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

- (a) payments of interest, principal, fees and other amounts under the Mortgage Loans, excluding any insurance premiums and related charges payable to Commonwealth Bank of Australia;
- (b) proceeds from the enforcement of the Mortgage Loans and mortgages and other securities relating to those Mortgage Loans;
- (c) amounts received under the Mortgage Insurance Policy in respect of Mortgage Loans which have the benefit of such Mortgage Insurance Policy;

- (d) amounts received from Commonwealth Bank of Australia for breaches of representations or undertakings; and
- (e) interest on amounts in the Collections Account (including the Extraordinary Expense Reserve), other than certain excluded amounts, and income received on Authorised Short-Term Investments of the Series Trust, other than certain excluded amounts.

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

## 8.4 Key Dates and Periods

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

<b>Accrual Period</b>	<p>In relation to the Notes, means each monthly period commencing on and including a Distribution Date and ending on but excluding the next Distribution Date. However, the first and last Accrual Periods are as follows:</p> <ul style="list-style-type: none"> <li>(a) first: the period from and including the Issue Date of the relevant Notes to but excluding the first Distribution Date; and</li> <li>(b) last: the period from and including the Distribution Date immediately preceding the date upon which the relevant Notes are redeemed to but excluding the earlier of the date upon which the relevant Notes are redeemed or deemed to be redeemed (including upon the distributions following termination of the Series Trust or enforcement of the Charge).</li> </ul>
<b>Collection Period</b>	<p>With respect to each Determination Date, means the period commencing on and including the previous Determination Date and ending on but excluding that Determination Date. However, the first Collection Period is the period from and including the Cut-Off Date to but excluding the first Determination Date.</p>
<b>Determination Date</b>	<p>The first day of each calendar month in which a Distribution Date occurs. The first Determination Date is 1 June 2014.</p>
<b>Distribution Date</b>	<p>The 24<sup>th</sup> day of each calendar month, or if the 24<sup>th</sup> day is not a Business Day, the next Business Day. The first Distribution Date is 24 June 2014 (or if that day is not a Business Day, on the first Business Day thereafter).</p>

## Example Calendar

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

Collection Period:	1 May 2014 to 31 May 2014
Determination Date:	1 June 2014
Accrual Period:	24 May 2014 to 23 June 2014
Distribution Date:	24 June 2014
Collection Period:	1 June 2014 to 30 June 2014
Determination Date:	1 July 2014
Accrual Period:	24 June 2014 to 23 July 2014
Distribution Date:	24 July 2014

### 8.5 Determination of the Available Income Amount

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

The “**Available Income Amount**” for a Determination Date and the following Distribution Date means the aggregate of:

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

- (c) **“Other Income Amounts”** for that Collection Period which means:
- (i) certain damages or equivalent, including amounts paid by Commonwealth Bank of Australia in respect of breaches of representations or warranties in relation to the Mortgage Loans, in respect of interest or fees on the Mortgage Loans received from the Servicer or Commonwealth Bank of Australia during the Collection Period;
  - (ii) other damages received by the Trustee during the Collection Period from the Servicer, Commonwealth Bank of Australia or any other person and allocated by the Manager as Other Income Amounts;
  - (iii) amounts received upon a sale of the Mortgage Loans in respect of interest or fees if the Series Trust terminates as described under Section 9.1 (*“Termination of the Series Trust”*);
  - (iv) amounts received from the Seller upon a repurchase of the Mortgage Loans by the Seller on any Distribution Date falling on or after the Call Date (as described in Section 8.22 (*“Optional Redemption of the Notes”*)) and which relate to accrued interest on the Mortgage Loans;
  - (v) interest, if any, on the Collections Account (including the Extraordinary Expense Reserve), and amounts, if any, paid by the Servicer representing interest on collections retained by the Servicer for longer than 5 Business Days after receipt;
  - (vi) income earned on Authorised Short-Term Investments;
  - (vii) certain tax credits received by the Trustee during the Collection Period; and
  - (viii) other receipts in the nature of income, as determined by the Manager, received during the Collection Period;
- (d) any advance under the Liquidity Facility Agreement due to be made on that Distribution Date in order to meet a Net Income Shortfall or to be applied on that Distribution Date from a Cash Deposit Advance in accordance with the Liquidity Facility Agreement (**“Liquidity Facility Advance”**);
- (e) any Principal Draws due to be made on that Distribution Date in order to meet a Gross Income Shortfall;
- (f) any Extraordinary Expense Reserve Draw due to be made on that Distribution Date in order to pay or reimburse Extraordinary Expenses incurred during the immediately preceding Collection Period; and
- (g) any other amounts received from a Support Facility Provider on or prior to that Distribution Date which the Manager determines should be included in the Available Income Amount (other than any amounts already included in the preceding paragraphs of this Section 8.5 (*“Determination of the Available Income Amount”*)).

## 8.6 Principal Draw

- (a) If the Manager determines on any Determination Date that there is a Gross Income Shortfall, the Manager must direct the Trustee to apply a portion of the Available Principal Amount, to the extent that funds are available as described in Section 8.12 (*“Payment of the Available Principal Amount on a Distribution Date”*) to cover such

Gross Income Shortfall in an amount equal to the lesser of the Gross Income Shortfall and the Preliminary Principal Amount.

- (b) A “**Gross Income Shortfall**” is the amount by which the aggregate payments to be made by the Trustee under Section 8.9(a) to Section 8.9(l) (“*Payment of the Available Income Amount on a Distribution Date*”) (inclusive) from the Available Income Amount on the immediately following Distribution Date (which, in respect of the first Distribution Date only, will also include any Accrued Interest Adjustment payable by the Trustee to the Seller on that Distribution Date) exceed the aggregate of the Finance Charge Collections, the Mortgage Insurance Income Proceeds and Other Income Amounts in relation to that Determination Date.
- (c) Any application of the Available Principal Amount to cover a Gross Income Shortfall (a “**Principal Draw**”) will be reimbursed out of any Available Income Amount available for this purpose on subsequent Distribution Dates as described in Section 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”).

## 8.7 Liquidity Facility Advance

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

## 8.8 Extraordinary Expense Reserve

- (a) The Trustee, at the direction of the Manager, must deposit the Extraordinary Expense Reserve Required Amount from the proceeds of the issue of the Notes into the Collections Account as a sub-ledger known as the “**Extraordinary Expense Reserve**”. Further amounts may be deposited into the Extraordinary Expense Reserve to the extent required under Section 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”).
- (b) If, on any Determination Date, the Manager determines that there are any Extraordinary Expense in respect of the immediately preceding Collection Period, then the Manager must direct the Trustee to apply (and on such direction the Trustee must apply) an amount equal to the lesser of:
  - (i) the amount of such Extraordinary Expenses on that day; and
  - (ii) the balance of the Extraordinary Expense Reserve on that day,from the Extraordinary Expense Reserve on the following Distribution Date towards payment or reimbursement of those Extraordinary Expenses (“**Extraordinary Expense Reserve Draw**”).



- (c) Each Extraordinary Expense Reserve Draw made on any Distribution Date in accordance with paragraph (b) is to be repaid on subsequent Distribution Dates, but only to the extent that there are funds available for this purpose in accordance with Section 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”).
- (d) Amounts will only be released from the Extraordinary Expense Reserve:
  - (i) on a Distribution Date for the purposes of making Extraordinary Expense Reserve Draws as described in paragraph (b) above;
  - (ii) on the Distribution Date on which all Notes are to be redeemed in full, by releasing any amounts standing to the balance of the Extraordinary Expense Reserve after any Extraordinary Expense Reserve Draw has been made in accordance with paragraph (b), from the Extraordinary Expense Reserve and treating those amount as Other Principal Amounts in respect of that Distribution Date; and
  - (iii) if an Event of Default is subsisting, to apply the balance of the Extraordinary Expense Reserve as described in Section 10.6(k) (“*Priorities under the Security Trust Deed*”).

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

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

- (a) first, at the manager’s discretion, in or towards payment of \$1 to the Income Unitholder to be dealt with, and held by, the Income Unitholder absolutely;
- (b) next, in payment of any taxes in relation to the Series Trust including government charges paid by the Servicer for the Trustee;
- (c) next, in payment to the Trustee of the Trustee’s fee due on that Distribution Date;
- (d) next, in payment to the Security Trustee of the Security Trustee’s fee due on that Distribution Date;
- (e) next, in payment to the Manager of the Manager’s fee due on that Distribution Date;
- (f) next, in payment to the Servicer of the Servicer’s fee due on that Distribution Date;
- (g) next, in payment to the Liquidity Facility Provider of the Liquidity Facility Commitment Fee payable under the Liquidity Facility Agreement;
- (h) next, in payment pari passu and rateably towards:
  - (i) any net amounts payable to the Interest Rate Swap Provider under an Interest Rate Swap Agreement due on that Distribution Date other than any Subordinated Termination Payment; and
  - (ii) interest payable under the Liquidity Facility Agreement on that Distribution Date plus any interest under the Liquidity Facility Agreement remaining unpaid from prior Distribution Dates;

- (i) next, in payment of or to make provision for all expenses of the Series Trust in respect of or due in the Accrual Period ending immediately prior to that Distribution Date, other than as detailed above or below;
- (j) next, in repayment of any outstanding Liquidity Facility Advance made on or prior to the previous Distribution Date;
- (k) next, pari passu and rateably as follows:
  - (i) in payment of interest in relation to the Class A1 Notes for that Distribution Date and unpaid interest in relation to the Class A1 Notes from prior Distribution Dates and interest on any unpaid interest;
  - (ii) in payment of interest in relation to the Class A1-R Notes for that Distribution Date and unpaid interest in relation to the Class A1-R Notes from prior Distribution Dates and interest on any unpaid interest; and
  - (iii) in payment of interest in relation to the Redraw Notes for that Distribution Date and any unpaid interest in relation to the Redraw Notes from prior Distribution Dates and interest on any unpaid interest;
- (l) next, pari passu and rateably, in payment of interest in relation to the Class B Notes for that Distribution Date and any unpaid interest in relation to the Class B Notes from prior Distribution Dates and interest on any unpaid interest;
- (m) next, to reimburse any unreimbursed Principal Draws for the immediately preceding Distribution Date as an allocation to the Available Principal Amount on that Distribution Date;
- (n) next, to reimburse any unreimbursed Principal Chargeoffs for the immediately preceding Determination Date as an allocation to the Available Principal Amount on that Distribution Date;
- (o) next, to allocate an amount to the Extraordinary Expense Reserve until the balance of the Extraordinary Expense Reserve is equal to the Extraordinary Expense Reserve Required Amount;
- (p) next, in payment to the Liquidity Facility Provider of any other amounts owing under the Liquidity Facility Agreement;
- (q) next, in payment pari passu and rateably of any Subordinated Termination Payments payable to the Interest Rate Swap Provider in accordance with the Interest Rate Swap Agreement;
- (r) next, pari passu and rateably, in payment of interest in relation to the Class C Notes for that Distribution Date, including unpaid interest in relation to the Class C Notes from prior Distribution Dates and interest on any unpaid interest (unless the Trustee, at the direction of the Manager is to redeem the Class C Notes on that Distribution Date without paying accrued interest on those Class C Notes);
- (s) next, in payment to the Manager of its monthly arranging fee due on that Distribution Date and any unpaid arranging fee from a prior Distribution Date; and
- (t) next, in payment of the balance of the Available Income Amount to the Income Unitholder.

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

## 8.10 Interest on the Notes

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

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

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

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

- (i) the date upon which the Invested Amount of the relevant Notes is reduced to zero and all accrued interest in respect of the relevant Notes is paid in full (or in the case of the Class C Notes, if the Trustee is to redeem Class C Notes in accordance with Section 8.23 (“*Final Maturity Date*”), the date on which the amounts required to be paid under that Section 8.23 (“*Final Maturity Date*”) to redeem that Note have been paid in full);
- (ii) the Distribution Date on which the final distributions upon termination of the Series Trust are to be made, as described in Section 9.1 (“*Termination of the Series Trust*”); and
- (iii) the date upon which the relevant Notes are otherwise redeemed or are deemed to be redeemed (including following enforcement of the Charge).

Up to, but excluding, the Call Date:

- (i) the interest rate for the Class A1 Notes for each Accrual Period will be equal to the Bank Bill Rate for that Accrual Period plus 0.87%. If the Trustee has not redeemed all of the Class A1 Notes by the Call Date, then subject to the following, the interest rate for the Class A1 Notes for each Accrual Period commencing on or after that date will be equal to the Bank Bill Rate for that Accrual Period plus 1.12%;
- (ii) the interest rate for the Class A1-R Notes (if any) for each Accrual Period will be equal to the Bank Bill Rate for that Accrual Period plus the Class A1-R Margin. If the Trustee has not redeemed all of the Class A1-R Notes by the Call Date, then subject to the following, the interest rate for the Class A1-R Notes for each Accrual Period commencing on or after that date will be equal to the Bank Bill Rate for that Accrual Period plus the Class A1-R Margin plus 0.25%;
- (iii) the interest rate for the Class B Notes for each Accrual Period will be equal to the Bank Bill Rate for that Accrual Period plus the initial undisclosed margin. The interest rate for the Class B Notes will not increase after the Call Date; and
- (iv) the interest rate for the Class C Notes for each Accrual Period will be equal to the Bank Bill Rate for that Accrual Period plus the initial undisclosed

margin. The interest rate for the Class C Notes will not increase after the Call Date.

If the Trustee, at the direction of the Manager, proposes to exercise its option to redeem all the Notes on any Distribution Date occurring on or after the Call Date and to do so at their Stated Amounts rather than their Invested Amounts (together with accrued but unpaid interest, in the case of each Class other than the Class C Notes), as described in Section 8.22 (“*Optional Redemption of the Notes*”) below, but is unable to do so because the Noteholders of that Class have not approved by an Extraordinary Resolution the redemption of that Class of Notes at their Stated Amounts (together with accrued but unpaid interest), then the interest rate for the Class A1 Notes for each Accrual Period commencing on or after that Distribution Date will be equal to the Bank Bill Rate for that Accrual Period plus 0.87% and the interest rate for the Class A1-R Notes for each Accrual Period commencing on or after that Distribution Date will be equal to the Bank Bill Rate for that Accrual Period plus the Class A1-R Margin. The margin for the Class B Notes and the Class C Notes will not change as a result of the Call Date.

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

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

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

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

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

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

## 8.11 Determination of the Available Principal Amount

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

- (a) the “**Principal Collections**” for the preceding Collection Period which are all amounts received during the Collection Period in respect of principal on the Mortgage Loans, except as described below, and includes principal to the extent that an obligation to pay principal on a Mortgage Loan is discharged by a right of set-off or right to combine accounts;
- (b) the “**Other Principal Amounts**” which are amounts received in respect of principal on the Mortgage Loans including:

- (i) all amounts received by the Trustee under a mortgage insurance policy which the Manager determines should be accounted for on the Determination Date in respect of a loss of principal and certain property restoration expenses on a Mortgage Loan;
- (ii) proceeds of the liquidation of a Mortgage Loan following enforcement, other than amounts included in Finance Charge Collections, received during the Collection Period;
- (iii) principal prepayments under the Mortgage Loans received during the Collection Period;
- (iv) certain damages or equivalent, including amounts paid by Commonwealth Bank of Australia in respect of breaches of representations or warranties in relation to the Mortgage Loans, in respect of principal received from the Servicer or Commonwealth Bank of Australia during the Collection Period;
- (v) other damages received by the Trustee during the Collection Period from the Servicer, the Seller or any other person and allocated by the Manager as Other Principal Amounts;
- (vi) amounts received upon a sale of the Mortgage Loans in respect of principal if the Series Trust terminates as described under Section 9.1 (*“Termination of the Series Trust”*);
- (vii) in relation to the first Determination Date, the amount, if any, by which subscription proceeds of the Notes (less the amount deposited to the Extraordinary Expense Reserve in accordance with Section 8.8 (*“Extraordinary Expense Reserve”*)) exceed the aggregate of the principal outstanding on the Mortgage Loans as at the Cut-Off Date;
- (viii) any amount rounded down on payments of principal on the previous Distribution Date;
- (ix) any amounts received by the Trustee pursuant to the exercise of its option to redeem the Notes on a Distribution Date falling on or after the Call Date which the Manager determines to represent amounts in respect of principal on the Mortgage Loans up to and including the following Distribution Date and which have not previously been applied as Available Principal Amount as described in section 8.12 (*“Payment of the Available Principal Amount on a Distribution Date”*);
- (x) in the case of the first Determination Date after the Class A1 Refinancing Date, any surplus issuance proceeds of Class A1-R Notes remaining after redemption in full of the Class A1 Notes;
- (xi) any amounts released (or to be released on the immediately following Distribution Date) from the Extraordinary Expense Reserve as described in Section 8.8(d)(ii) (*“Extraordinary Expense Reserve”*); and
- (xii) any other receipts in the nature of principal as determined by the Manager which have been received by the Determination Date;

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

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

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

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

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

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

- (e) next, to the Class B Noteholders in or towards repayment of principal in respect of the Class B Notes, pari passu and rateably amongst the Class B Notes until the Invested Amount of the Class B Notes is reduced to zero;
- (f) next, to the Class C Noteholders in or towards repayment of principal in respect of the Class C Notes, pari passu and rateably amongst the Class C Notes until the Invested Amount of the Class C Notes is reduced to zero; and
- (g) next, the balance (if any) is to be paid to the Capital Unitholder.

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

### **8.13 Step-Down Conditions**

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

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

### **8.14 Payments from Collections Account**

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

## 8.15 Receipt of Funds

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

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

- (a) At any time on or before the Determination Date immediately before the First Possible Class A1 Refinancing Date, the Manager must use its reasonable endeavours to arrange, on behalf of the Trustee, for the marketing of the issuance of Class A1-R Notes with an aggregate Initial Invested Amount equal to the Invested Amount of the Class A1 Notes as at that Determination Date. The Trustee may not issue Class A1-R Notes (and the Manager must not direct the Trustee to issue Class A1-R Notes) unless the issue proceeds of those Class A1-R Notes are sufficient to redeem the Class A1 Notes in full and the conditions in paragraph (d) below are satisfied.
- (b) The Manager may, at its cost, appoint such advisors, arrangers or dealers as it sees fit to assist with the issuance of the Class A1-R Notes. The Manager agrees to issue a Rating Affirmation Notice in respect of the Class A1-R Margin prior to the issuance of the Class A1-R Notes.
- (c) If the Manager is unable to arrange for the issuance of Class A1-R Notes on the First Possible Class A1 Refinancing Date, the Manager may (at its discretion) arrange, on behalf of the Trustee, for Class A1-R Notes to be issued on any Subsequent Class A1 Refinancing Date.
- (d) If the Manager is able to arrange for Class A1-R Notes to be issued by the Trustee on the First Possible Class A1 Refinancing Date or the relevant Subsequent Class A1 Refinancing Date (as applicable) (such date being the “**Class A1 Refinancing Date**”):
  - (i) with an interest rate which results in a margin over the Bank Bill Rate that is less than the margin for the Class A1 Notes as at the Closing Date;
  - (ii) with the same credit rating from each Rating Agency as the Class A1 Notes on the Class A1 Refinancing Date;
  - (iii) with an aggregate Initial Invested Amount equal to the Invested Amount of the Class A1 Notes on the Determination Date immediately prior to the Class A1 Refinancing Date; and
  - (iv) in accordance with the public offer test outlined in Section 128F of the Income Tax Assessment Act 1936, or otherwise pursuant to an exemption from interest withholding tax imposed under Division 11A of Part III of the Income Tax Assessment Act 1936,the Manager will direct the Trustee in writing (copied to each Rating Agency) to issue those Class A1-R Notes on the relevant Class A1 Refinancing Date.
- (e) The Trustee (at the direction of the Manager) must give the Class A1 Noteholders not less than 7 days notice of the proposed redemption of the Class A1 Notes on the



relevant Class A1 Refinancing Date (unless the relevant Class A1 Refinancing Date is the First Possible Class A1 Refinancing Date).

- (f) On the Class A1 Refinancing Date, the Trustee agrees to deposit the proceeds of the issuance of the Class A1-R Notes issued on that date into the Collections Account and apply the issuance proceeds of those Class A1-R Notes on the Class A1 Refinancing Date towards redeeming the Class A1 Notes, with any surplus amount to be included in the Available Principal Amount for distribution on the next Distribution Date after the Class A1 Refinancing Date.

### **8.17 Redraws and Further Advances**

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

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

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

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

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

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

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

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

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

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

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

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

## **8.18 Principal Chargeoffs**

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

### **(a) Application of Principal Chargeoffs**

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

- (i) first, pari passu and rateably amongst the Class C Notes until the Stated Amount of the Class C Notes is reduced to zero;

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

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

(b) **Reimbursements of Principal Chargeoffs**

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

- (i) first, pro rata amongst the following according to their unreimbursed Principal Chargeoffs:
  - A. the Class A Notes (pari passu and rateably); and
  - B. the Redraw Notes (pari passu and rateably),
 in reduction of their unreimbursed Principal Chargeoffs until such unreimbursed Principal Chargeoffs are reduced to zero;
- (ii) next, pari passu and rateably amongst the Class B Notes until the unreimbursed Principal Chargeoffs of the Class B Notes are reduced to zero; and
- (iii) next, pari passu and rateably amongst the Class C Notes until the unreimbursed Principal Chargeoffs of the Class C Notes are reduced to zero.

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

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

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

### **8.20 Withholding or Tax Deductions**

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

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

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

### **8.22 Optional Redemption of the Notes**

The Trustee must, when directed by the Manager, at the Manager’s option, redeem all (but not some) of the Notes at their then Invested Amounts, subject to the following, together with accrued but unpaid interest to, but excluding, the date of redemption, on any Distribution Date occurring on or after the Call Date.

The Trustee may in exercising its option to redeem all of the Notes redeem the then outstanding Notes of a Class at their Stated Amounts instead of at their Invested Amounts, together with accrued but unpaid interest to but excluding the date of redemption. However, for each Class of Notes other than the Class C Notes, redemption at the Stated Amount must be approved by an Extraordinary Resolution of Noteholders of the relevant Class. The Trustee may, in exercising its option to redeem all of the Notes, without the need for any Noteholder approval redeem the then outstanding Class C Notes at their Stated Amounts, instead of their Invested Amounts), and without payment of any accrued but unpaid interest in respect of the Class C Notes (and, for the avoidance of doubt, no Extraordinary Resolution of the Class C Noteholders is required for this purpose).

However, the Trustee will not and the Manager will not direct the Trustee to redeem the Notes unless the Trustee is in a position on the relevant Distribution Date to repay the then Invested Amounts or the Stated Amounts, as required, of the Notes together with, in the case of all Notes other than the Class C Notes, all accrued but unpaid interest to but excluding the date of redemption and to discharge all its liabilities in respect of amounts which are required under Sections 8.9 (“*Payment of the Available Income Amount on a Distribution Date*”) and 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”) be paid in priority to or equally with the Notes.

If the Trustee, at the direction of the Manager, in exercising its option to redeem all of the Notes proposes to exercise its option to redeem the then outstanding Notes of a Class (other than the Class C Notes) on a Distribution Date occurring on or after the Call Date at their Stated Amounts rather than their Invested Amounts, as described above, but is unable to do so because the Noteholders of that Class have not approved by an Extraordinary Resolution the redemption of the Notes of that Class at their Stated Amounts, then the margin for the Class A Notes, Class B Notes and the Class C Notes (as applicable) for each Accrual Period commencing on or after that Distribution Date will remain at, or in the case of the Class A Notes if that Distribution Date occurs after the Call Date revert to, the margin applying at the Issue Date for that Class A Note.

### **8.23 Final Maturity Date**

Unless previously redeemed, the Trustee must redeem the Notes by paying the Invested Amount, together with all accrued and unpaid interest, in relation to each Note on or by the Distribution Date falling in June 2046.

The Trustee may, at the direction of the Manager, redeem the Class C Notes on the Distribution Date falling in June 2046 by paying only the Invested Amount (or, if directed by the Manager, the Stated Amount) of each Class C Note and no amounts on account of accrued but unpaid interest (including any interest accrued on overdue interest) in relation to any Class C Notes. The Manager must give the Class C Noteholders at least 5 Business Days' prior notice if the Trustee is to exercise its right to redeem the Class C Notes by paying these lesser amounts (and, for the avoidance of doubt, no Extraordinary Resolution of the Class C Noteholders is required for this purpose).

### **8.24 Redemption upon Final Payment**

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

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

No amount of principal will be repaid in respect of a Note in excess of its Invested Amount or, in the circumstances described in 8.22 ("*Optional Redemption of the Notes*"), its Stated Amount.

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## 9 Termination of the Series Trust

### 9.1 Termination of the Series Trust

#### (a) Termination of Series Trust

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

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

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

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

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

#### (c) Offer to Seller

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

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

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

(e) **Seller may not accept**

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

(f) **Trustee must not sell**

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

(g) **Payments**

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

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## 10 Description of the Transaction Documents

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

### 10.1 Collections Account and Authorised Short Term Investments

The Trustee will establish and maintain the Collections Account with an Eligible Depository. The Collections Account will initially be established with Commonwealth Bank of Australia, which is described in Section 4.2 (*"The Seller"*). The Collections Account shall be opened by the Trustee in its name and in its capacity as trustee of the Series Trust. The Collections Account will not be used for any purpose other than for the Series Trust. The account will be an interest bearing account.

If the financial institution with which the Collections Account is held ceases to be an Eligible Depository the Trustee must establish a new account with an Eligible Depository as a replacement Collections Account. Further, if the Servicer ceases to have certain minimum ratings, other requirements may apply as described further in Section 11.1(e) (*"Collections"*).

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

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

- (a) Subject to paragraph (b), the Trustee and the Manager, with respect to the Master Trust Deed, and the Trustee, the Manager, the Seller and the Servicer, with respect to the Series Supplement, may amend, add to or revoke any provision of the Master Trust Deed or the Series Supplement (as applicable), subject to the limitations described below, if the amendment, addition or revocation:
- (i) in the opinion of the Trustee is necessary to correct a manifest error or is of a formal, technical or administrative nature only;
  - (ii) in the opinion of the Trustee, or of a lawyer instructed by the Trustee, is necessary or expedient to comply with the provisions of any law or regulation or with the requirements of the government of any jurisdiction or any governmental agency;
  - (iii) in the opinion of the Trustee is required by, a consequence of, consistent with or appropriate or expedient as a consequence of an amendment to any law or regulation or altered requirements of the government of any jurisdiction or any governmental agency, including, an amendment, addition or revocation which in the opinion of the Trustee is appropriate or expedient as a result of



an amendment to Australia's tax laws or any ruling by the Australian Commissioner or Deputy Commissioner of Taxation or any governmental announcement or statement, in any case which has or may have the effect of altering the manner or basis of taxation of trusts generally or of trusts similar to any of the Medallion Trust Programme trusts;

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

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

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

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

- (b) The Trustee is not obliged to obtain the consent of any Unitholder or any Noteholder or other Secured Creditor in order to enter into Collections Arrangements as described in Section 11.1(e) (“*Collections*”), including where such arrangements require amendments to the Transaction Documents.

### 10.3 The Trustee

#### (a) General Duties of Trustee

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

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

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

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

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

related body corporate of the Trustee's) obligations in relation to the Series Trust, having actual knowledge, actual awareness or actual notice of that thing, or grounds to believe that thing.

(b) **Annual Compliance Statement**

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

(c) **Delegation**

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

(d) **Trustee Fees and Expenses**

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

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

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

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

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

(e) **Removal of the Trustee**

The Trustee is required to retire as Trustee following a Trustee Default. If the Trustee refuses to retire following a Trustee Default the Manager may remove the Trustee

immediately, or, if the Trustee Default relates only to a change in ownership or merger without assumption of the Trustee, upon 30 days' notice in writing.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **10.4 The Manager**

### **(a) Powers**

The Manager's general duty is to manage the Assets of the Series Trust which are not serviced by the Servicer. In addition, the Manager has a number of specific responsibilities including making all necessary determinations to enable the Trustee to make the payments and allocations required on each Distribution Date in accordance with the Series Supplement, directing the Trustee to make those payments and allocations, keeping books of account and preparing the tax returns of the Series Trust and monitoring Support Facilities. The Manager must act honestly and in good faith in performance of its duties and in exercising its discretions under the Master Trust Deed, use its best endeavours to carry on and conduct its business in so far as it relates to the Master Trust Deed and the other Transaction Documents in a proper and efficient manner and exercise such prudence as a prudent person of business would exercise in performing its express functions and in exercising its discretions under the Master Trust Deed and the other Transaction Documents having regard to the interests of Noteholders and the Unitholders.

### **(b) Delegation**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (a) require the transfer to it of any Asset of the Series Trust;
- (b) interfere with or question the exercise or non-exercise of the rights or powers of the Seller, the Servicer, the Manager or the Trustee in their dealings with the Series Trust or any Assets of the Series Trust;

- (c) attend meetings or take part in or consent to any action concerning any property or corporation in which the Trustee has an interest;
- (d) exercise any rights, powers or privileges in respect of any Asset of the Series Trust;
- (e) lodge a caveat or other notice forbidding the registration of any person as transferee or proprietor of or any instrument affecting any Asset of the Series Trust or claiming any estate or interest in any Asset of the Series Trust;
- (f) negotiate or communicate in any way with any borrower or security provider under any Mortgage Loan assigned to the Trustee or with any person providing a Support Facility to the Trustee;
- (g) seek to wind up or terminate the Series Trust;
- (h) seek to remove the Servicer, Manager or Trustee;
- (i) take proceedings against the Trustee, the Manager, the Seller or the Servicer or in respect of the Series Trust or the Assets of the Series Trust. This will not limit the right of Noteholders to compel the Trustee, the Manager and the Security Trustee to comply with their respective obligations under the Master Trust Deed, the Series Supplement and the Security Trust Deed, in the case of the Trustee and the Manager, and the Security Trust Deed, in the case of the Security Trustee;
- (j) have any recourse to the Trustee or the Manager in their personal capacity, except to the extent of fraud, negligence or wilful default on the part of the Trustee or the Manager respectively; or
- (k) have any recourse whatsoever to the Seller or to the Servicer in respect of a breach by the Seller or the Servicer of their respective obligations and duties under the Series Supplement.

## 10.6 The Security Trust Deed

### (a) General

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

### (b) Nature of the Charge

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

- (i) all the Assets of the Series Trust; and
- (ii) the benefit of all covenants, agreements, undertakings, representations, warranties and other choses in action in favour of the Trustee under the Transaction Documents,



(together, the “**Collateral**”) (subject to the Prior Interest (as defined in the Security Trust Deed) relating to the Series Trust) in favour of the Security Trustee for:

- (iii) due and punctual performance, observance and fulfilment of the Obligations (as defined in the Security Trust Deed); and
- (iv) payment of Secured Moneys owing to the Secured Creditors of the Series Trust.

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

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

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

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

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

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

(c) **The Security Trustee**

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

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

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

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

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

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

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

- (i) the Security Trustee is not required to monitor whether an Event of Default has occurred or compliance by the Trustee or Manager with the Transaction Documents or their other activities;
- (ii) the Security Trustee is not required to do anything unless its liability is limited in a manner satisfactory to it;
- (iii) the Security Trustee is not responsible for the adequacy or enforceability of any Transaction Documents;

- (iv) except as expressly stated in the Security Trust Deed, the Security Trustee need not give to the Secured Creditors information concerning the Trustee or the Series Trust which comes into the possession of the Security Trustee;
- (v) the Trustee gives wide ranging indemnities to the Security Trustee in relation to its role as Security Trustee; and
- (vi) the Security Trustee may rely on documents and information provided by the Trustee or Manager.

(e) **Events of Default**

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

- (i) the Trustee retires or is removed, or is required to retire or be removed, as trustee of the Series Trust and is not replaced within 60 days and the Manager fails within a further 20 days to convene a meeting of debt security holders and beneficiaries of the Medallion Trust Programme trusts established under the Master Trust Deed in accordance with the Master Trust Deed;
- (ii) the Security Trustee has actual notice or is notified by the Manager or the Trustee that the Trustee is not entitled for any reason to fully exercise its right of indemnity against the Assets of the Series Trust to satisfy any liability to a Secured Creditor and the circumstances are not rectified to the reasonable satisfaction of the Security Trustee within 14 days of the Security Trustee requiring this;
- (iii) the Series Trust is not properly constituted or is imperfectly constituted in a manner or to an extent that is regarded by the Security Trustee acting reasonably to be materially prejudicial to the interests of any class of Secured Creditor and is incapable of being, or is not within 30 days of the discovery thereof, remedied;
- (iv) an Insolvency Event occurs in respect of the Trustee in its capacity as trustee of the Series Trust;
- (v) distress or execution is levied or a judgment, order or encumbrance is enforced, or becomes enforceable, over any of the Assets of the Series Trust for an amount exceeding A\$1,000,000, either individually or in aggregate, or can be rendered enforceable by the giving of notice, lapse of time or fulfilment of any condition and in respect of which the Manager is unable to issue a Rating Affirmation Notice;
- (vi)
  - A. the Charge is or becomes wholly or partly void, voidable or unenforceable; or
  - B. the Trustee creates or consents to the creation or existence of another Security Interest over the Collateral (other than a Security Interest which is created by a Transaction Document or arises solely because of a transaction in accordance with a Transaction Document) or assigns or otherwise deals in any way with the Security Trust Deed or any interest in it, or allows any interest in it to arise or be varied,

in breach of the Security Trust Deed where such breach will have an Adverse Effect;

(vii)

- A. all or any part of any Transaction Document is terminated or is illegal or, unenforceable or of no force or effect; or
- B. any Transaction Document is terminated or becomes void, or any party becomes entitled to terminate, rescind or avoid all or a part of any Transaction Document,

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

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

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

- (ix) promptly and, in any event, within 2 Business Days, notify all Secured Creditors and each Rating Agency of the Event of Default and provide such Secured Creditors and each Rating Agency with full details of the Event of Default; and
- (x) promptly convene a meeting of the Voting Secured Creditors at which it shall seek directions from the Voting Secured Creditors by way of Extraordinary Resolution regarding the action it should take as a result of that Event of Default.

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

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

(g) **Voting Procedures**

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

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

(h) **Indemnification**

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

(i) **Enforcement of the Charge**

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

- (i) declare all Secured Moneys immediately due and payable;
- (ii) appoint a receiver over the Assets of the Series Trust and determine the remuneration to be paid to that receiver;
- (iii) sell and realise the Assets of the Series Trust and otherwise enforce the Charge; or
- (iv) take any other action as the Voting Secured Creditors may specify in the terms of such Extraordinary Resolution.

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

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

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

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

If the Security Trustee convenes a meeting of the Voting Secured Creditors, or is required by an Extraordinary Resolution to take any action under the Security Trust

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

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

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

- (i) first, pari passu and rateably to pay amounts owing or payable under the Security Trust Deed to indemnify the Security Trustee, the Manager, any experts or consultants appointed under the Security Trust Deed and the receiver against all loss and liability incurred by such parties in acting under the Security Trust Deed, except the receiver's remuneration, and in payment of the Prior Interest;
- (ii) next, to pay pari passu and rateably any fees and any liabilities, losses, costs, claims, expenses, actions, damages, demands, charges, stamp duties and other taxes due to the Security Trustee and the receiver's remuneration;
- (iii) next, to pay pari passu and rateably other outgoings and liabilities that the receiver or the Security Trustee have incurred in acting under the Security Trust Deed;
- (iv) next, to pay any security interests over the Assets of the Series Trust of which the Security Trustee is aware having priority to the Charge, other than the Prior Interest, in the order of their priority;
- (v) next, to pay the Seller any unpaid Accrued Interest Adjustment;
- (vi) next, to pay pari passu and rateably:
  - A. the Liquidity Facility Provider all of the Secured Moneys owing to the Liquidity Facility Provider under the Liquidity Facility; and
  - B. the Interest Rate Swap Provider all of the Secured Moneys owing to the Interest Rate Swap Provider under the Interest Rate Swap Agreement other than any Subordinated Termination Payments;
- (vii) next, pari passu and rateably:
  - A. to pay to the Class A Noteholders all of the Secured Moneys owing in relation to the Class A Notes (the Secured Moneys owing in respect of the principal component of the Class A Notes for this

purpose will be calculated based on their Stated Amount), to be applied amongst them:

- (aa) first, towards all interest accrued but unpaid on the Class A Notes at that time (to be distributed pari passu and rateably amongst the Class A Notes); and
  - (ba) next, in reduction of the Stated Amount in respect of the Class A Notes at that time (to be distributed pari passu and rateably amongst the Class A Notes);
- B. to pay to the Redraw Noteholders all of the Secured Moneys owing in relation to the Redraw Notes (the Secured Moneys owing in respect of the principal component of the Redraw Notes for this purpose will be calculated based on their Stated Amount), to be applied amongst them:
- (aa) first, towards all interest accrued but unpaid on the Redraw Notes at that time (to be distributed pari passu and rateably amongst the Redraw Notes); and
  - (ab) next, in reduction of the Stated Amount in respect of the Redraw Notes at that time (to be distributed pari passu and rateably amongst the Redraw Notes);
- C. to pay to the Seller the amount of all then Seller Advances which have not been repaid to the Seller in accordance with the Series Supplement;
- (viii) next, pari passu and rateably:
- A. to the Class A Noteholders of all unreimbursed Principal Chargeoffs in respect of the Class A Notes constituting the remaining Secured Moneys owing in respect of the Class A Notes (to be distributed pari passu and rateably amongst the Class A Notes); and
  - B. to the Redraw Noteholders of all unreimbursed Principal Chargeoffs in respect of the Redraw Notes constituting the remaining Secured Moneys owing in respect of the Redraw Notes (to be distributed pari passu and rateably amongst the Redraw Notes);
- (ix) next, to the Class B Noteholders of all Secured Moneys owing in relation to the Class B Notes to be applied amongst them:
- A. first, towards all interest accrued but unpaid on the Class B Notes at that time (to be distributed pari passu and rateably amongst the Class B Notes); and
  - B. next, in reduction of the Invested Amount in respect of the Class B Notes at that time (to be distributed pari passu and rateably amongst the Class B Notes);
- (x) next, in or towards payment pari passu and rateably of any Secured Moneys constituting Subordinated Termination Payments payable by the Trustee to the Interest Rate Swap Provider in accordance with the Interest Rate Swap Agreement;

- (xi) next, to the Class C Noteholders of all Secured Moneys owing in relation to the Class C Notes to be applied amongst them:
  - A. first, towards all interest accrued but unpaid on the Class C Notes at that time (to be distributed pari passu and rateably amongst the Class C Notes); and
  - B. next, in reduction of the Invested Amount in respect of the Class C Notes at that time (to be distributed pari passu and rateably amongst the Class C Notes);
- (xii) next, to pay pari passu and rateably to each Secured Creditor any remaining amounts forming part of the Secured Moneys owing to that Secured Creditor and not satisfied under the preceding paragraphs;
- (xiii) next, to pay subsequent security interests over the Assets of the Series Trust of which the Security Trustee is aware, in the order of their priority; and
- (xiv) finally, to pay any surplus to the Trustee to be distributed in accordance with the terms of the Master Trust Deed and the Series Supplement. The surplus will not carry interest as against the Security Trustee.

Upon enforcement of the security created by the Security Trust Deed, the net proceeds may be insufficient to pay all amounts due on redemption to the Noteholders. Any claims of the Noteholders remaining after realisation of the security and application of the proceeds shall be extinguished.

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

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

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

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

The Security Trustee must retire if:

- (i) an Insolvency Event occurs with respect to it in its personal capacity or in respect of its personal assets (and not in its capacity as trustee of any trust or in respect of any assets it holds as trustee);
- (ii) it ceases to carry on business;
- (iii) the Trustee, where it is a related body corporate, retires or is removed from office and the Manager requires the Security Trustee by notice in writing to retire;



- (iv) the Voting Secured Creditors require it to retire by an Extraordinary Resolution;
- (v) it breaches a material duty and does not remedy the breach with 14 days notice from the Manager or the Trustee; or
- (vi) there is a change in ownership or effective control of the Security Trustee without the consent of the Manager.

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

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

If the Security Trustee is removed or retires as described in this Section 10.6(m), the Manager may appoint a replacement Security Trustee which is an authorised trustee corporation under the Corporations Act provided that the Manager issues a Rating Affirmation Notice in respect of each Rating Agency in relation to such retirement or removal.

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

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

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

(n) **Amendment**

- (i) The Trustee, the Manager and the Security Trustee, may alter, add to or revoke any provision of the Security Trust Deed, subject to the limitations described below, if the alteration, addition or revocation:
  - (A) in the opinion of the Security Trustee is made to correct a manifest error or ambiguity or is of a formal, technical or administrative nature only;
  - (B) in the opinion of the Security Trustee, or of a lawyer instructed by the Security Trustee, is necessary or expedient to comply with the

provisions of any law or regulation or with the requirements of any statutory authority;

- (C) in the opinion of the Security Trustee is appropriate or expedient as a consequence of an alteration to any law or regulation or altered requirements of the government of any jurisdiction or any governmental agency or any decision of any court including an alteration, addition or revocation which is appropriate or expedient as a result of an alteration to Australia's tax laws or any ruling by the Australian Commissioner or Deputy Commissioner of Taxation or any governmental announcement or statement or any decision of any court, which has or may have the effect of altering the manner or basis of taxation of trusts generally or of trusts similar to the security trust created under the Security Trust Deed; or
- (D) in the opinion of the Security Trustee is otherwise desirable for any reason.

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

- (ii) The Trustee is not obliged to obtain the consent of any Unitholder or Noteholder or other Secured Creditor in order to enter into any Collections Arrangements, including where such Collections Arrangements require amendments to the Transaction Documents.

(o) **Indemnification**

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

## 10.7 Principal Draws

Interest collections on the Mortgage Loans and other income receipts of the Series Trust are used to pay interest on the Notes and other expenses of the Series Trust while principal collections on the Mortgage Loans and other principal receipts of the Series Trust are used to repay principal on the Notes and to make other principal payments of the Series Trust.

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

## 10.8 The Liquidity Facility

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

(a) **Advances and Facility Limit**

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

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

- (i) A\$16,500,000 (equal to 3 per cent of the aggregate Invested Amount of the Notes on the Closing Date);
- (ii) if the Amortisation Conditions have ever been satisfied:
  - A. 3 per cent of the aggregate Invested Amount of the Notes on the Closing Date; multiplied by
  - B. the Performing Mortgage Loans Amount as at the Review Date prior to the most recent Distribution Date that the Amortisation Conditions were satisfied (following any payments on that date) divided by the Performing Mortgage Loans Amount as at the Closing Date, provided that if this results in a number less than 0.1, the result will be taken to be 0.1;
- (iii) the Performing Mortgage Loans Amount at that time; and
- (iv) the amount (if any) to which the Liquidity Facility Limit is reduced at that time by the Manager or the Trustee in accordance with the Liquidity Facility Agreement (one of the requirements for such a reduction is that the Manager has issued a Rating Affirmation Notice in respect of the proposed reduction in the Liquidity Facility Limit).

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

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

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

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

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

(c) **Conditions Precedent to Drawing**

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

- (i) no Liquidity Event of Default exists or will result from the provision or continuation of the advance;

- (ii) the representations and warranties made or deemed to be made by the Trustee or the Manager in any Transaction Document are true and correct as of the date of the drawdown notice and the drawdown where such breach would have an Adverse Effect; and
- (iii) other than in respect of priorities granted by statute, none of the Liquidity Facility Provider, the Trustee or the Manager has received notice of any security interest ranking in priority to or equal with the security interest held by the Liquidity Facility Provider under the Security Trust Deed.

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

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

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

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

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

(e) **Repayment of Liquidity Advances**

Each Applied Liquidity Amount outstanding on any Distribution Date is repayable on the following Distribution Date but only to the extent there are funds available for this purpose in accordance with the Series Supplement. Amounts so repaid may be redrawn by the Trustee in accordance with the terms of the Liquidity Facility Agreement.

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

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

If the Liquidity Facility Provider ceases to have:

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

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

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

The Cash Deposit will not form part of the Assets of the Series Trust, except to the extent it is available to the Trustee under the terms of the Liquidity Facility Agreement, and will not form part of the Available Income Amount (except to the extent applied as described in paragraph (c) above) or Available Principal Amount for distribution on a Distribution Date or be available to Secured Creditors upon enforcement of the Charge.

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

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

- (i) the Trustee fails to pay to the Liquidity Facility Provider any amount owing to it under the Liquidity Facility Agreement where funds are available for this purpose in accordance with the order of priority under the Series Supplement and does not pay the amount within 10 days of its due date;
- (ii) the Trustee consents to amend or revoke the provisions of the Transaction Documents in manner which would alter the priority of payments under the

Transaction Documents or have certain effects on the rights and obligations of the Liquidity Facility Provider without the prior written consent of the Liquidity Facility Provider; and

- (iii) an Event of Default occurs under the Security Trust Deed and any enforcement action is taken under the Security Trust Deed.

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

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

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

(i) **Termination**

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

- (i) 32 years after the date of the Liquidity Facility Agreement;
- (ii) the termination date appointed by the Liquidity Facility Provider if it becomes unlawful or impossible for the Liquidity Facility Provider to maintain or give effect to its obligations under the Liquidity Facility Agreement as a result of a change of law or its interpretation;
- (iii) the date on which the Liquidity Facility Provider declares all amounts due under the Liquidity Facility Agreement (as described in Section 1.1(h) ("*Consequences of an Event of Default*") above) or declares the Liquidity Facility terminated following a Liquidity Event of Default;
- (iv) the date one month after all Notes are redeemed in full;
- (v) the date on which the Liquidity Facility Limit is reduced to zero by agreement between the Liquidity Facility Provider and the Manager and in relation to which the Manager has issued a Rating Affirmation Notice; and
- (vi) the Distribution Date declared by the Trustee as the date on which the Liquidity Facility Provider will be replaced by a substitute Liquidity Facility Provider, subject to the repayment by the Trustee of all amounts outstanding under the Liquidity Facility and the Manager issuing a Rating Affirmation Notice in relation to the termination of the Liquidity Facility Provider and the appointment of the proposed substitute Liquidity Facility Provider.

(j) **Increased Costs**

If, by reason of any change in law or its interpretation or administration or because of compliance with any request from any fiscal, monetary or other governmental agency, the Liquidity Facility Provider incurs new or increased costs, obtains reduced payments or returns or becomes liable to make any payment based on the amount of advances outstanding under the Liquidity Facility Agreement, the Trustee must pay the Liquidity Facility Provider an amount sufficient to indemnify it against that cost, increased cost, reduction or liability.

## 10.9 The Mortgage Insurance Policy

### (a) General

The mortgage insurance policy consists of a high LTV master mortgage insurance policy in relation to Mortgage Loans which generally had a loan-to-value ratio of greater than around 80% at the time that they were originated (“**High LTV Policy**”) (as described in paragraph 1.1(b) (“*The High LTV Master Mortgage Insurance Policy*”) below). Some Mortgage Loans which had a loan to value ratio greater than 80% at the time of origination may not be covered by any mortgage insurance policy, but the Seller may charge the borrower a low deposit premium.

### (b) The High LTV Master Mortgage Insurance Policy

The High LTV Policy represents a liability of Genworth Financial Mortgage Insurance Pty Limited.

The High LTV Policy insures the Trustee against losses in respect of Mortgage Loans insured under it, which generally had a loan-to-value ratio of greater than around 80% at the time of origination. The Seller will equitably assign their rights under the High LTV Policy to the Trustee on the Closing Date. Each borrower paid a single upfront premium for their respective Mortgage Loan to be insured under the High LTV Policy and no further premium is payable by an originator or the Trustee.

#### (i) *Period of Cover*

The Trustee has the benefit of the High LTV Policy in respect of each Mortgage Loan insured under it generally from the latest of:

- A. the date monies are first advanced under the Mortgage Loan;
- B. the date the mortgage securing the Mortgage Loan is granted to or acquired by the insured; or
- C. the date the premium in respect of the Mortgage Loan is paid,

until the earliest of:

- A. the date the Mortgage Loan or the mortgage securing the Mortgage Loan is assigned, transferred or mortgaged to a person other than a person who is or becomes entitled to the benefit of the High LTV Policy;
- B. the date the Mortgage Loan is repaid in full;
- C. the date the Mortgage Loan ceases to be secured by the relevant mortgage (other than where the mortgage is discharged by the operation of a compulsory acquisition or sale by a government for public purpose);
- D. the expiry date set out in the certificate of insurance issued by the mortgage insurer in relation to the Mortgage Loan or as extended with the written consent of the mortgage insurer or as varied by a court under the Consumer Credit Legislation; or

- E. the date the High LTV Policy is cancelled in respect of the Mortgage Loan in accordance with the terms of the High LTV Policy or the Insurance Contracts Act 1984 of Australia.

(ii) *Cover for Losses*

If a Loss Date (as defined below) occurs in respect of a Mortgage Loan insured under the High LTV Policy, the mortgage insurer will pay to the Trustee the loss in respect of that Mortgage Loan.

A “**Loss Date**” means:

- A. if a default occurs under the Mortgage Loan and the mortgaged property is sold by the Trustee or the mortgagee of an Approved Prior Mortgage (as defined below) pursuant to enforcement proceedings, the date on which the sale is completed;
- B. if a default occurs under the Mortgage Loan and the Trustee or the mortgagee of an Approved Prior Mortgage (as defined below) becomes the absolute owner by foreclosure of the mortgaged property, the date on which this occurs;
- C. if a default occurs under the Mortgage Loan and the mortgagor sells the mortgaged property with the prior approval of the Trustee and the mortgage insurer, the date on which the sale is completed;
- D. if the mortgaged property is compulsorily acquired or sold by a government for public purposes and there is a default under the Mortgage Loan (or where the mortgage has been discharged by the operation of the compulsory acquisition or sale and there is a failure in repayment of the Mortgage Loan which would have been a default but for the occurrence of that event), the later of the date of the completion of the acquisition or sale or 28 days after the date of the default; or
- E. where the mortgage insurer has agreed to purchase the mortgage securing the Mortgage Loan, the date of the purchase of that mortgage.

A “default” in respect of an insured Mortgage Loan means any event which triggers the Trustee’s power of sale in relation to the mortgaged property.

The loss payable by the mortgage insurer to the Trustee in respect of an insured loan is the amount outstanding, less the deductions and less the reductions as referred to below, in relation to the Mortgage Loan, in each case calculated as at the Loss Date.

(iii) *Amount Outstanding in a Claim*

The amount outstanding under a Mortgage Loan is the aggregate of the following:

- A. the principal amount outstanding, including any additional advances approved by the mortgage insurer to the extent outstanding together with any interest, fees or charges outstanding as at the Loss Date;



- B. rates, taxes and other statutory charges (calculated on a single holding basis) in relation to the mortgaged property paid by the Trustee including council rates and water rates paid by the Trustee to facilitate sale of the mortgage property (but excluding amounts for liabilities incurred before the commencement of the High LTV Policy);
- C. the interest chargeable at the standard rate of interest under the Mortgage Loan (“**Standard Rate**”) on the amount the Trustee is entitled to in respect of the amount claimed from the Loss Date to the earlier of the date of payment of the claim by the mortgage insurer and 30 days after the Loss Date;
- D. reasonable premiums for insurance over the mortgaged property paid by the Trustee including general insurance premium by the Trustee to cover the mortgaged property against physical damage (but excluding any amount for liabilities incurred before the commencement of the High LTV Policy);
- E. levies and other charges payable to a body corporate under the Australian strata titles system including strata levies paid by the Trustee to the body corporate relevant to the mortgaged property to facilitate the sale of the property (but excluding any amount for liabilities incurred before the commencement of the High LTV Policy);
- F. reasonable legal costs, mercantile agent’s fees and other collection costs paid by the Trustee necessarily incurred in enforcing or protecting the Trustee’s rights under the Mortgage Loan (excluding any legal costs or other charges incurred to establish the Mortgage Loan), up to a maximum of A\$10,000, unless otherwise approved in writing by the mortgage insurer;
- G. costs of maintenance and protection of the mortgaged property paid by the Trustee, up to a maximum amount of A\$3,000, unless otherwise approved in writing by the mortgage insurer;
- H. costs of the sale of the mortgaged property up to a maximum amount of A\$2,000 plus the lesser of 3% of the sale price and \$25,000, unless otherwise approved in writing by the mortgage insurer;
- I. reasonable valuer’s fees paid by the Trustee in respect of the valuation of the mortgaged property for the purpose of enforcement of the mortgage securing the Mortgage Loan, up to a maximum of A\$500, unless otherwise approved in writing by the mortgage insurer;
- J. reasonable property presenter’s fees paid by the Trustee in respect of presentation of the mortgaged property for sale, up to a maximum of A\$1,750, unless otherwise approved in writing by the mortgage insurer;
- K. reasonable display furniture fees as agreed between the Trustee and the mortgage insurer and paid by the Trustee;

- L. payment dishonour fees in respect of payments under the Mortgage Loan paid by the Trustee to third parties, up to a maximum of A\$130, unless otherwise approved in writing by the mortgage insurer; and
- M. an amount paid by the Trustee to discharge a mortgage or other security ranking in priority to the mortgage and which was disclosed to or approved by the mortgage insurer in accordance with the High LTV Policy (“**Approved Prior Mortgage**”),

which the Trustee is entitled to recover under the Mortgage Loan or a related guarantee.

(iv) *Deductions in a Claim*

The mortgage insurer may make the following deductions:

- A. where the mortgaged property is sold, the sale price, or where the mortgaged property is compulsorily acquired, the amount of compensation, less, in either case, any amount required to discharge any Approved Prior Mortgage;
- B. where foreclosure action occurs, the value of the Trustee’s interest in the mortgaged property, including the interest of any mortgagee with priority over the mortgage other than a mortgagee of an Approved Prior Mortgage;
- C. any amount received by the Trustee under any collateral security;
- D. any amounts paid to the Trustee by way of rents, profits or proceeds in relation to the mortgaged property or any collateral security;
- E. any amounts received under any insurance policy relating to the mortgaged property and not applied in restoration of the mortgaged property;
- F. any other amount received relating to the Mortgage Loan or any collateral security including any amount received from the relevant borrower;
- G. reduction in the value of the mortgaged property due to physical damage (other than fair wear and tear) to, or contamination of, the mortgaged property as determined by a valuer approved and nominated by the mortgage insurer;
- H. the amount of any input tax credit the Trustee is entitled to claim in respect of GST incurred in relation to any expenditure on any component of the amount outstanding;
- I. interest charged in advance for a period after the Loss Date;
- J. interest charged in excess of the Standard Rate chargeable on the Mortgage Loan;
- K. rates, taxes and other statutory charges incurred before the commencement of the High LTV Policy;

- L. levies and other charges payable to a body corporate under a strata title system incurred before the commencement of the High LTV Policy;
- M. fees or penalties including early repayment fees, funding break fees and deferred establishment fees charged by the Trustee or the mortgage manager except for loan establishment fees and monthly account keeping fees and payment dishonour fees paid by the Trustee or the mortgage manager to a third party in respect of payments under the Mortgage Loan;
- N. costs of repair of physical damage to the mortgaged property other than fair wear and tear;
- O. costs of removal of any contaminant from the mortgaged property and the cost of clean up and restoration in respect of any contamination of the mortgaged property;
- P. where the Mortgage Loan is a construction loan, amounts paid in addition to the loan amount to complete any construction, alteration or renovation on the mortgaged property; and
- Q. any amount in excess of the relevant maximum amount specified in respect of the matters identified in paragraphs (F), (G), (H), (I), (J) and (L) in the description of “amounts outstanding” above.

(c) **Refusal or Reductions of Claims**

The Trustee has certain negative obligations under the High LTV Policy which, if breached, may entitle the mortgage insurer to refuse or reduce the amount of a claim with respect to a Mortgage Loan in certain circumstances, including where any of the following occurs without the approval of the mortgage insurer:

- (i) a Mortgage Loan is reopened under section 70 of the Consumer Credit Code or is varied including a variation under section 72 of the Consumer Credit Code;
- (ii) the borrower has a defence, a right of set-off or a counterclaim in any proceedings taken by or on behalf of the Trustee;
- (iii) the Trustee makes any additional advance upon the security of the mortgaged property that ranks for payment ahead of the insured Mortgage Loan;
- (iv) the Trustee varies the priority of the mortgage;
- (v) the Trustee materially alters the terms of the Mortgage Loan contract, any mortgage guarantee or any collateral security, whether an alteration is made in accordance with the Consumer Credit Legislation or otherwise except in certain circumstances;
- (vi) the Trustee releases or discharges in whole or in part the mortgage or any collateral security unless the Mortgage Loan has been repaid;
- (vii) the Trustee sells, assigns or transfers the benefit of the Mortgage Loan;

- (viii) the Trustee allows its rights to be reduced against the borrower, the mortgagor, any mortgage guarantor, any provider of any collateral security or the mortgaged property by compromise, postponement, partial discharge or otherwise;
- (ix) the Trustee approves any transfer or assignment of the mortgaged property without full discharge of the insured Mortgage Loan;
- (x) the Trustee contravenes any provision of the High LTV Policy; or
- (xi) the Trustee consents to a further advance by a mortgagee of an Approved Prior Mortgage upon the security of an Approved Prior Mortgage.

The Trustee also has certain positive obligations under the High LTV Policy, which, if breached, may entitle the mortgage insurer to refuse or reduce the amount of the claim with respect to a Mortgage Loan. These obligations include (but are not limited to):

- (i) paying any premium by the due date;
- (ii) not making any representation or statement (deemed or otherwise) in a proposal that is incorrect or a breach of the duty of disclosure;
- (iii) where a mortgage is not a first mortgage, taking such action as the mortgage insurer may require (at the mortgage insurer's expense) to oppose any application by any prior mortgagee for foreclosure against the borrower and the Trustee;
- (iv) ensuring the mortgage has been duly registered with the land titles office in the State or Territory in which the mortgaged property is situated;
- (v) ensuring the Mortgage Loan contract, any mortgage guarantee or any collateral security is duly stamped in each relevant State or Territory; and
- (vi) obtaining the prior written approval of the mortgage insurer of any additional advance made on the security of the mortgaged property.

In addition, the mortgage insurer may also make the following reductions:

- (xii) where a collateral security in relation to the Mortgage Loan is unenforceable, the amount which could have been recovered from that collateral security if it was enforceable;
- (xiii) where a valuer upon whose valuation the Trustee or its agent relied in respect of the Mortgage Loan was, in respect of or in connection with that valuation, negligent or in breach of a duty:
  - A. if at the time the valuation was provided the valuer was not approved by the mortgage insurer, the amount of the loss which resulted from the negligence or breach of duty of the valuer; and
  - B. if at the time the valuation was provided the valuer was approved by the mortgage insurer, where the valuer's liability is reduced on account of negligence on the part of the Trustee or its agent, the amount of the reduction of the valuer's liability on account of negligence on the part of the Trustee or its agent;

(d) **Exclusions**

The High LTV Policy does not cover any loss arising from:

- (i) an additional advance which has not been approved by the mortgage insurer in its absolute discretion and in respect of which any required additional premium has been paid;
- (ii) any amount paid to discharge a security which has priority over the mortgage other than an Approved Prior Mortgage;
- (iii) any war or warlike activities;
- (iv) the use, existence or escape of nuclear weapons or nuclear contamination;
- (v) any contamination of the mortgaged property;
- (vi) terrorism or terrorist activities;
- (vii) riot or civil commotion;
- (viii) termites or other insects or vermin;
- (ix) physical damage to the mortgaged property other than fair wear and tear;
- (x) the failure, malfunction or inadequacy of any computer hardware or software not belonging to the mortgage insurer;
- (xi) any amount of GST, fine, penalty or charge for which the Trustee is or becomes liable because of a failure to disclose or a misstatement made by anyone in relation to the Trustee's entitlement to an input tax credit;
- (xii) the fact that the Mortgage Loan or any collateral security is void or unenforceable; or
- (xiii) any failure of the Mortgage Loan, mortgage guarantee or collateral security to comply with any legislation including the requirements of the Consumer Credit Legislation.

(e) **Submission for Payment of Claims**

A claim for a loss in respect of a Mortgage Loan insured under the High LTV Policy must be lodged within 30 days after the Loss Date unless in its absolute discretion the mortgage insurer otherwise agrees. Where a claim is not lodged within 30 days after the Loss Date the claim shall be reduced for any loss and damage the mortgage insurer suffers by reason of the delay in lodgement of the claim.

## **10.10 Loans insured by Genworth Financial Mortgage Insurance Pty Limited**

GE Capital Mortgage Insurance Corporation (Australia) Pty Limited (“**GEMICO**”) commenced operations in March 1998 and was established by General Electric Company as a sister company to GE Mortgage Insurance Pty Ltd (“**GEMI**”). It was also a wholly owned subsidiary of GE Capital Australia.

Together GEMI and GEMICO insured all loans between 15 December 1997 and 31 March 2004. On 31 March 2004 the lenders mortgage insurance (“**LMI**”) businesses (including all

of the LMI policies written during such period) of GEMI and GEMICO were transferred to a new entity – GE Mortgage Insurance Company Pty Limited (“**Genworth GEMICO**”).

The transfer of the LMI policies was made pursuant to two separate schemes under the Insurance Act 1973 (Cwth) and approved by the Australian Prudential Regulation Authority and the Federal Court of Australia. One scheme effected the transfer of LMI policies issued by GEMI and the other scheme effected the transfer of LMI policies issued by GEMICO.

On or about 24 May 2004, Genworth GEMICO became a wholly owned subsidiary of a newly incorporated and U.S. domiciled entity, Genworth Financial, Inc. On 1 April 2013, an internal legal entity restructure was completed under which Genworth Financial, Inc. became a wholly owned subsidiary of a newly incorporated and U.S. domiciled holding entity, Sub XLVI, Inc. In connection with the restructure, Genworth Financial, Inc. changed its name to Genworth Holdings, Inc. and Sub XLVI, Inc. changed its name to Genworth Financial, Inc.

Genworth Financial, Inc. has its principal lenders mortgage insurance operations in the United States, United Kingdom, Canada and Australia. On 25 November 2005, Genworth GEMICO changed its name to Genworth Financial Mortgage Insurance Pty Limited (ABN 60 106 974 305). As of 14 January 2014, the Financial Strength Ratings for Genworth Financial Mortgage Insurance Pty Limited are AA- with Outlook Negative by S&P and A3 with Outlook Stable by Moody’s.

The principal place of business of Genworth Financial Mortgage Insurance Pty Limited is Level 26, 101 Miller Street, North Sydney, New South Wales, Australia.

## 10.11 The Interest Rate Swaps

### (a) Purpose of the Interest Rate Swaps

Collections in respect of interest on the variable rate Mortgage Loans will be calculated based on Commonwealth Bank of Australia’s administered variable rates.

Collections in respect of interest on the fixed rate Mortgage Loans will be calculated based on the relevant fixed rates.

However, the payment obligations of the Trustee on the Notes are calculated by reference to the relevant Bank Bill Rate.

To hedge these interest rate exposures, the Trustee will enter into a basis swap (“**Basis Swap**”) and a fixed rate swap in respect of mortgages charged a fixed rate (“**Fixed Rate Swap**”) with an Interest Rate Swap Provider.

The Basis Swap will apply in respect of interest received under any Mortgage Loan charged a variable rate of interest as at the Closing Date or which converts from a fixed rate to a variable rate after the Closing Date.

The Fixed Rate Swap will apply in respect of interest received under any Mortgage Loan charged a fixed rate as at the Closing Date or which converts from a variable rate to a fixed rate after the Closing Date.

Each of the Basis Swap and Fixed Rate Swap will be governed by a standard form ISDA Master Agreement, as amended by a supplementary schedule and confirmed by written confirmations in relation to each swap (the “**Interest Rate Swap Agreement**”). The initial Interest Rate Swap Provider will be Commonwealth Bank of Australia, Ground Floor, Darling Park, Tower 1, 201 Sussex Street, Sydney NSW 2000, Australia.

(b) **Basis Swap**

On each Distribution Date the Trustee will pay to the Interest Rate Swap Provider an amount calculated by reference to the interest payable by borrowers on the variable rate Mortgage Loans, during the relevant preceding Accrual Period and the income earned by the Series Trust on the Collections Account and any Authorised Short-Term Investments during that Accrual Period. In return, the Interest Rate Swap Provider will pay to the Trustee on each Distribution Date an amount calculated by reference to the aggregate principal amount outstanding of the relevant proportion of the variable rate Mortgage Loans at the last day of the Accrual Period preceding the previous Distribution Date and Bank Bill Rate plus a margin.

(c) **Fixed Rate Swaps**

The Trustee will enter into the Fixed Rate Swap with the Interest Rate Swap Provider to enable the Trustee to hedge the interest rate mismatch between the interest rates being charged on Mortgage Loans at a fixed rate and the payment obligations of the Trustee under the Notes.

The Fixed Rate Swap will have a notional amount in respect of each Distribution Date equal to the principal amount outstanding on the Mortgage Loans being charged a fixed interest rate as at the Determination Date falling within the previous Accrual Period (“**Fixed Rate Swap Notional Amount**”).

Under the Fixed Rate Swap the Trustee will pay to the Interest Rate Swap Provider on each Distribution Date an amount calculated by reference to the product of the Fixed Rate Swap Notional Amount for that Distribution Date and the weighted average of the fixed rates charged on the fixed rate Mortgage Loans as at the Determination Date falling within the previous Accrual Period.

The Interest Rate Swap Provider will in turn pay to the Trustee on each Distribution Date an amount calculated by reference to the product of the Fixed Rate Swap Notional Amount for that Distribution Date, the Bank Bill Rate for the relevant period and a margin. The margin over the Bank Bill Rate payable by the Interest Rate Swap Provider is fixed for the life of the Fixed Rate Swap and is a market based margin determined at the time the Fixed Rate Swap is entered into.

(d) **Downgrade of the Interest Rate Swap Provider**

In respect of the Fixed Rate Swap, in the case of Fitch Ratings, if at any time a Fitch Replacement Event (as defined in the Interest Rate Swap Agreement) has occurred and is subsisting, the Interest Rate Swap Provider must, at its own cost and within 30 days of that event (or such longer period as may apply in accordance with the Interest Rate Swap Agreement):

- (i) novate all of the Interest Rate Swap Provider’s rights and obligations under the Interest Rate Swap Agreement to a Fitch Eligible Replacement (as defined in the Interest Rate Swap Agreement); or
- (ii) arrange for the Interest Rate Swap Provider’s obligations under the Interest Rate Swap Agreement to be irrevocably guaranteed by a Fitch Eligible Replacement; or
- (iii) enter into such other arrangements in relation to its obligations under the Interest Rate Swap Agreement which the Manager is satisfied on a reasonable

basis that will not result in a downgrade, withdrawal or qualification of the then rating of the Notes.

In respect of the Fixed Rate Swap, in the case of S&P, if an S&P Replacement Event (as defined in the Interest Rate Swap Agreement) has occurred and is subsisting, the Interest Rate Swap Provider must use commercially reasonable efforts to, at its own cost and within 60 days of that event (or such other period as may apply in accordance the Interest Rate Swap Agreement):

- (i) novate all of the Interest Rate Swap Provider's rights and obligations under the Interest Rate Swap Agreement to an S&P Eligible Replacement (as defined in the Interest Rate Swap Agreement); or
- (ii) arrange for the Interest Rate Swap Provider's obligations under the Interest Rate Swap Agreement to be irrevocably guaranteed by an S&P Eligible Replacement; or
- (iii) enter into such other arrangements in relation to its obligations under the Interest Rate Swap Agreement which the Manager is satisfied on a reasonable basis that will not result in a downgrade, withdrawal or qualification of the then rating of the Notes,

in accordance with the terms of the Interest Rate Swap Agreement.

If the Interest Rate Swap Provider lodges cash collateral or any other collateral in accordance with the Interest Rate Swap Agreement with the Trustee, any interest or income on that cash collateral or interest or other income earned on any other collateral posted in accordance with the Interest Rate Swap Agreement will be paid to the Interest Rate Swap Provider. Any cash collateral lodged by the Interest Rate Swap Provider or any other collateral posted by the Interest Rate Swap Provider in accordance with the Interest Rate Swap Agreement with the Trustee will not form part of the Assets of the Series Trust, except to the extent the cash collateral or other posted collateral is available to the Trustee under the terms of the Interest Rate Swap Agreement, and will not be applied as part of the Available Income Amount or Available Principal Amount on a Distribution Date or be available to the Secured Creditors upon the enforcement of the Charge.

(e) **Early Termination of the Interest Rate Swaps**

The Interest Rate Swap Provider and the Trustee may terminate the Basis Swap or the Fixed Rate Swap in the following circumstances:

- (i) if, in the case of the Interest Rate Swap Provider, there is a payment default by the Trustee which is not remedied by 10.00 a.m. (Sydney time) on the 10th day after receiving notice from the Interest Rate Swap Provider of such failure to pay;
- (ii) if, in the case of the Trustee, there is a payment default by the Interest Rate Swap Provider which is not remedied by 10.00 a.m. (Sydney time) on the 10th day after notice from the Trustee of such failure to pay;
- (iii) if, in the case of the Trustee, the Interest Rate Swap Provider fails to take the action described above following a downgrade of its credit ratings;



- (iv) if due to a change in or a change in interpretation of law it becomes illegal for either party to make or receive payments, perform its obligations under any credit support document or comply with any other material provision of the Basis Swap or the Fixed Rate Swap. In these circumstances, each party must make certain efforts to transfer their rights and obligations to avoid this illegality. If those efforts are not successful then both the Trustee and the Interest Rate Swap Provider will have the right to terminate; or
- (v) if the Charge under the Security Trust Deed is enforced.

If the Trustee is not paid an amount owing to it by the Commonwealth Bank of Australia (as Interest Rate Swap Provider) under the Interest Rate Swap Agreement within 20 Business Days of its due date for payment (or such longer period as the Trustee may agree) this may result in a Perfection of Title Event. The Trustee may also have the right to terminate the Interest Rate Swap Provider in other circumstances, including if a credit support default occurs, if a force majeure event occurs or certain tax events occur.

(f) **Termination of Interest Rate Swaps**

Each of the Basis Swap and the Fixed Rate Swap terminates on the earlier of:

- (i) the date that all of the Notes have been redeemed in full; and
- (ii) the Termination Date for the Series Trust.

(g) **Replacement of terminated Interest Rate Swaps**

If the Basis Swap or the Fixed Rate Swap is terminated prior to its scheduled termination date, the Manager and the Trustee must endeavour to within 5 Business Days:

- (i) enter into one or more replacement swaps on terms and with a counterparty in respect of which the Manager has provided a Rating Affirmation Notice in relation to each Rating Agency; or
- (ii) enter into other arrangements in respect of which the Manager has provided a Rating Affirmation Notice in relation to each Rating Agency.

(h) **Other Fixed Rate Swaps**

The Trustee and the Interest Rate Swap Provider may agree to enter into separate fixed rate swaps in relation to one or more of the Mortgage Loans under which, on each Distribution Date, the Trustee will pay to the Interest Rate Swap Provider an amount calculated by reference to the fixed interest payable by borrowers on those Mortgage Loans on a proportion of those Mortgage Loans. In return the fixed rate swap provider will pay to the Trustee an amount calculated by reference to the respective Bank Bill Rate plus a margin.

In addition, if the Servicer offers interest rate cap products to borrowers, the Trustee and the fixed rate swap provider will enter into swaps to hedge the Trustee's risks in relation to such interest rate caps.

(i) **Break Costs for Fixed Rate Swaps**

If a borrower prepays a loan subject to a fixed rate of interest, or otherwise terminates a fixed rate period under a Mortgage Loan, the Trustee will normally be entitled to receive from the borrower a break cost.

A break cost is currently payable by the borrower to the Trustee where the terminated fixed rate under the Mortgage Loan is greater than the current equivalent fixed rate product offered by Commonwealth Bank of Australia for the remaining term of the Mortgage Loan. Under Commonwealth Bank of Australia's current policies and procedures, prepayments of up to \$10,000 in any 12 month period may be made by a borrower without incurring break costs, see Section 7.4(e) ("*Special Features of the Mortgage Loans*").

The method for calculation of break costs may change from time to time according to the business judgment of the Servicer.

## 10.12 Clean-Up

Commonwealth Bank of Australia will have the right to extinguish the Trustee's interest in the Mortgage Loan Rights, or to otherwise regain the benefit of the Mortgage Loan Rights on any Distribution Date occurring on or after the Call Date ("**Clean-Up Settlement Date**").

Commonwealth Bank of Australia may only exercise such a right by paying to the Trustee on the Clean-Up Settlement Date the Fair Market Value (as at the last day of the Collection Period ending immediately before the Clean-Up Settlement Date) of each Mortgage Loan ("**Clean-Up Settlement Price**"). However, Commonwealth Bank of Australia may not exercise its rights described in this Section 10.12 ("*Clean-Up*") unless the Clean-Up Settlement Price together with any other Assets of the Series Trust available to the Trustee will be sufficient to redeem in full (after paying all amounts ranking in priority to the Notes in accordance with Section 8.9 ("*Payment of the Available Income Amount on a Distribution Date*") and Section 8.12 ("*Payment of the Available Principal Amount on a Distribution Date*")) the Invested Amount (or Stated Amount, if the Trustee is permitted to redeem Notes at their Stated Amount) of the Notes together with, other than in the case of the Class C Notes, their accrued but unpaid interest to but excluding the Clean-Up Settlement Date.

## 10.13 Changes to Transaction Documents

Subject to the provisions described above in relation to amendments to the Master Trust Deed, the Series Supplement or the Security Trust Deed, the Trustee and the Manager may agree to amend any Transaction Document, and may enter into new Transaction Documents, after the relevant Notes have been issued and without the consent of Noteholders, provided that the Manager has provided a Rating Affirmation Notice in respect of each Rating Agency in relation to the proposed amendment or entry into a new Transaction Document (as applicable). In addition, the terms of the Interest Rate Swap Agreement allow the Manager and the Interest Rate Swap Provider (by agreement) to amend the credit support annexes to the Interest Rate Swap Agreement which contain provisions relating to the lodgment of cash collateral or other posted collateral by the Interest Rate Swap Provider and the other action that the Interest Rate Swap Provider is required to take following a downgrade of its credit ratings by a Rating Agency, to reflect changes to the requirements of each relevant Rating Agency, provided the Manager has provided a Rating Affirmation Notice in relation to each relevant Rating Agency.

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## 11 The Servicer

### 11.1 Servicing of the Mortgage Loans

Under the Series Supplement, Commonwealth Bank of Australia is appointed as the initial Servicer of the Mortgage Loans with a power to delegate to related companies within the Commonwealth Bank of Australia group. The day to day servicing of the Mortgage Loans will be performed by the Servicer at Commonwealth Bank of Australia's Group Lending Services, presently located in Sydney, Brisbane and Perth, and at the retail branches and telephone banking, Internet, Online Applications and marketing centres of Commonwealth Bank of Australia. Servicing procedures undertaken by Group Lending Services include partial loan security discharges, loan security substitutions and consents for subsequent mortgages as well as other day to day loan maintenance activities. Arrears management is undertaken by the collections area of the Commonwealth Bank of Australia. Customer enquiries are dealt with by the retail branches and telephone banking and marketing centres of Commonwealth Bank of Australia.

#### (a) Appointment and Obligations of Servicer

The Servicer is required to administer the Mortgage Loans in the following manner:

- (i) in accordance with the Series Supplement;
- (ii) in accordance with the Servicer's procedures manual and policies as they apply to those Mortgage Loans, which are under regular review and may change from time to time in accordance with business judgment and changes to legislation and guidelines established by relevant regulatory bodies; and
- (iii) to the extent not covered by the preceding paragraphs, in accordance with the standards and practices of a prudent lender in the business of originating and servicing retail home loans.

The Servicer's actions in servicing the Mortgage Loans are binding on the Trustee, whether or not such actions are in accordance with the Servicer's obligations. The Servicer is entitled to delegate its duties under the Series Supplement. The Servicer at all times remains liable for the acts or omissions of any delegate to the extent that those acts or omissions constitute a breach of the Servicer's obligations.

#### (b) Powers of Servicer

The function of servicing the Mortgage Loans is vested in the Servicer and it is entitled to service the Mortgage Loans to the exclusion of the Trustee. The Servicer has a number of express powers, which include the power:

- (i) to release a borrower from any amount owing where the Servicer has written-off or determined to write-off that amount or where it is required to do so by a court or other binding authority;
- (ii) subject to the preceding paragraph, to waive any right in respect of the Mortgage Loans and their securities, except that the Servicer may not increase the term of a Mortgage Loan beyond 30 years from its settlement date unless required to do so by law or by the order of a court or other binding authority or if, in its opinion, such an increase would be made or required by a court or other binding authority;

- (iii) to release or substitute any security for a Mortgage Loan in accordance with the relevant mortgage insurance policy;
- (iv) to consent to subsequent securities over a mortgaged property for a Mortgage Loan, provided that the security for the Mortgage Loan retains priority over any subsequent security for at least the principal amount and accrued and unpaid interest on the Mortgage Loan plus any extra amount determined in accordance with the Servicer's procedures manual and policies;
- (v) to institute litigation to recover amounts owing under a Mortgage Loan, but it is not required to do so if, based on advice from internal or external legal counsel, it believes that the Mortgage Loan is unenforceable or such proceedings would be uneconomical;
- (vi) to take other enforcement action in relation to a Mortgage Loan as it determines should be taken; and
- (vii) to compromise, compound or settle any claim in respect of a mortgage insurance policy or a general insurance policy in relation to a Mortgage Loan or a mortgaged property for a Mortgage Loan.

(c) **Undertakings by the Servicer**

The Servicer has undertaken, among other things, the following:

- (i) upon being directed by the Trustee following a Perfection of Title Event, it will promptly take all action required or permitted by law to assist the Trustee to perfect the Trustee's legal title to the Mortgage Loans and related securities;
- (ii) to make reasonable efforts to collect all moneys due under the Mortgage Loans and related securities and, to the extent consistent with the Series Supplement, to follow such normal collection procedures as it deems necessary and advisable;
- (iii) to comply with its material obligations under each mortgage insurance policy which is an Asset of the Series Trust;
- (iv) it will notify the Trustee if it becomes actually aware of the occurrence of any Servicer Default or Perfection of Title Event;
- (v) it will obtain and maintain all authorisations, filings and registrations necessary to properly service the Mortgage Loans;
- (vi) it will only consent to the creation of a security interest in favour of a party, other than the Trustee or the Seller, if by way of priority agreement or otherwise the Servicer ensures that the relevant mortgage will rank ahead in priority to the third party's interest on enforcement for an amount not less than the principal amount (plus accrued unpaid interest) outstanding on the mortgage loan plus such extra amount as is determined in accordance with the servicing guidelines; and
- (vii) subject to the provisions of the Australian Privacy Act and its duty of confidentiality to its clients, it will promptly make available to the Manager, the auditor of the Series Trust and the Trustee any books, reports or other oral or written information and supporting evidence of which the Servicer is

aware that they reasonably request with respect to the Series Trust or the Assets of the Series Trust or with respect to all matters in respect of the activities of the Servicer to which the Series Supplement relates.

(d) **Administer Interest Rates**

The Servicer must set the interest rates to be charged on the variable rate Mortgage Loans and the monthly instalment to be paid in relation to each Mortgage Loan. Subject to the next paragraph, while Commonwealth Bank of Australia is the Servicer, it must charge the same interest rates on the variable rate Mortgage Loans in the pool as it does for Mortgage Loans of the same product type which have not been assigned to the Trustee.

If a basis swap has been terminated while any Notes are outstanding then, unless the Trustee has entered into a replacement basis swap or other arrangements in respect of which the Manager has provided a Rating Affirmation Notice in relation to each Rating Agency, the Servicer must, subject to applicable laws, adjust the rates at which interest set-off benefits are calculated under the mortgage interest saver accounts and Everyday Offset accounts to rates which produce an amount of income which is sufficient to ensure that the Trustee has sufficient funds to comply with its obligations under the Transaction Documents as they fall due. If rates at which such interest set-off benefits are calculated have been reduced to zero and the amount of income produced by the reduction of the rates on the mortgage interest saver accounts and Everyday Offset accounts is not sufficient, the Servicer must ensure that the weighted average of the variable rates charged on the Mortgage Loans is sufficient, subject to applicable laws, including the Consumer Credit Legislation, assuming that all relevant parties comply with their obligations under the Mortgage Loans and the Transaction Documents, to ensure that the Trustee has sufficient funds to comply with its obligations under the Transaction Documents as they fall due.

(e) **Collections**

The Servicer will receive collections on the Mortgage Loans from borrowers. The Servicer must deposit any collections into the Collections Account within:

- (i) if the Servicer has a short term rating from S&P of “A-1” or higher, 5 Business Days; or
- (ii) if sub-paragraph (i) does not apply, 2 Business Days,

following its receipt. However if the Servicer is an Eligible Depository, the Collections Account is permitted to be maintained with the Servicer and if:

- (iii) the Servicer has a short term rating from S&P of “A-1” or higher, the Servicer is entitled to retain any Collections in respect of a Collection Period until 10.00am on the Business Day prior to the Distribution Date for that Collection Period; and
- (iv) the Servicer does not have a short term rating from S&P of “A-1” or higher, the Servicer is entitled to retain any Collections in respect of a Collection Period until 10.00am on the second Business Day following its receipt of those Collections (or such other time as agreed between the Manager and the Servicer and in respect of which the Manager has issued a Rating Affirmation Notice),

at which time it must deposit such Collections into the Collections Account, to the extent those Collections have not been applied during that Collection Period to reimburse the Seller for redraws and further advances as described in Section 8.17 (“*Redraws and Further Advances*”).

After the applicable period referred to above, the Servicer must deposit the collections into the Collections Account.

If collections are retained by the Servicer as described above where the Collections Account is maintained with the Servicer, the Servicer may retain any interest and Other Income Amounts derived from those collections but must when depositing the collections into the Collections Account also deposit interest on the collections retained equal to the interest that would have been earned on the collections if they had been deposited in the Collections Account within 5 Business Days of their receipt by the Servicer.

If, at any time the Servicer ceases to be an Eligible Depository and in the opinion of the Manager:

- (v) the scheduled receipts on the Mortgage Loans are such that a significantly disproportionate amount of the Collections scheduled to be received during a Collection Period is due from Borrowers on one or more days during that Collection Period; and
- (vi) the retention by the Servicer of such Collections as described in paragraph (ii) above may result in a downgrade, withdrawal or qualification of the then rating of the Notes by any Rating Agency,

the Manager will use its reasonable endeavours (which may include giving directions to the Trustee and other parties) to put in place arrangements for the purpose of ensuring that Collections (or amounts in respect of Collections) are remitted to the Collections Account when required in accordance with paragraph (ii) above or otherwise as required by the Series Supplement (“**Collections Arrangements**”).

The Manager may only put in place Collections Arrangements in respect of which it has issued a Rating Affirmation Notice, provided that no Collections Arrangements shall require any party to a Transaction Document to take any action which would breach any law, regulation, prudential standard or listing rule of any relevant stock exchange.

The Trustee is not obliged to obtain the consent of any Unitholder or any Noteholder or other Secured Creditor in order to enter into the Collections Arrangements, including where such Collections Arrangements require amendments to the Transaction Documents.

(f) **Servicing Compensation and Expenses**

The Servicer is entitled to a fee, payable monthly in arrears on each Distribution Date.

The Servicer’s fee may be varied by agreement between the Income Unitholder, the Manager and the Servicer provided that the Rating Agencies are notified and the Manager has first provided to the Trustee a Rating Affirmation Notice in respect of each Rating Agency in relation to the proposed variation.

The Servicer must pay from its own funds all expenses incurred in connection with servicing the Mortgage Loans except for certain specified expenses in connection with, amongst other things, the enforcement of any Mortgage Loan or its related securities, the recovery of any amounts owing under any Mortgage Loan or any amount repaid to a liquidator or trustee in bankruptcy pursuant to any applicable law, binding code, order or decision of any court, tribunal or the like or based on advice of the Servicer's legal advisers, which amounts are recoverable from the Assets of the Series Trust.

(g) **Liability of the Servicer**

The Servicer will not be liable for any loss incurred by any Noteholder, any creditor of the Series Trust or any other person except to the extent that such loss is caused by a breach by the Servicer or any delegate of the Servicer or any fraud, negligence or wilful default by the Servicer. In addition, the Servicer will not be liable for any loss in respect of a default in relation to a Mortgage Loan in excess of the amount outstanding under the Mortgage Loan at the time of default less any amounts that the Trustee has received or is entitled to receive under a mortgage insurance policy in relation to that Mortgage Loan.

(h) **Removal, Resignation and Replacement of the Servicer**

If the Trustee has determined that the performance by the Servicer of its obligations under the Series Supplement is no longer lawful and there is no reasonable action that the Servicer can take to remedy this, or a Servicer Default is subsisting, the Trustee must by notice to the Servicer immediately terminate the rights and obligations of the Servicer and appoint another bank or appropriately qualified organisation to act in its place.

A "Servicer Default" occurs if:

- (i) the Servicer fails to remit any collections or other amounts received within the time periods specified in the Series Supplement and that failure is not remedied within 5 Business Days, or such longer period as the Trustee may agree, of notice of that failure given by the Manager or the Trustee;
- (ii) the Servicer fails to prepare and transmit the information required by the Manager by the date specified in the Series Supplement and that failure is not remedied within 20 Business Days, or such longer period as the Trustee may agree, of notice of that failure given by the Manager or the Trustee and has or will have an Adverse Effect as reasonably determined by the Trustee;
- (iii) a representation, warranty or certification made by the Servicer in a Transaction Document or in any certificate delivered pursuant to a Transaction Document proves incorrect when made and has or will have an Adverse Effect as reasonably determined by the Trustee and is not remedied within 60 Business Days after receipt by the Servicer of notice from the Trustee requiring remedy;
- (iv) an Insolvency Event occurs in relation to the Servicer;
- (v) if the Servicer is the Seller and is acting as custodian, it fails to deliver all the mortgage documents to the Trustee following a document transfer event in accordance with the Series Supplement and does not deliver to the Trustee

the outstanding documents within 20 Business Days of receipt of a notice from the Trustee specifying the outstanding documents;

- (vi) the Servicer fails to adjust the rates on the mortgage interest saver accounts or Everyday Offset accounts or fails to maintain the required Threshold Rate on the Mortgage Loans following termination of a basis swap and that failure is not remedied within 20 Business Days of its occurrence; or
- (vii) the Servicer breaches its other obligations under a Transaction Document and that breach has or will have an Adverse Effect as reasonably determined by the Trustee and:
  - A. the breach is not remedied within 20 Business Days after receipt of notice from the Trustee or Manager requiring its remedy; and
  - B. the Servicer has not paid satisfactory compensation to the Trustee.

The Servicer will, within two Business Days after the Servicer becomes aware of any Servicer Default, give notice of such Servicer Default to the Trustee, the Manager and the Rating Agencies. The Manager will give notice or cause notice to be given of the Servicer Default to the Noteholders.

The Servicer indemnifies the Trustee in respect of all costs, damages, losses and expenses incurred by the Trustee as a result of any Servicer Default (including, without limitation, legal costs charged at the usual commercial rate of the relevant legal services provider and the costs of the transfer of the servicing functions to the new servicer) but excluding any costs, damages, losses and expenses which the Servicer is not liable or responsible for under the Series Supplement.

The Servicer may voluntarily retire if it gives the Trustee 3 months' notice in writing or such lesser period as the Servicer and the Trustee agree. Upon retirement the Servicer may appoint in writing any other corporation approved by the Trustee, acting reasonably. If the Servicer does not propose a replacement by one month prior to its proposed retirement, the Trustee may appoint a replacement.

Pending the appointment of a new Servicer, the Trustee will act as Servicer and will be entitled to the Servicer's fee.

The appointment of a new servicer is subject to:

- (i) the new servicer executing a deed under which it covenants to act as servicer in accordance with the Series Supplement and all other Transaction Documents to which the Servicer is a party;
- (ii) written notice by the Servicer to the Manager of the appointment; and
- (iii) the Manager first providing to the Trustee a Rating Affirmation Notice in relation to the proposed appointment of a new servicer.

Upon any retirement or termination of the Servicer, or appointment of a new servicer, the Trustee will give or cause to be given notice of that retirement, termination or appointment to the Manager, the Noteholders and the Rating Agencies.

The Servicer and the Manager agree to provide their full co-operation with the transfer of the servicing functions to a new servicer. The Servicer and Manager must, subject to Australian privacy legislation and the Servicer's duty of confidentiality to



its customers under general law or otherwise, provide the new servicer with copies of all paper and electronic files, information and other materials as the Trustee or the new servicer may reasonably request within 90 days of the removal of the Servicer.

The Servicer's duties and obligations under the Series Supplement continue until the date of the Servicer's retirement or removal as Servicer under the Series Supplement.

## 11.2 Custody of the Mortgage Loan Documents

### (a) Document Custody

The Servicer will act as custodian in relation to all documents relating to the Mortgage Loans, the Seller's securities and, where applicable, the certificates of title to property subject to those securities, until a transfer of the Mortgage Loan documents to the Trustee as described below. The Servicer may appoint another party to hold documents relating to the Mortgage Loans on behalf of the Servicer ("**Sub-Custodian**"). If the Servicer appoints a Sub-Custodian, the Servicer will remain liable for the performance (or non-performance) of the Servicer's duties and responsibilities as custodian in relation to the Series Trust under the Transaction Documents. The Servicer (and not the Trustee) will also be solely responsible for the payment of the fees and expenses of any Sub-Custodian.

### (b) Responsibilities as Custodian

The Servicer's duties and responsibilities as custodian include:

- (i) holding the Mortgage Loan documents in accordance with its standard safe keeping practices and in the same manner and to the same extent as it holds its own documents;
- (ii) marking and segregating the security packages containing the Mortgage Loan documents in a manner to enable easy identification by the Trustee when the Trustee is at the premises where the Mortgage Loan documents are located with a letter provided by the Seller explaining how those security packages are marked or segregated;
- (iii) maintaining reports on movements of the Mortgage Loan documents;
- (iv) providing to the Trustee prior to the Closing Date and quarterly thereafter a file containing certain information in relation to the storage of the Mortgage Loan documents and the borrower, mortgaged property and Mortgage Loan account number in relation to each Mortgage Loan; and
- (v) curing any deficiencies noted by the auditor in a document custody audit report.

### (c) Audit

The Servicer will be audited by the auditor of the Series Trust on an annual basis in relation to its compliance with its obligations as custodian of the Mortgage Loan documents and will be instructed to provide a document custody audit report. The document custody audit report will grade the Servicer from "A" (good) to "D" (adverse). If the Servicer receives an adverse document custody audit report, the Trustee must instruct the auditor to conduct a further document custody audit report.

(d) **Transfer of Mortgage Loan Documents**

If:

- (i) an adverse document custody audit report is provided by the auditor and a further report, conducted no earlier than one month nor later than two months after the first report, is also an adverse report; or
- (ii) the Trustee replaces Commonwealth Bank of Australia as the Servicer when entitled to do so,

the Servicer, upon notice from the Trustee, must transfer or procure transfer custody of the Mortgage Loan documents to the Trustee. This obligation will be satisfied if the Servicer delivers the Mortgage Loan documents in relation to 90% by number of the Mortgage Loans within 5 Business Days of that notice and the balance within 10 Business Days of that notice.

If the Servicer does not transfer or procure transfer custody of the Mortgage Loan documents as outlined above and the Trustee is not satisfied that the Servicer has used its best endeavours to do so, the Trustee must within a reasonable period:

- (i) execute and lodge caveats in respect of all land or mortgages for which all Mortgage Loan documents in respect of the Series Trust have not been delivered; and
- (ii) initiate legal proceedings to take possession of the Mortgage Loan documents that have not been delivered.

In addition, if:

- (i) the Trustee declares that a Perfection of Title Event has occurred other than a Servicer Default referred to in Section 1.1(h) (“*Servicing of the Mortgage Loans*”); or
- (ii) the Trustee considers in good faith that a Servicer Default has occurred as a result of a breach of certain of the Servicer’s obligations which has or will have an Adverse Effect which is not remedied within the required period, and the Trustee serves a notice on the Servicer identifying the reasons why it believes that has occurred,

the Servicer must, immediately following notice from the Trustee, transfer or procure transfer of custody of the mortgage documents to the Trustee. The Trustee may commence legal proceedings to obtain possession of the mortgage documents relating to the Series Trust.

The Servicer, as custodian, is not required to deliver Mortgage Loan documents that are deposited with a solicitor acting on behalf of the Servicer, a land titles office, a stamp duty office or a governmental agency or are lost but must provide a list of these to the Trustee and deliver them upon receipt or take steps to replace them, as applicable.

(e) **Reappointment of Servicer as Custodian**

The Trustee may, following a transfer of Mortgage Loan documents, reappoint the Servicer as custodian of the Mortgage Loan documents provided that the Rating

Agencies confirm that this will not cause a reduction, qualification or withdrawal in the credit rating of any Note.

(f) **Indemnity**

The Servicer as custodian will indemnify the Trustee against all loss, costs, damages, charges and expenses incurred by the Trustee:

- (i) as a result of the Servicer as custodian (or any Sub-Custodian, as applicable) failing to transfer custody of the Mortgage Loan documents after the issuance of the further adverse audit report referred to above;
- (ii) in connection with the Trustee taking the action to lodge caveats and taking legal proceedings to take possession of the Mortgage Loan documents that have not been delivered;
- (iii) in connection with the Trustee taking legal proceedings to take possession of the Mortgage Loan documents following the failure of the Servicer as custodian (or any Sub-Custodian, as applicable) to deliver the Mortgage Loan documents as required after a Perfection of Title Event.

### **11.3 Commonwealth Bank of Australia - Collection and Enforcement Procedures**

Pursuant to the terms of the Mortgage Loans, borrowers must make the minimum repayment due under the terms and conditions of the Mortgage Loans, on or before each monthly instalment due date. A borrower may elect to make his or her repayments weekly or fortnightly so long as the equivalent of the minimum monthly repayment is received on or before the monthly instalment due date. Borrowers often select repayment dates to coincide with receipt of their salary or other income. In addition to payment to a retail branch by cash or cheque, Mortgage Loan repayments may be made by direct debit to a nominated bank account or direct credit from the borrower's salary by their employer.

A Mortgage Loan is subject to action in relation to arrears of payment whenever the monthly repayment is not paid by the monthly instalment due date. However, under the terms of the Mortgage Loans, borrowers may prepay amounts which are additional to their required monthly repayments to build up a "credit buffer", being the difference between the total amount paid by them and the total of the monthly repayments required to be made by them. If a borrower subsequently fails to make some or all of a required monthly repayment, the servicing system will apply the amount not paid against the credit buffer until the total amount of missed payments exceeds the credit buffer. The Mortgage Loan will be considered to be arrears only in relation to that excess.

Commonwealth Bank of Australia's automated collections system identifies all Mortgage Loan accounts which are in arrears and produces lists of those Mortgage Loans. The collection system allocates overdue loans to designated collection officers within Commonwealth Bank of Australia who take action in relation to the arrears.

Actions taken by Commonwealth Bank of Australia in relation to delinquent accounts will vary depending on a number of elements, including the following and, if applicable, with the input of a mortgage insurer:

- (i) arrears history;
- (ii) equity in the property; and
- (iii) arrangements made with the borrower to meet overdue payments.

If satisfactory arrangements cannot be made to rectify a delinquent Mortgage Loan, legal notices are issued and recovery action is initiated by Commonwealth Bank of Australia. This includes, if Commonwealth Bank of Australia obtains possession of the mortgaged property, ensuring that the mortgaged property supporting the Mortgage Loan still has adequate general home owner's insurance and that the upkeep of the mortgaged property is maintained. Recovery action is arranged by experienced collections staff in conjunction with internal or external legal advisers. A number of sources of recovery are pursued including the following:

- (i) voluntary sale by the mortgagor;
- (ii) guarantees;
- (iii) government assistance schemes;
- (iv) mortgagee sale;
- (v) claims on mortgage insurance; and
- (vi) action against the mortgagor/borrower personally.

It should be noted that the Commonwealth Bank of Australia reports all actions that it takes on overdue Mortgage Loans to the relevant mortgage insurer where required in accordance with the terms of the mortgage insurance policies.

#### **11.4 Collection and Enforcement Process**

When a Mortgage Loan becomes delinquent a reminder letter is issued to the borrower to seek full and immediate clearance of all arrears. When this letter is sent depends on the risk profile of the account, but this will generally be in the first seven days. In the absence of successful contact, a phone call is made to the borrower. If the Mortgage Loans have a direct debit payment arrangement and there are sufficient funds available, a sweep of the nominated account is made to rectify the arrears.

If an arrangement has not been entered into to rectify the arrears, a default notice is sent advising the borrower that if the matter is not rectified within a period of 30 days, Commonwealth Bank of Australia is entitled to commence enforcement proceedings without further notice. The days delinquent that the notice is sent is dependent on the risk profile of the account. Generally, a default notice will be sent by day 60. Normally a further notice will be issued to a borrower on an account which is 90 days delinquent advising the borrower that failure to comply within 30 days will result in Commonwealth Bank of Australia exercising its power of sale. At 120 days delinquent, a letter of demand and notice to vacate is issued to the borrower, followed by a statement of claim at 150 days delinquent.

Service of a statement of claim is the initiating process in the relevant Supreme Court.

Once a borrower is served with a statement of claim, the borrower is given up to 40 days to file a notice of appearance and defence and, failing this, Commonwealth Bank of Australia will apply to the court to have judgment entered in its favour. Commonwealth Bank of Australia will then apply for a writ of possession whereby the sheriff will set an eviction date. Appraisals and valuations are ordered and a reserve price is set for sale by way of public auction, tender or private treaty. These time frames assume that the borrower has either taken no action or has not honoured any commitments made in relation to the delinquency to the satisfaction of the Commonwealth Bank of Australia and the mortgage insurer.

It should also be noted that Commonwealth Bank of Australia's ability to exercise its power of sale on the mortgaged property is dependent upon the statutory restrictions of the relevant

state or territory as to notice requirements. In addition, there may be factors outside the control of the mortgagee such as whether the mortgagor contests the sale and the market conditions at the time of sale. These issues may affect the length of time between the decision of Commonwealth Bank of Australia to exercise its power of sale and final completion of the sale.

The collection and enforcement procedures may change from time to time in accordance with business judgment and changes to legislation and guidelines established by the relevant regulatory bodies.

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## 12 Taxation considerations

*The following is a summary of some of the material Australian tax consequences under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, “Australian Tax Act”) of the purchase, ownership and disposition of the Class A Notes, the Class B Notes and the Class C Notes by Noteholders who purchase those Notes on original issuance at the stated offering price and do not hold those Notes as trading stock. It is not exhaustive and, in particular, does not deal with the position of certain classes of Noteholders (including, dealers in securities, custodians or other third parties who hold Class A Notes, Class B Notes or Class C Notes on behalf of any Noteholders).*

*The following summary is a general guide and should be treated with appropriate caution. It is not intended to be, and should not be construed as, legal or tax advice and does not take into account the position of any particular prospective Noteholder. Each prospective Noteholder should consult his or her own tax advisors concerning the tax consequences, in their particular circumstances, of the purchase, ownership and disposition of the Class A Notes, Class B Notes or Class C Notes.*

### 12.1 Tax Issues for the Series Trust

The Series Trust will form part of a consolidated group for Australian income tax purposes. Under consolidation, the head company of the consolidated group has the liability to pay the income tax of the group. Further comments on consolidation are in Section 12.4(a) below.

### 12.2 Interest Withholding Tax

#### (a) Australian interest withholding tax

Division 11A of Part III of the Income Tax Assessment Act 1936 imposes interest withholding tax (“IWT”) on debt securities at a rate of 10% of the gross amount of interest paid by the Trustee to a non-resident of Australia (other than a non-resident holding the debt securities in carrying on business at or through a permanent establishment in Australia) and a resident holding the debt securities in carrying on business outside Australia at or through a permanent establishment in that country unless an exemption is available. For these purposes, interest is defined in section 128A(1AB) of the Australian Tax Act to include amounts in the nature of, or in substitution for, interest and certain other amounts.

#### (b) Notes will not be issued in accordance with section 128F of the Australian Tax Act

The Trustee **does not** intend to issue the Class A1 Notes, Class B Notes and Class C Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

#### (c) Exemptions under double tax treaties

The Australian Government has signed new or amended double tax treaties with a number of countries (each a “**Specified Country**”) which contain certain exemptions from IWT.

In broad terms, those treaties prevent IWT being imposed on payments of interest derived by either:

- (i) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; or
- (ii) a “financial institution” which is a resident of a “Specified Country” and which is unrelated to and dealing wholly independently with the Australian Trustee. The term “financial institution” refers to either a bank or any other form of enterprise which substantially derives its profits by carrying on a business of raising and providing finance. (However, interest under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption.)

Specified Countries include the United States, the United Kingdom, France, Finland Norway, Japan, New Zealand, and South Africa.

The Australian Federal Treasury maintains a listing of Australia’s double tax treaties which provides details of country, status, withholding tax rate limits and Australian domestic implementation which is available to the public through the Treasury’s website.

(d) **No payment of additional amounts**

If the Trustee 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 Notes, the Trustee is not obliged to pay any additional amounts in respect of such deduction or withholding.

### 12.3 Other tax matters that are relevant to Noteholders

Discussed below is a general discussion of certain matters that are relevant to Noteholders, under Australian laws as presently in effect.

(a) **Non-Australian Noteholders**

- (i) *income tax* - payments of interest (as defined in section 128A(1AB) of the Australian Tax Act) to a Noteholder of the Notes, who is a non-resident of Australia and who, during the taxable year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, will be subject to IWT, unless an exemption applies;
- (ii) *gains on disposal of Notes* - a Noteholder of the Notes, who is a non-resident of Australia and who, during the taxable year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income tax on gains realised during that year on sale or redemption of the Notes, provided such gains do not have an Australian source. A gain arising on the sale of Notes by a non-Australian resident Noteholder to another non-Australian resident where the Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia would not be expected to have an Australian source. In certain cases, a non-resident Noteholder may be able to claim a treaty exemption in relation to Australian sourced gains if there is a relevant double tax treaty; and
- (iii) *additional withholdings from certain payments to non-residents* - Section 12-315 of Schedule 1 to the Taxation Administration Act 1953 of Australia (“**Taxation Administration Act**”) gives the Governor-General power to

make regulations requiring withholding from certain payments to non-residents. However, Section 12-315 expressly provides that the regulations will not apply to interest and other payments which are treated as interest under the IWT rules or specifically exempt from those rules. Further, regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations that have so far been promulgated under Section 12-315 prior to the date of this Information Memorandum are not applicable to any payments in respect of the Notes. Any further regulations also should not apply to repayments of principal under the Notes, as, in the absence of any issue discount, such amounts will generally not be reasonably related to assessable income. The possible application of any future regulations to the proceeds of any sale of the Notes will need to be monitored.

(b) **Australian Noteholders**

- (i) *income tax* - Australian residents or non-Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia (“**Australian Noteholders**”), will be assessable for Australian tax purposes on income either received or accrued due to them in respect of the Notes. Whether income will be recognised on a cash receipts or accruals basis will depend upon the tax status of the particular Noteholder and the terms and conditions of the Notes. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located and any interest payments under the Notes to such Noteholders will generally be subject to IWT, unless an exemption applies; and
- (ii) *gains on disposal of Notes* - Australian Noteholders will be required to include any gain or loss on disposal of the Notes in their taxable income. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located.

(c) **General**

- (i) *deemed interest* - there are specific rules that can apply to treat a portion of the purchase price of Notes as interest for IWT purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold by a non-Australian Noteholder to an Australian resident (who does not acquire them in the course of carrying on business at or through a permanent establishment outside Australia) or a non-resident who acquires them in the course of carrying on business at or through a permanent establishment in Australia. If the Notes are not issued at a discount and do not have a maturity premium, these rules should not apply to the Notes;
- (ii) *mutual assistance in the collection of debts* - the Commissioner of Taxation has some powers to collect a taxation debt on behalf of certain foreign taxation authorities if formally requested to do so, or to take conservancy measures to ensure the collection of that debt. Conservancy is concerned



with preventing a taxpaying entity from dissipating their assets when they have a tax related liability. The provisions also treat Australian tax debts collected and remitted to Australia by a foreign tax authority as tax debts collected in Australia. In certain circumstances, any foreign tax liabilities of a non-resident Noteholder of the Notes the subject of the measures may be collected by Australia on behalf of another country;

- (iii) *other withholding taxes on payments in respect of Notes* - Section 12-140 of Schedule 1 to the Taxation Administration Act imposes a type of withholding tax at the rate of (currently) 46.5% (with an increase to 47% in respect of assessments for the 2014-2015 income year and later income years) on the payment of interest on certain registered securities unless the relevant payee has quoted an Australian tax file number (“TFN”) or an Australian Business Number (“ABN”) (in certain circumstances) or provided proof of some other exemption (as appropriate);
- (iv) *debt/equity rules* – Division 974 of the Australian Tax Act contains tests for characterising debt (for all entities) and equity (for companies) for Australian tax purposes, including for the purposes of dividend withholding tax and IWT. The Trustee intends to issue Notes which should not be characterised as equity interests for the purposes of the tests contained in Division 974. Accordingly, Division 974 is unlikely to affect the Australian tax treatment of holders of Notes;
- (v) *taxation of foreign exchange gains and losses* - Divisions 230, 775 and 960 of the Australian Tax Act, together with related regulations, contain rules to deal with the taxation consequences of foreign exchange transactions. As all payments under the Notes will be in Australian dollars, these rules should not apply to the Australian Noteholders;
- (vi) *death duties* - no Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death;
- (vii) *stamp duty and other taxes* - no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Notes; and
- (viii) *supply withholding tax* - payments in respect of the Notes can be made free and clear of the “supply withholding tax” imposed under Section 12-190 of Schedule 1 to the Taxation Administration Act; and
- (ix) *goods and services tax* - The receipt of the Notes will not give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore non-resident subscriber) a GST-free supply.

(d) **Taxation of Financial Arrangements**

The Australian Tax Act contains tax-timing rules for certain taxpayers to bring to account gains and losses from “financial arrangements”. The rules do not alter the rules relating to the imposition of IWT.

In addition, the rules do not apply to certain taxpayers or in respect of certain short term “financial arrangements”. They should not, for example, generally apply to

Noteholders which are individuals and certain other entities (eg certain superannuation entities and managed investment schemes) which do not meet various turnover or asset thresholds, unless they make an election that the rules apply to their “financial arrangements”. Potential Noteholders should seek their own tax advice regarding their own personal circumstances as to whether such an election should be made.

## 12.4 Other tax matters that are relevant to the Series Trust

### (a) Tax Consolidation Rules

Under the tax consolidation rules, the Series Trust will be a member of a consolidated group. Under consolidation, the transactions entered into by the members of the consolidated group are effectively ignored for certain income tax purposes and attributed to the head company. The head company has the liability to pay the income tax of the group. However, if the head company fails to make a relevant tax payment promptly, then there is (prima facie) joint and several liability on all group members to pay that tax, unless there is a “valid” tax sharing agreement. The Series Trust will be party to a tax sharing agreement and such agreement is expected to be considered to be “valid” tax sharing agreement for these purposes.

### (b) Goods and Services Tax

The issue of the Notes will not give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore non-resident subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest by the Series Trust, nor the disposal of the Notes, would give rise to any GST liability on the part of the Series Trust.

The supply of some services made to the Series Trust may give rise to a liability for GST on the part of the relevant service provider.

In relation to the acquisition of these taxable services by the Series Trust:

- (i) in the ordinary course of business, the service provider would charge the Series Trust an additional amount on account of GST unless the agreed fee is already GST-inclusive.
- (ii) assuming that the Series Trust exceeds the financial acquisitions threshold for the purposes of Division 189 of the GST Act, which is likely to be the case, the Series Trust would be entitled to full input tax credits to the extent that the acquisition relates to a GST-free supply (i.e. where the subscriber is an offshore non-resident) and the Series Trust would not be entitled to a full input tax credit from the ATO to the extent that the acquisition relates to:
  - A. the Series Trust’s input taxed supply of issuing Notes (ie Notes issued to:
    - (aa) Australian residents; or
    - (bb) to non-residents acting through a fixed place of business in Australia); and
  - B. the acquisition by the Series Trust of the Mortgage Loans.

In the case of acquisitions which relate to the making of supplies where the Series Trust would not be entitled to full input tax credits, the Series Trust may still be entitled to a “reduced input tax credit” (“RITC”) in relation to certain acquisitions prescribed in the GST regulations, but only where the Series Trust is the recipient of the taxable supply and the Series Trust either provides or is liable to provide the consideration for the taxable supply. A RITC is equivalent to 75% of the GST payable by the Trustee and Security Trustee respectively. The availability of RITCs will reduce the expenses of the Trust.

- (iii) Where services are provided to the Series Trust by an entity comprising an associate of the Series Trust for income tax purposes, those services are provided for nil or less than market value consideration, and the Series Trust would not be entitled to a full input tax credit, the relevant GST (and any input tax credit) would be calculated by reference to the market value of those services. The associate may be entitled to recover the GST calculated by reference to the market value of the services from the Series Trust. Depending on the nature of the services supplied the Series Trust, if the associate charges the Series Trust GST in relation to those services, the Series Trust may be entitled to partly recover the GST charged to it as a “reduced input tax credit”.

In the case of supplies performed outside Australia for the purposes of the Series Trust’s business, these may attract a liability for Australian GST if they are supplies of a kind which would have been taxable if they occurred in Australia and if the Series Trust would not have been entitled to a full input tax credit if the supply had been performed in Australia. This is known as the “reverse charge” rule. Where the rule applies, the liability to pay GST to the ATO falls not on the supplier, but on the Series Trust.

Where services are performed offshore for the Series Trust and the supplies relate solely to the issue of Notes by the Series Trust to Australian non-residents who subscribe for the Notes through a fixed place of business outside Australia, the “reverse charge” rule should not apply to these offshore supplies. This is because the Series Trust would have been entitled to a full input tax credit for the acquisition of these supplies if the supplies had been performed in Australia, as the supplies would be GST-free and not taxable.

(c) **Proposed reforms to taxation of trusts**

On 16 December 2010, the Assistant Treasurer to the former Government issued Media Release No. 0.25 of 2010 in relation to the taxation of trusts. As a follow on from this release, a consultation paper was released on options for modernising the taxation of trusts on 21 November 2011 (refer to the Assistant Treasurer’s Media Release No. 155 of 2011). The consultation paper explores the impediments to the effective operation of the trust income tax provisions in Division 6 of Part III of the Australian Tax Act and highlights options for reform.

In July 2012, the former Government announced that the proposed start date for the reform/rewrite of the trust taxation rules in Division 6 will be 1 July 2014 (rather than 1 July 2013).

The former Government released an options paper for the proposed reforms to the scope of the trust taxation rules on 24 October 2012. The options paper contains proposed models for how trust taxation will operate, and poses questions to

stakeholders regarding how certain aspects of those models should operate. The options paper does not provide any further guidance with respect to the timing of the reforms.

Since its election in September 2013, the current Government has announced its approaches to a number of tax measures proposed by the former Government (see Media Release dated 6 November 2013, titled “Restoring integrity in the Australian tax system” and Media Release dated 14 December 2013 entitled “Integrity restored to Australia’s taxation system”). However, neither announcement specifically addresses the proposed rewrite of Division 6. It is not currently expected that the outcome of the reforms of the taxation of trusts should adversely affect the tax treatment of the Series Trust. However, the development of any new laws should be monitored.

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## 13 Ratings of the Notes

The issuance of the Class A1 Notes will be conditioned on obtaining ratings of AAA(sf) by S&P and AAAsf by Fitch Ratings. The issuance of the Class B Notes will be conditioned on obtaining ratings of A(sf) by S&P and Asf by Fitch Ratings. You should independently evaluate the security ratings of each Class of Notes from similar ratings on other types of securities. A security rating is not a recommendation to buy, sell or hold securities. A rating does not address the market price or suitability of the Notes for an investor. A rating may be subject to revision or withdrawal at any time by the Rating Agencies. The rating does not address the expected schedule of principal repayments other than to say that principal will be returned no later than the Final Maturity Date of the Notes. None of the Rating Agencies have been involved in the preparation of this Information Memorandum.

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## 14 Selling Restrictions

### 14.1 Introduction

No action has been taken by the Trustee or the Lead Manager which would or is intended to permit a public offer of the Class A1 Notes, the Class B Notes or the Class C Notes (together the “**Relevant Notes**”) in any country or jurisdiction where action for that purpose is required. Neither this Information Memorandum nor any other circular, prospectus, form of application, advertisement or other material may be distributed in or from or published in any country or jurisdiction except under circumstances which will result in compliance with applicable laws and regulations.

### 14.2 US Selling Restrictions

The Relevant Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (“**Securities Act**”) and the Trustee has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended (“**Investment Company Act**”). An interest in the Relevant Notes may not be offered or sold within the United States or to, or for the account or benefit of, a “U.S. person” (as defined in Regulation S under the Securities Act (“**Regulation S**”)) at any time except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act.

### 14.3 Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Relevant Notes has been or will be lodged with ASIC and:

- (a)
  - (i) no invitation or offer, directly or indirectly, of the Relevant Notes has been or will be made for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
  - (ii) no Information Memorandum or any other offering material or advertisement relating to any Relevant Notes in Australia may be distributed or published; and
- (b) any person to whom Relevant Notes (or an interest in them) are issued or sold must not, make such an offer or distribute or publish any such document,

unless, in either case:

- (i) either (x) the minimum aggregate consideration payable by each offeree or invitee on acceptance of the offer is at least A\$500,000 (or its equivalent in an alternate currency) (disregarding monies lent by the offeror or its associates), (y) the offer is to a professional investor for the purposes of section 708 of the Corporations Act, or (z) the offer does not otherwise require disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act;
- (ii) the offer or invitation does not constitute an offer to a Retail Client;
- (iii) such action complies with other applicable laws and directives in Australia (including, without limitation the financial services licensing requirements of the Corporations Act); and

- (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

#### 14.4 Japan

The Relevant Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No.25 of 1948) as amended and reviewed (the “**Financial Instruments and Exchange Law**”) and, accordingly, no person may offer or sell any Relevant Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity having its principal office in Japan or organised under the laws of Japan. Any branch or office in Japan of a non-resident will be deemed to be a resident for the purpose whether such branch or office has the power to represent such non-resident), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ordinances promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time.

#### 14.5 European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) no person may make an offer of Relevant Notes to the public in that Relevant Member State other than:

- (a) to any legal entity which is a “qualified investor” as defined in the Prospective Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant dealer or dealers nominated by the Trustee 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 Relevant Notes referred to in (a) to (c) above shall require the Trustee or any dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Relevant Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Relevant Notes to be offered so as to enable an investor to decide to purchase or subscribe the Relevant Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State. The expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments hereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU. The expression “**European Economic Area**” means the European Union. The expression “**Member State of the European Economic Area**” means any Member State of the European Union.

## 14.6 The United Kingdom

In relation to each Class of Relevant Notes, each person subscribing for the Relevant Notes:

- (a) may only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Relevant Notes in circumstances in which section 21(1) of the FSMA does not or would not, if the Trustee was not an authorised person, apply to the Series Trust; and
- (b) must comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Relevant Notes in, from or otherwise involving the United Kingdom.



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## **15 Listing on a stock exchange**

### **15.1 Application for Listing**

As at the Preparation Date, Securitisation Advisory Services Pty Limited, as Manager, intends to apply to list the Class A1 Notes on the Australian Securities Exchange. However, if such an application is made, there can be no assurance that such listing will be granted and accordingly the issuance and settlement of the Notes on the Closing Date is not conditional on the listing of the Class A1 Notes on the Australian Securities Exchange or any other stock exchange. Perpetual Trustee Company Limited will not be taken to have authorised or made any such application for listing. The Class B Notes, the Class C Notes, the Class A1-R Notes and the Redraw Notes (if any) have not been, and will not be, admitted to listing or to trading on any stock exchange.

### **15.2 Additional Information**

If and for so long as any Class A1 Notes are listed on a stock exchange and the rules of that stock exchange so require, copies of notices to holders of the Class A1 Notes must be forwarded in final form to the that stock exchange, no later than the day of dispatch and copies of any Transaction Documents required to be made publicly available will be made available during normal business hours at the registered office of the Manager for the purposes of listing on that stock exchange.

If any application is made for listing of Class A1 Notes on a stock exchange, the Manager will undertake that, for as long as any of the Class A1 Notes are listed on the stock exchange, it will, if required under the rules of the relevant stock exchange, notify that stock exchange of any material amendment to any Transaction Document and if any party to any Transaction Document resigns or is replaced, together with details of any relevant replacement party.

Except for the transactions described in this Information Memorandum relating to the issuance of the Notes, as at the date of this Information Memorandum the Series Trust has not commenced operations and no financial statements relating to the Series Trust have been prepared.

The Series Trust was established on 24 April 2014 in the State of New South Wales, Australia by the Trustee, the Manager, Commonwealth Bank of Australia as the Servicer and the Seller, executing a series supplement and the Manager settling A\$100 on the Trustee. The Series Trust is governed by the laws of New South Wales, Australia. The Series Trust is a special purpose entity established to issue Notes, to apply the proceeds thereof to acquire the Mortgage Loans from the Seller and to hold the Mortgage Loans in accordance with the Transaction Documents.

As at the date of this Information Memorandum, the Series Trust has no borrowings or indebtedness and there has been no change in the capitalisation of the Series Trust since it was established.

The Trustee is not involved in any litigation, arbitration or governmental proceedings which may have, or have had during the 12 months preceding the date of this Information Memorandum, a significant effect on the Trustee's financial position nor, as far as the Trustee is aware, are any such litigation, arbitration or governmental proceedings pending or threatened.

From the date of creation of the Series Trust, to the date of issue of the Class A1 Notes, the Trustee will not, in its capacity as trustee of the Series Trust, carry on any business. The

Series Trust is not required by Australian law and does not intend to publish annual reports and accounts, and no accounts with respect to the Series Trust have been prepared prior to the date of this Information Memorandum.

The Manager is the administrator of the Series Trust. The Manager can be contacted on +61 2 9118 7214. The Trustee can be contacted on + 61 2 9229 9000.

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## 16 Transaction Documents

The documents referred to below are the Transaction Documents in respect of the Series Trust:

- (a) the Master Trust Deed between the Trustee and the Manager, dated 8 October 1997 (as amended);
- (b) the Series Supplement between the Trustee, the Manager, Commonwealth Bank of Australia (as the Seller and the Servicer), dated 24 April 2014;
- (c) the Security Trust Deed between the Trustee, the Manager, the Security Trustee, dated 24 April 2014;
- (d) the Liquidity Facility Agreement between the Trustee, the Manager and the Liquidity Facility Provider, dated 24 April 2014;
- (e) the basis swaps and fixed rate swaps between the Trustee, the Manager, the Basis Swap Provider and the Fixed Rate Swap Provider dated 24 April 2014, entered into pursuant to the ISDA Master Agreement, related schedule and each credit support annex between the Trustee, the Manager, the Basis Swap Provider and the Fixed Rate Swap Provider dated as of 24 April 2014;
- (f) the Dealer Agreement between the Trustee, the Manager, J.P. Morgan and Commonwealth Bank of Australia dated 24 April 2014; and
- (g) the Subscription Agreement between the Trustee, the Manager, J.P. Morgan and each person identified therein as a subscriber dated 24 April 2014.

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## 17 Glossary

<b>Accrual Period</b>	This is described in Section 8.4 (“ <i>Key Dates and Periods</i> ”).
<b>Accrued Interest Adjustment</b>	means the amount of interest accrued on the Mortgage Loans for, and any fees in relation to the Mortgage Loans falling due for payment during, the period commencing on and including the date on which interest is debited to the relevant Mortgage Loan accounts by the Servicer for that Mortgage Loan immediately prior to the Cut-Off Date and ending on but excluding the Closing Date and any accrued interest and fees due but unpaid in relation to the Mortgage Loan prior to the date that interest is debited to the relevant Mortgage Loan accounts.
<b>Acquiring Trust</b>	This is described in Section 5.3 (“ <i>Transfer of assets between Trusts</i> ”).
<b>ADI</b>	means an “authorised deposit-taking institution” under the Banking Act 1959 (Cwth).
<b>Adjustment Advance</b>	in relation to Assigned Assets and an Assignment Date, means an amount, as determined by the Manager and specified in the corresponding Transfer Proposal, not exceeding an amount equal to the accrued and unpaid interest in respect of the Assigned Assets (less any accrued and unpaid costs and expenses in respect of the Assigned Assets) during the period up to (but not including) that Assignment Date.
<b>Adverse Effect</b>	means any event which, determined by the Manager unless specifically provided otherwise, materially and adversely affects the amount or timing of any payment of any Senior Secured Money.
<b>Amortisation Conditions</b>	<ul style="list-style-type: none"><li>(a) no Liquidity Shortfall Advance has been made under the Facility on the prior Distribution Date;</li><li>(b) the Stated Amount of each Note is equal to the Invested Amount of each Note on that Distribution Date;</li><li>(c) there are no outstanding Principal Draws on a Distribution Date; and</li><li>(d) the unreimbursed Principal Chargeoffs in respect of each of the Class A Notes, the Redraw Notes, the Class B Notes and the Class C Notes is equal to zero.</li></ul>
<b>Approved Prior Mortgage</b>	This is described in Section 10.9(a)(iii)(M) (“ <i>Amounts Outstanding in a Claim</i> ”).
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>Assets</b>	means all assets and property, real and personal (including choses in action and other rights), tangible and intangible,

present and future, held by the Trustee as trustee of the Series Trust, from time to time.

<b>Assigned Assets</b>	<p>in relation to a Transfer Proposal and a Disposing Trust, means the Trustee's entire right, title and interest (including the beneficial interest of each Unitholder in relation to the Disposing Trust) as trustee of the Disposing Trust in:</p> <ul style="list-style-type: none"><li>(a) the assets of the Disposing Trust insofar as they relate to the Mortgage Loans referred to in that Transfer Proposal; and</li><li>(b) unless otherwise specified in that Transfer Proposal, the benefit of all representations and warranties given to the Trustee by the seller of the Mortgage Loans referred to in that Transfer Proposal, the Servicer or any other person in relation to those assets.</li></ul>
<b>Assignment Date</b>	<p>in relation to a Transfer Proposal, means the date specified as such in that Transfer Proposal on which the Mortgage Loans are transferred from the Disposing Trust to the Acquiring Trust.</p>
<b>Austraclear</b>	<p>means Austraclear Services Limited ABN 28 003 284 419.</p>
<b>Austraclear Regulations</b>	<p>means the regulations and related operating procedures established from time to time by Austraclear.</p>
<b>Australian Credit Licence</b>	<p>has the meaning given to that term in the NCCP.</p>
<b>Australian Privacy Act</b>	<p>means the Privacy Act 1988 of Australia.</p>
<b>Australian Tax Act</b>	<p>This is described in Section 12 ("<i>Taxation considerations</i>").</p>
<b>Authorised Short-Term Investments</b>	<p>means:</p> <ul style="list-style-type: none"><li>(a) any debt securities;</li><li>(b) deposits with, or the acquisition of certificates of deposit issued by, an ADI;</li><li>(c) bills of exchange, which at the time of acquisition have a maturity date of not more than 200 days and which have been accepted, drawn on or endorsed by an ADI and provide a right of recourse against that institution by a holder in due course who purchases them for value,</li></ul> <p>in each case denominated in Australian Dollars and provided such investments must:</p> <ul style="list-style-type: none"><li>(i) be held in the name of the Trustee;</li><li>(ii) have a Required Credit Rating;</li><li>(iii) mature on or before the next Distribution Date or be capable of being converted to</li></ul>

immediately available funds in an amount at least equal to the aggregate outstanding principal amount of that investment plus any accrued interest on or before the next Distribution Date; and

- (iv) not constitute a securitisation exposure or a resecuritisation exposure (as defined in Prudential Standard APS 120 issued by the Australian Prudential Regulation Authority including any amendment or replacement of that Prudential Standard).

<b>Available Income Amount</b>	This is described in Section 8.5 (“ <i>Determination of the Available Income Amount</i> ”).
<b>Available Principal Amount</b>	This is described in Section 8.11 (“ <i>Determination of the Available Principal Amount</i> ”).
<b>Bank Bill Rate</b>	<p>in relation to an Accrual Period, means the rate appearing at approximately 10.00 am Sydney time on the first day of that Accrual Period on the Reuters Screen page “BBSW” as being the average of the mean buying and selling rates appearing on that page for a bill of exchange having a tenor of one month and rounded upwards to 4 decimal places. If:</p> <ul style="list-style-type: none"><li>(a) on the first day of an Accrual Period fewer than 4 banks are quoted on the Reuters Screen page “BBSW”; or</li><li>(b) for any other reason the rate for that day cannot be determined in accordance with the foregoing procedures,</li></ul> <p>then the Bank Bill Rate means the rate as is specified by the Manager having regard to comparable indices then available, provided that the Bank Bill Rate for the first Accrual Period in respect of the Notes issued on the Closing Date will be determined by the Manager by straight line interpolation between the Bank Bill Rate determined as above for a bill of exchange having a tenor of one month and a bill of exchange having a tenor of two months and rounded upwards to 4 decimal places.</p>
<b>Basis Swap</b>	means the basis swap entered into under the Interest Rate Swap Agreement in the form of the Annexure 1 to the Interest Rate Swap Agreement between the Trustee, the Manager and the Seller dated prior to the Closing Date or on the terms of any other Interest Rate Swap Agreement that replaces that Interest Rate Swap Agreement.
<b>Basis Swap Provider</b>	This is described in Section 2.1 (“ <i>Parties to the Transaction</i> ”).
<b>Business Day</b>	means any day on which banks are open for business in Sydney which is also a day other than a Saturday, a Sunday or a public

holiday in Sydney.

<b>Call Date</b>	means the first Distribution Date on which the aggregate principal outstanding on the Mortgage Loans which are then part of the Assets of the Series Trust is less than 10% of the aggregate principal outstanding on the Mortgage Loans that were part of the Assets of the Series Trust as at the Closing Date.
<b>Capital Unit</b>	means the unit in the Series Trust which is designated as a “Capital Unit” for the Series Trust.
<b>Capital Unitholder</b>	means the Unitholder of a Capital Unit.
<b>Cash Deposit</b>	means the amount credited to the Liquidity Facility Reserve Deposit Account by the Liquidity Facility Provider to meet a Cash Deposit Advance (after taking into account any application of, allocation to and repayment of the Cash Deposit in accordance with the Liquidity Facility Agreement).
<b>Cash Deposit Advance</b>	means an advance made by the Liquidity Facility Provider to the Trustee under the Liquidity Facility Agreement during a Cash Deposit Period.
<b>Cash Deposit Period</b>	means each period commencing immediately following the date that the Liquidity Facility Provider makes a Cash Deposit and ending on the earliest of the following dates which occur after the making of that Cash Deposit:  (a) any date on which the Liquidity Facility Provider obtains the Designated Credit Rating; and  (b) the Liquidity Facility Termination Date.
<b>CBA Trust</b>	This is described in Section 6.4 (“ <i>Transfer and Assignment of the Mortgage Loans</i> ”).
<b>Charge</b>	This is described in Section 10.6(a) (“ <i>General</i> ”).
<b>Circulating Asset</b>	means each Series Asset of the Series Trust which is not a Restricted Asset.
<b>Class</b>	means, depending upon the context, the Redraw Notes, the Class A Notes, the Class B Notes, the Class C Notes, the Capital Unit or the Income Unit (or any of them).
<b>Class A Chargeoff Percentage</b>	in relation to a Determination Date, means the amount (expressed as a percentage) calculated as follows:

$$CACP = \frac{CASA}{CASA + RNSA}$$

where:

CACP = the Class A Chargeoff Percentage in relation to that

Determination Date;

CASA = the aggregate Stated Amount of the Class A Notes on that Determination Date; and

RNSA = the aggregate Stated Amount of the Redraw Notes on that Determination Date.

**Class A Note** means the Class A1 Notes and the Class A1-R Notes (or any of them).

**Class A Noteholders** means the Class A1 Noteholders and the Class A1-R Noteholders (or any of them).

**Class A Principal Allocation** means, on any Distribution Date, the lesser of:

(a) the aggregate Invested Amount of the Class A Notes on the immediately preceding Determination Date; and

(b)

(i) if the Step-Down Conditions have not been satisfied on that Distribution Date, the remainder of the Available Principal Amount following the allocations described paragraphs (a) to (c) (inclusive) in Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”); or

(ii) if the Step-Down Conditions have been satisfied on that Distribution Date and the aggregate Invested Amount of the Class B Notes is greater than zero:

$$CAPA = (A / Z) \times D$$

where:

CAPA is the Class A Principal Allocation;

A is the aggregate Invested Amount of the Class A Notes on the immediately preceding Determination Date;

Z is the aggregate Invested Amount of the Class A Notes, the Class B Notes and the Class C Notes, on the immediately preceding Determination Date; and

D is the remainder of the Available Principal Amount following the



allocations described paragraphs (a) to (c) (inclusive) in Section 8.12 (“*Payment of the Available Principal Amount on a Distribution Date*”).

<b>Class A1 Interest Amount</b>	in relation to a Distribution Date and an Accrual Period ending on a Distribution Date, means the aggregate interest accrued on each Class A1 Note during that Accrual Period.
<b>Class A1 Note</b>	means a debt security issued by the Trustee, in its capacity as trustee of the Series Trust, and described as a “Class A1 Note”.
<b>Class A1 Noteholder</b>	means, at any time, the person recorded at that time in the Register as the holder of a Class A1 Note.
<b>Class A1 Refinancing Date</b>	has the meaning given to it in Section 8.16(d) (“ <i>Refinancing of Class A1 Notes with Class A1-R Notes</i> ”).
<b>Class A1-R Interest Amount</b>	means, in relation to a Distribution Date and an Accrual Period ending on a Distribution Date, the aggregate interest accrued on each Class A1-R Note during that Accrual Period.
<b>Class A1-R Margin</b>	in relation to a Class A1-R Note means the margin on those Class A1-R Notes as determined under Section 8.16 (“ <i>Refinancing of Class A1 Notes with Class A1-R Notes</i> ”).
<b>Class A1-R Note</b>	means a debt security issued by the Trustee, in its capacity as trustee of the Series Trust, and described as a “Class A1-R Note”.
<b>Class A1-R Noteholder</b>	means, at any time, the person recorded at that time in the Register as the holder of a Class A1-R Note.
<b>Class B Interest Amount</b>	in relation to a Distribution Date and an Accrual Period ending on a Distribution Date, means the aggregate interest accrued on each Class B Note during that Accrual Period.
<b>Class B Note</b>	means a debt security issued by the Trustee, in its capacity as trustee of the Series Trust, and described as a “Class B Note”.
<b>Class B Noteholder</b>	means, at any time, the person recorded at that time in the Register as the holder of a Class B Note.
<b>Class B Principal Allocation</b>	means, on any Distribution Date, the lesser of: <ul style="list-style-type: none"><li>(a) the aggregate Invested Amount of the Class B Notes on the immediately preceding Determination Date; and</li><li>(b)<ul style="list-style-type: none"><li>(i) if the Step-Down Conditions have not been satisfied on that Distribution Date, zero; or</li><li>(ii) if the Step-Down Conditions have been</li></ul></li></ul>

satisfied on that Distribution Date:

$$CBPA = (B + C) / Z \times D$$

where:

CBPA is the Class B Principal Allocation;

B is the aggregate Invested Amount of the Class B Notes on the immediately preceding Determination Date;

C is the aggregate Invested Amount of the Class C Notes on the immediately preceding Determination Date;

Z is the aggregate Invested Amount of the Class A Notes, the Class B Notes and the Class C Notes on the immediately preceding Determination Date; and

D is the remainder of the Available Principal Amount following the allocations described in paragraphs (a) to (c) in Section 8.12 (*“Payment of the Available Principal Amount on a Distribution Date”*).

<b>Class C Interest Amount</b>	in relation to a Distribution Date and an Accrual Period ending on a Distribution Date, means the aggregate interest accrued on each Class C Note during that Accrual Period, provided that if the Trustee, at the direction of the Manager, is to redeem the Class C Notes without paying accrued interest on those Class C Notes, the Class C Interest Amount on the Distribution Date on which the Class C Notes are redeemed (or deemed to be redeemed, as applicable) will be taken to be zero.
<b>Class C Note</b>	means a debt security issued by the Trustee, in its capacity as trustee of the Series Trust, and described as a “Class C Note”.
<b>Class C Noteholder</b>	means at any time the person recorded at that time in the Register as the holder of a Class C Note.
<b>Clean-Up Settlement Date</b>	This is described in Section 10.12 ( <i>“Clean-Up”</i> ).
<b>Clean-Up Settlement Price</b>	This is described in Section 10.12 ( <i>“Clean-Up”</i> ).
<b>Closing Date</b>	This is described in Section 2.2 ( <i>“Summary of the Notes”</i> ).
<b>Collateral</b>	This is described in Section 10.6(b) ( <i>“Nature of the Charge”</i> ),
<b>Collateral Security</b>	This is described in Section 6.1(d) ( <i>“Assets of the Series”</i> ).

*Trust*”).

<b>Collections Account</b>	means each bank account opened in accordance with the Transaction Documents in respect of the Series Trust.
<b>Collections Arrangements</b>	This is described in Section 11.1(e) (“ <i>Collections</i> ”).
<b>Collection Period</b>	This is described in Section 8.4 (“ <i>Key Dates and Periods</i> ”).
<b>Commonwealth Bank of Australia</b>	means the Commonwealth Bank of Australia ABN 48 123 123 124.
<b>Consumer Credit Legislation</b>	means, as applicable: <ul style="list-style-type: none"><li>(a) the NCCP;</li><li>(b) the National Consumer Credit Protection (Fees) Act 2009 (Cwth);</li><li>(c) the National Consumer Credit Protection Amendment Act 2010 (Cwth);</li><li>(d) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cwth);</li><li>(e) any acts or other legislation enacted in connection with any of the acts set out in paragraphs (a) to (d) above and any regulations made under any of the acts set out in paragraphs (a) to (d) above;</li><li>(f) Division 2 of Part 2 of the Australian Securities and Investments Commission Act 2001 (Cwth), so far as it relates to the obligations of the Servicer, the Seller or the Trustee as the holder of an Australian Credit Licence or “credit activities” (as defined in the NCCP) engaged in by the Manager, the Servicer, the Seller or the Trustee; and</li><li>(g) any other Commonwealth, State or Territory legislation that covers conduct relating to credit activities (whether or not it also covers other conduct), but only in so far as it covers conduct relating to credit activities.</li></ul>
<b>Corporations Act</b>	means the Corporations Act 2001 of Australia.
<b>Credit Support Notes</b>	This is described in Section 2.4(d) (“ <i>Allocation of losses</i> ”).
<b>CRR</b>	This is described in Section 1.15 (“ <i>European Union Capital Requirements Regulation – securitisation exposure rules and other regulatory initiatives</i> ”).
<b>Cut-Off Date</b>	This is described in Section 2.2 (“ <i>Summary of the Notes</i> ”).
<b>Delinquent Percentage</b>	in relation to a Collection Period, means the amount (expressed as a percentage) calculated as follows:

$$DP = \frac{DMLP}{AMLP}$$

where:

DP = the Delinquent Percentage;

DMLP = the aggregate, on the last day of the Collection Period, of the principal outstanding with respect to those Mortgage Loans in relation to which a payment due from the borrower has been in arrears (on that day) by more than 60 days; and

AMLP = the aggregate principal outstanding in relation to the Mortgage Loans on the last day of the Collection Period.

<b>Designated Credit Rating</b>	This is described in Section 1.1(f) ( <i>“Downgrade of Liquidity Facility Provider”</i> ).
<b>Determination Date</b>	This is described in Section 8.4 ( <i>“Key Dates and Periods”</i> ).
<b>Disposing Trust</b>	This is described in Section 5.3 ( <i>“Transfer of assets between Trusts”</i> ).
<b>Distribution Date</b>	means each date referred to as such in the table in Section 2.2 ( <i>“Summary of the Notes”</i> ).
<b>Eligible Depository</b>	<p>means a financial institution which has assigned to it the following ratings from each of S&amp;P and Fitch Ratings:</p> <ul style="list-style-type: none"> <li>(a) in respect of S&amp;P: <ul style="list-style-type: none"> <li>(i) a long term credit rating equal to or higher than BBB+;</li> <li>(ii) a long-term credit rating equal to or higher than BBB, together with a short-term credit rating equal to or higher than A-2; or</li> <li>(iii) if the relevant entity does not have a long term credit rating from S&amp;P, a short-term credit rating equal to or greater than A-2; and</li> </ul> </li> <li>(b) in respect of Fitch Ratings, a short term credit rating of F1, together with a long term credit rating of A,</li> </ul> <p>or such other credit rating or ratings as may be notified in writing by the Manager to the Trustee and in respect of which the Manager has issued a Rating Affirmation Notice in respect of each Rating Agency.</p>
<b>Event of Default</b>	This is described in Section 10.6(e) ( <i>“The Security Trust Deed”</i> ).

<b>Extraordinary Expense Reserve</b>	This is described in Section 8.8 (“ <i>Extraordinary Expense Reserve</i> ”).
<b>Extraordinary Expense Reserve Draw</b>	This is described in Section 8.8(b) (“ <i>Extraordinary Expense Reserve</i> ”).
<b>Extraordinary Expense Reserve Required Amount</b>	means \$150,000.
<b>Extraordinary Expenses</b>	means, in relation to a Collection Period, any out of pocket Expenses properly and reasonably incurred by the Trustee in relation to the Series Trust in respect of that Collection Period but which are not incurred in the ordinary course of business of the Series Trust.
<b>Extraordinary Resolution</b>	in relation to Voting Secured Creditors or a class of Voting Secured Creditors (including any Class of Noteholders), means a resolution passed at a duly convened meeting of the Voting Secured Creditors or a class of Voting Secured Creditors under the Security Trust Deed by a majority consisting of not less than 75% of the votes of such Voting Secured Creditors or their representatives present and voting or, if a poll is demanded, by such Voting Secured Creditors holding or representing between them Voting Entitlements comprising in aggregate not less than 75% of the aggregate number of votes comprised in the Voting Entitlements held or represented by all the persons present and voting at the meeting or a written resolution signed by all the Voting Secured Creditors or the class of Voting Secured Creditors (as the case may be).
<b>Fair Market Value</b>	in relation to a Mortgage Loan means the fair market value for that Mortgage Loan as agreed between the Trustee (acting on expert advice taken pursuant to the Master Trust Deed, if necessary) and the Seller (or, in the absence of agreement, determined by the Seller’s external auditors) and which value reflects the performance status and underlying nature of that Mortgage Loan. If the price offered to the Trustee in respect of a Mortgage Loan is equal to, or more than, the principal outstanding plus accrued interest in respect of that Mortgage Loan, the Trustee is entitled to assume that this price represents the Fair Market Value in respect of that Mortgage Loan.
<b>Final Maturity Date</b>	This is described in Section 2.2 (“ <i>Summary of the Notes</i> ”).
<b>Finance Charge Collections</b>	This is described in Section 8.5(a) (“ <i>Determination of the Available Income Amount</i> ”).
<b>First Possible Class A1 Refinancing Date</b>	means the Distribution Date in April 2020.
<b>Fitch Ratings</b>	means Fitch Australia Pty Ltd ABN 93 081 339 184.
<b>Fixed Rate Swap</b>	means the fixed rate swap entered into under the Interest Rate Swap Agreement in the form of the Annexure 2 to the Interest Rate Swap Agreement or on the terms of any other Interest

	Rate Swap Agreement that replaces that Interest Rate Swap Agreement provided the Manager has issued a Rating Affirmation Notice in relation to each Rating Agency in respect of the entering into of that fixed rate swap.
<b>Fixed Rate Swap Notional Amount</b>	This is described in Section 1.1(c) (“ <i>Fixed Rate Swaps</i> ”).
<b>Fixed Rate Swap Provider</b>	This is described in Section 2.1 (“ <i>Parties to the Transaction</i> ”).
<b>Genworth</b>	Genworth Financial Mortgage Insurance Pty Limited ABN 60 106 974 305.
<b>GST</b>	has the meaning provided in the GST Act.
<b>GST Act</b>	means A New Tax System (Goods and Services Tax) Act 1999.
<b>Gross Income Shortfall</b>	This is described in Section 8.6(b) (“ <i>Principal Draw</i> ”).
<b>High LTV Policy</b>	This is described in Section 10.9(a) (“ <i>The High LTV Master Mortgage Insurance Policy</i> ”).
<b>Income Unit</b>	means the unit in the Series Trust which is designated as an “Income Unit” for the Series Trust.
<b>Income Unitholder</b>	means the Unitholder of an Income Unit.
<b>Initial Invested Amount</b>	means, in respect of a Note, A\$100,000.
<b>Insolvency Event</b>	means, in relation to: <ul style="list-style-type: none"> <li>(a) the Trustee in its capacity as trustee of the Series Trust, the occurrence of any of the following events in relation to the Trustee in that capacity (and not in any other capacity): <ul style="list-style-type: none"> <li>(i) an application is made and not dismissed or stayed on appeal within 30 days or an order is made that the Trustee be wound up or dissolved;</li> <li>(ii) an application for an order is made and not dismissed or stayed on appeal within 30 days appointing a liquidator, a provisional liquidator, a receiver or a receiver and manager in respect of the Trustee or one of them is appointed;</li> <li>(iii) except on terms approved by the Security Trustee, the Trustee enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors, or it proposes a reorganisation, moratorium or other administration involving</li> </ul> </li> </ul>

- any of them;
  - (iv) the Trustee resolves to wind itself up, or otherwise dissolve itself, or gives notice of intention to do so, except to reconstruct or amalgamate while solvent on terms approved by the Security Trustee or is otherwise wound up or dissolved;
  - (v) the Trustee is or states that it is unable to pay its debts when they fall due;
  - (vi) as a result of the operation of section 459F(1) of the Corporations Act, the Trustee is taken to have failed to comply with a statutory demand;
  - (vii) the Trustee is, or makes a statement from which it may be reasonably deduced by the Security Trustee that the Trustee is, the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act;
  - (viii) the Trustee takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation or an administrator is appointed to the Trustee or the board of directors of the Trustee propose to appoint an administrator to the Trustee or the Trustee becomes aware that a person who is entitled to enforce a charge on the whole or substantially the whole of the Trustee's property proposes to appoint an administrator to the Trustee; or
  - (ix) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction; and
- (b) any other body corporate and the Trustee in its personal capacity, each of the following events:
- (i) an order is made that the body corporate be wound up;
  - (ii) a liquidator, provisional liquidator, controller or administrator is appointed in respect of the body corporate or a substantial portion of its assets whether or not under an order;
  - (iii) except to reconstruct or amalgamate on terms reasonably approved by the Trustee (or in the case of a reconstruction or amalgamation of the Trustee in its personal capacity or the

Security Trustee, on terms reasonably approved by the Manager), the body corporate enters into, or resolves to enter into, a scheme of arrangement, deed of company arrangement or composition with, or assignment for the benefit of, all or any class of its creditors;

- (iv) the body corporate resolves to wind itself up, or otherwise dissolve itself, or gives notice of its intention to do so, except to reconstruct or amalgamate on terms reasonably approved by the Trustee (or in the case of a reconstruction or amalgamation of the Trustee in its personal capacity or the Security Trustee, except on terms reasonably approved by the Manager) or is otherwise wound up or dissolved;
- (v) the body corporate is or states that it is insolvent;
- (vi) as a result of the operation of section 459F(1) of the Corporations Act, the body corporate is taken to have failed to comply with a statutory demand;
- (ix) the body corporate takes any step to obtain protection or is granted protection from its creditors, under any applicable legislation;
- (x) any writ of execution, attachment, distress or similar process is made, levied or issued against or in relation to a substantial portion of the body corporate's assets and is not satisfied or withdrawn or contested in good faith by the body corporate within 21 days; or
- (xi) anything analogous or having a substantially similar effect to any of the events specified above happens under the law of any applicable jurisdiction.

**Insurance Policy**

means any insurance policy (whether present or future) under which the improvements on the land the subject of a mortgage or a collateral security are insured against destruction or damage by events which include fire.

**Interest Amount**

in relation to a Note and the relevant Accrual Period, means the aggregate interest accrued on that Note during that Accrual Period.

**Interest Rate Swap Agreement**

This is described in Section 10.11 (*"The Interest Rate Swaps"*).

**Interest Rate Swap Provider**

means initially Commonwealth Bank of Australia and includes any other person that subsequently enters into an Interest Rate



	Swap Agreement with the Trustee and the Manager.
<b>Invested Amount</b>	in relation to a Note, means the principal amount of that Note upon issue less the aggregate of all principal payments made on that Note.
<b>J.P. Morgan</b>	means J.P. Morgan Australia Limited (ABN 52 002 888 011).
<b>Issue Date</b>	in relation to a Note means the day on which the Note is issued by the Trustee.
<b>Liquidity Event of Default</b>	This is described in Section 1.1(g) (“ <i>Events of Default under the Liquidity Facility Agreement</i> ”).
<b>Liquidity Facility</b>	means the facility provided to the Series Trust under the Liquidity Facility Agreement.
<b>Liquidity Facility Advance</b>	This is described in Section 8.5 (“ <i>Determination of the Available Income Amount</i> ”).
<b>Liquidity Facility Agreement</b>	This is described in Section 16 (“ <i>Transaction Documents</i> ”).
<b>Liquidity Facility Commitment Fee</b>	in relation to a Determination Date and the immediately following Distribution Date, means the commitment fee payable to the Liquidity Facility Provider on that Distribution Date pursuant to the Liquidity Facility Agreement.
<b>Liquidity Facility Interest</b>	in relation to a Distribution Date, means the interest due on that Distribution Date pursuant to the terms of the Liquidity Facility Agreement.
<b>Liquidity Facility Limit</b>	This is described in Section 10.8(a) (“ <i>Advances and Facility Limit</i> ”).
<b>Liquidity Facility Provider</b>	This is described in Section 2.1 (“ <i>Parties to the Transaction</i> ”).
<b>Liquidity Facility Reserve Deposit Account</b>	means the interest bearing account established by the Trustee with an Eligible Depository as the “Liquidity Facility Reserve Deposit Account”.
<b>Liquidity Facility Termination Date</b>	means the date on which the Liquidity Facility will terminate, as described in Section 1.1(i) (“ <i>Termination</i> ”).
<b>Loss Date</b>	This is described in Section 10.9(a)(ii) (“ <i>Cover for Losses</i> ”).
<b>Manager</b>	This is described in Section 2.1 (“ <i>Parties to the Transaction</i> ”) and Section 10.4 (“ <i>The Manager</i> ”).
<b>Manager Default</b>	means: <ul style="list-style-type: none"> <li>(a) an Insolvency Event occurs in relation to the Manager;</li> <li>(b) the Manager does not instruct the Trustee to pay the required amounts to the Noteholders within the time periods specified in the Series Supplement and that failure is not remedied within 10 Business Days, or</li> </ul>

such longer period as the Trustee may agree, of notice of such failure being delivered to the Manager by the Trustee;

- (c) the Manager does not prepare and transmit to the Trustee the monthly or quarterly certificates or any other reports required to be prepared by the Manager and such failure is not remedied within 10 Business Days, or such longer period as the Trustee may agree, of notice being delivered to the Manager by the Trustee. However, such a failure by the Manager does not constitute a Manager Default if it is as a result of a Servicer Default referred to in the second paragraph of the definition of that term provided that, if the Servicer subsequently provides the information to the Manager, the Manager prepares and submits to the Trustee the outstanding monthly or quarterly certificates or other reports within 10 Business Days, or such longer period as the Trustee may agree to, of receipt of the required information from the Servicer;
- (d) any representation, warranty, certification or statement made by the Manager in a Transaction Document or in any document provided by the Manager under or in connection with a Transaction Document proves to be incorrect when made or is incorrect when repeated, in a manner which as reasonably determined by the Trustee has an Adverse Effect and is not remedied to the Trustee's reasonable satisfaction within 60 Business Days of notice to the Manager by the Trustee;
- (e) the Manager has breached its other obligations under a Transaction Document or any other deed, agreement or arrangement entered into by the Manager relating to the Series Trust or the Notes, other than an obligation which depends upon information provided by, or action taken by, the Servicer and the Manager has not received the information, or the action has not been taken by the Servicer, and that breach has had or, if continued, will have an Adverse Effect as reasonably determined by the Trustee, and either:
  - (i) such breach is not remedied so that it no longer has or will have to such an Adverse Effect, within 20 Business Days of notice delivered to the Manager by the Trustee; or
  - (ii) the Manager has not, within 20 Business Days of receipt of such notice, paid compensation to the Trustee for its loss from such breach in an amount satisfactory to the Trustee acting reasonably.

The Trustee must, in such notice, specify the reasons why it believes an Adverse Effect has occurred, or will occur, as the

case may be.

<b>Master Trust Deed</b>	This is described in Section 16 (“ <i>Transaction Documents</i> ”).
<b>Modified Following Business Day Convention</b>	means that the date is postponed to the next Business Day unless that day falls in the next calendar month, in which case, the date is brought forward to the first preceding Business Day.
<b>Mortgage Insurance Income Proceeds</b>	This is described in Section 8.5 (“ <i>Determination of the Available Income Amount</i> ”).
<b>Mortgage Insurance Policy</b>	This is described in Section 10.9 (“ <i>The Mortgage Insurance Policies</i> ”).
<b>Mortgage Insurance Principal Proceeds</b>	in relation to a Determination Date, means all amounts received by the Trustee pursuant to any Mortgage Insurance Policy in relation to any Mortgage Loan then forming part of the Assets of the Series Trust which has the benefit of the Mortgage Insurance Policy and which the Manager determines should be accounted for on that Determination Date in respect of a Principal Loss.
<b>Mortgage Loan</b>	means each mortgage loan assigned or to be assigned (as the context requires) to the Trustee.
<b>Mortgage Loan Rights</b>	This is described in Section 9.1(b) (“ <i>Sale of Mortgage Loans Upon Termination</i> ”).
<b>NCCP</b>	means the National Consumer Credit Protection Act (Cwth).
<b>Net Income Shortfall</b>	This is described in Section 8.7(b) (“ <i>Liquidity Facility Advance</i> ”).
<b>Notes</b>	means, as the context requires, a Class A Note, a Class B Note, a Class C Note, a Redraw Note or all or any of the foregoing.
<b>Noteholder</b>	means, as the context requires, a Class A Noteholder, a Class B Noteholder, a Class C Noteholder, a Redraw Noteholder or all or any of the foregoing.
<b>Other Income Amounts</b>	This is described in Section 8.5 (“ <i>Determination of the Available Income Amount</i> ”).
<b>Other Principal Amounts</b>	This is described in Section 8.11 (“ <i>Determination of the Available Principal Amount</i> ”).
<b>Perfection of Title Event</b>	means:  (a) the Seller makes any representation or warranty under a Transaction Document that proves to be incorrect when made, other than a representation or warranty in respect of which damages have been paid or for which payment is not yet due, for breach, or breaches any covenant or undertaking given by it in a Transaction Document, and that has or, if continued will have, an

Adverse Effect and:

- (i) the same is not satisfactorily remedied so that it no longer has or will have, an Adverse Effect, within 20 Business Days of notice being delivered to the Seller by the Manager or the Trustee; or
- (ii) if the preceding paragraph is not satisfied, the Seller has not within 20 Business Days of such notice paid compensation to the Trustee for its loss from that breach in an amount satisfactory to the Trustee acting reasonably. Such compensation cannot exceed the aggregate of the principal amount outstanding in respect of the corresponding Mortgage Loan and any accrued or unpaid interest in respect of the Mortgage Loan, calculated in both cases at the time of payment of the compensation.

The Trustee must, in such notice, specify the reasons why it believes an Adverse Effect has occurred, or will occur;

- (b) if the Seller is also the Servicer, a Servicer Default occurs;
- (c) an Insolvency Event occurs in relation to the Seller;
- (d) if the Seller is also the swap provider under the Fixed Rate Swap or a basis cap, the Seller fails to make any payment due under any such swap or cap and that failure:
  - (i) has or will have an Adverse Effect as reasonably determined by the Trustee; and
  - (ii) is not remedied by the Seller within 20 Business Days, or such longer period as the Trustee agrees, of notice to the Seller by the Manager or the Trustee; or
- (e) a downgrading in the long term credit rating of the Seller below BBB by S&P or a long term credit rating of BBB+ by Fitch Ratings together with a short term credit rating of F2 by Fitch Ratings or such other rating in respect of the Seller as is agreed between the Manager and the Seller and in respect of which the Manager has issued a Rating Affirmation Notice in respect of the relevant Rating Agency.

**Performing Mortgage Loans Amount**

means the aggregate of the following:

- (a) the amount outstanding under Mortgage Loans under which no payment due from the borrower has been in

arrears by more than 90 days; and

- (b) the amount outstanding under Mortgage Loans under which a payment due from the borrower has been in arrears by more than 90 days and which are insured under the Mortgage Insurance Policy.

**Potential Termination Event** means:

- (a) as a result of the introduction, imposition or variation of any law it is or becomes unlawful for the Trustee, and would also be unlawful for any new Trustee, to carry out any of its obligations under the Series Supplement, the Master Trust Deed (in so far as it relates to the Series Trust), or the Security Trust Deed; or
- (b) all or any part of the Series Supplement, the Master Trust Deed (in so far as it relates to the Series Trust) or the Security Trust Deed is or has become void, illegal, unenforceable or of limited force and effect.

**Preliminary Principal Amount**

in relation to Determination Date, means an amount calculated as follows:

$$PPA = PC + PCOR + OPA + RNA - RC$$

where:

PPA = the Preliminary Principal Amount as at that Determination Date;

PC = the Principal Collections for the Collection Period ending on that Determination Date;

PCOR = the Principal Chargeoff Reimbursement as at that Determination Date;

OPA = the Other Principal Amounts as at that Determination Date;

RNA = the Redraw Note Amount as at that Determination Date; and

RC = the amount of any Collections applied during the Collection Period ending on that Determination Date towards reimbursement of Seller Advances in accordance with Section 8.16 (“*Redraws and Further Advances*”).

**Preparation Date**

This is described in Section 1.5 (“*Date of this Information Memorandum*”).

**Prescribed Period**

This is described in Section 6.6 (“*Breach of Representations and Warranties*”).

<b>Pricing Date</b>	means 24 April 2014.
<b>Principal Chargeoff</b>	<p>in relation to a Determination Date, means an amount calculated as follows:</p> $\text{PCO} = \text{PL} - \text{MIPP} - \text{PD}$ <p>where:</p> <p>PCO = the Principal Chargeoff as at that Determination Date;</p> <p>PL = the total of the Principal Loss on each Mortgage Loan for which the Manager determines a Principal Loss should be accounted for over the preceding Accrual Period on that Determination Date (provided that the Manager must not account for a Principal Loss on a Mortgage Loan until the Servicer reasonably believes that no further amounts in respect of the Mortgage Loan constituting Mortgage Insurance Principal Proceeds or damages which are to be treated as Other Principal Amounts will be received);</p> <p>MIPP = the total Mortgage Insurance Principal Proceeds with respect to such Mortgage Loans that benefit from the Mortgage Insurance Policy determined over the preceding Accrual Period ending immediately prior to the following Distribution Date; and</p> <p>PD = any damages received by the Trustee from the Commonwealth Bank of Australia as described in Section 3.10 (<i>"Breach of Representation and Warranty"</i>) or from the Commonwealth Bank of Australia or the Servicer in respect of the servicing of the Mortgage Loans which are determined to be Other Principal Amounts.</p>
<b>Principal Chargeoff Reimbursement</b>	This is described in Section 8.11 ( <i>"Determination of the Available Principal Amount"</i> ).
<b>Principal Collections</b>	This is described in Section 8.11 ( <i>"Determination of the Available Principal Amount"</i> ).
<b>Principal Draw</b>	This is described in Section 8.6 ( <i>"Principal Draw"</i> ).
<b>Principal Draw Reimbursement</b>	This is described in Section 8.11 ( <i>"Determination of the Available Principal Amount"</i> ).
<b>Prior Interest</b>	means the Trustee's lien over, and right of indemnification from, the Assets of the Series Trust calculated in accordance with the Master Trust Deed for fees and expenses payable to the Trustee, other than the Secured Moneys and the arranging fees payable to the Manager, which are unpaid, or paid by the Trustee but not reimbursed to the Trustee from the Assets of the Series Trust.

**Principal Loss** in respect of a Mortgage Loan, means an amount determined in accordance with the following formula as at the date on which that Mortgage Loan is liquidated:

$$PL = MLP + RE - BC - LP$$

where:

PL = the Principal Loss on that date;

MLP = the principal outstanding of that Mortgage Loan on that date;

RE = the restoration expenses reasonably and necessarily incurred up to and including that date;

BC = the break costs as at that date provided that break costs will only be included in the calculation of Principal Loss if the Trustee is then a party to a Fixed Rate Swap; and

LP = any liquidation proceeds received up to and including that date provided that for the purposes of this paragraph, liquidation proceeds will not include any liquidation proceeds which have been, or are to be, applied against any loss attributable to income on that Mortgage Loan on that date.

**Privacy Act** means the Privacy Act (1988) (Cwth).

**Rating Affirmation Notice** in relation to an event or circumstances and a Rating Agency, means a notice in writing from the Manager to the Trustee confirming that it has notified that Rating Agency of the event or circumstances and that the Manager is reasonably satisfied following discussions with that Rating Agency that the event or circumstances, as applicable, will not result in a reduction, qualification or withdrawal of the ratings then assigned by that Rating Agency to each of the Class A Notes or the Class B Notes.

**Rating Agencies** means, as the context requires, Fitch Ratings, S&P or all or any of the foregoing.

**Redraw Interest Amount** in relation to a Distribution Date and an Accrual Period ending on a Distribution Date, means the aggregate interest accrued on each Redraw Note during that Accrual Period.

**Redraw Note** means a debt security issued by the Trustee, in its capacity as trustee of the Series Trust, and described as a "Redraw Note".

**Redraw Note Amount** in relation to a Determination Date, means the proceeds (if any) received by the Trustee from any issue of Redraw Notes on that Determination Date or during the Collection Period ending on that Determination Date (but excluding the immediately

preceding Determination Date).

**Redraw Note Chargeoff Percentage**

in relation to a Determination Date means the amount (expressed as a percentage) calculated as follows:

$$RNCP = \frac{RBSA}{RBSA + CASA}$$

where:

RNCP = the Redraw Note Chargeoff Percentage in relation to that Determination Date;

RBSA = the aggregate Stated Amounts of the Redraw Notes on that Determination Date; and

CASA = the aggregate Stated Amount of the Class A Notes on that Determination Date.

**Redraw Noteholder**

means at any time the person recorded at that time in the Register as the holder of a Redraw Note.

**Register**

means the register of Notes maintained by the Trustee in accordance with the Transaction Documents.

**Relevant Notes**

This is described in Section 14.1 (“Introduction”).

**Required Credit Rating**

means, in respect of Authorised Short-Term Investments:

- (a) in relation to S&P:
  - (i) for investments which have remaining maturities at the time of purchase of less than or equal to 60 days, a short term credit rating of A-1; and
  - (ii) for investments which have remaining maturities at the time of purchase of more than 60 days, but less than or equal to 365 days, a short term credit rating of A-1+; and
- (b) in relation to Fitch Ratings:
  - (i) for debt securities which have remaining maturities at the time of purchase of less than or equal to 30 days, a short term credit rating by Fitch Ratings of F1 or a long term credit rating by Fitch Ratings of A;
  - (ii) for debt securities which have remaining maturities at the time of purchase of more than 30 days but less than or equal to 365 days, a short term credit rating by Fitch Ratings of F1+ or a long term credit rating by Fitch



Ratings of AA-,

or such other rating as is notified by the Manager to Trustee and in respect of which the Manager has issued a Rating Affirmation Notice in relation to each Rating Agency.

<b>Restricted Asset</b>	means each Asset of the Series Trust which has become a “Restricted Asset” in accordance with the Security Trust Deed as described in Section 10.6(b)(vi) (“ <i>Nature of the Charge</i> ”).
<b>Retail Client</b>	This has the meaning given in section 761G of the Corporations Act.
<b>Retention Rules</b>	This is described in Section 1.15 (“ <i>European Union Capital Requirements Regulation – securitisation exposure rules and other regulatory initiatives</i> ”).
<b>Review Date</b>	means 30 June 2015 and each anniversary of that date.
<b>S&amp;P</b>	means Standard & Poor’s (Australia) Pty Ltd ABN 62 007 324 852.
<b>Secured Creditor</b>	This is described in Section 10.6(a) (“ <i>The Security Trust Deed</i> ”).
<b>Secured Moneys</b>	means the aggregate of all moneys owing to the Security Trustee or to a Secured Creditor under any of the Transaction Documents whether such amounts are liquidated or not or are contingent or presently accrued due, and including rights sounding in damages only, provided that the amount owing by the Trustee in relation to the principal component of a Note is to be calculated by reference to the Invested Amount of that Note.
<b>Security Certificate</b>	This is described in Section 8.2(a) (“ <i>Form of the Notes</i> ”).
<b>Security Interest</b>	means any: <ul style="list-style-type: none"><li>(a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any “security interest” as defined in sections 12(1) or (2) of the PPSA; or</li><li>(b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off; or</li><li>(c) right that a person (other than the owner) has to remove something from land (known as a <i>profit à prendre</i>), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or</li><li>(d) third party right or interest or any right arising as a</li></ul>

	consequence of the enforcement of a judgment, or any agreement to create any of them or allow them to exist.
<b>Security Transfer</b>	This is described in Section 8.2(c) ( <i>“Form of the Notes”</i> ).
<b>Security Trust</b>	means the trust created under the Security Trust Deed, as described in Section 10.6(b) ( <i>“Nature of the Charge”</i> ).
<b>Security Trust Deed</b>	This is described in Section 16 ( <i>“Transaction Documents”</i> ).
<b>Security Trustee</b>	This is described in Section 2.1 ( <i>“Parties to the Transaction”</i> ).
<b>Seller</b>	Commonwealth Bank of Australia.
<b>Seller Advance</b>	This is described in Section 8.12 ( <i>“Payment of the Available Principal Amount on a Distribution Date”</i> ).
<b>Senior Secured Moneys</b>	means any obligation of the Trustee in relation to the Secured Money: <ul style="list-style-type: none"> <li>(a) owing in respect of the Class A Notes and any obligations ranking equally or senior to the Class A Notes (as determined in accordance with the order of priority set out in Section 8.9 (<i>“Payment of the Available Income Amount on a Distribution Date”</i>)), at any time while the Class A Notes are outstanding;</li> <li>(b) owing in respect of the Class B Notes and any obligations ranking equally or senior to the Class B Notes (as determined in accordance with the order of priority set out in Section 8.9 (<i>“Payment of the Available Income Amount on a Distribution Date”</i>)), at any time while the Class B Notes are outstanding but no Class A Notes are outstanding;</li> <li>(c) owing in respect of the Class C Notes and any obligations ranking equally or senior to the Class C Notes (as determined in accordance with the order of priority set out in Section 8.9 (<i>“Payment of the Available Income Amount on a Distribution Date”</i>)), at any time while the Class C Notes are outstanding but no Class A Notes or Class B Notes are outstanding; and</li> <li>(d) under the Transaction Documents generally, at any time while no Notes are outstanding.</li> </ul>
<b>Series Supplement</b>	This is described in Section 16 ( <i>“Transaction Documents”</i> ).
<b>Series Trust</b>	This is described in Section 1.2 ( <i>“Purpose”</i> ).
<b>Servicer</b>	This is described in Section 11.1 ( <i>“Servicing of the Mortgage Loans”</i> ).

<b>Servicer Default</b>	This is described in Section 1.1(h) (“ <i>Removal, Resignation and Replacement of the Servicer</i> ”).
<b>Standard Rate</b>	This is described in Section 10.9(a)(iii)(C) (“ <i>Amounts outstanding in a Claim</i> ”).
<b>Stated Amount</b>	for a Note, means: <ul style="list-style-type: none"> <li>(a) the principal amount of that Note upon issue; less</li> <li>(b) the aggregate of principal payments previously made on that Note; less</li> <li>(c) the aggregate of all then unreimbursed Principal Chargeoffs on that Note.</li> </ul>
<b>Step-Down Conditions</b>	This is described in Section 8.13 (“ <i>Step-Down Conditions</i> ”).
<b>Subordinated Termination Payment</b>	means any termination payment due from the Trustee under the Interest Rate Swap Agreement: <ul style="list-style-type: none"> <li>(a) following an Event of Default (as defined in the Interest Rate Swap Agreement) and where the Interest Rate Swap Provider is the Defaulting Party or the sole Affected Party (each as defined in the Interest Rate Swap Agreement); or</li> <li>(b) where the termination payment arises as a result of a transaction being terminated due to the prepayment of any related Mortgage Loan and there are insufficient break costs or early termination amounts (without double counting) recovered from the relevant borrowers to pay such termination payment.</li> </ul>
<b>Subsequent Class A1 Refinancing Date</b>	means, if the Class A1 Notes are not fully redeemed on the First Possible Class A1 Refinancing Date, any Distribution Date after the First Possible Class A1 Refinancing Date on which there are Class A1 Notes outstanding.
<b>Support Facility</b>	means the basis swaps, the fixed rate swaps, the Liquidity Facility and the Mortgage Insurance Policy.
<b>Support Facility Provider</b>	means the Liquidity Facility Provider, the Basis Swap Provider, the Fixed Rate Swap Provider and any provider of a Mortgage Insurance Policy.
<b>Tax Act</b>	The Income Tax Assessment Act 1936 (as amended), the Income Tax Assessment Act 1997 (as amended) and the Taxation Administration Act 1953 (as amended) of Australia, as the context requires.
<b>Taxation Administration Act</b>	This is described in Section 12.3(a)(iii) (“ <i>Other tax matters that are relevant to Noteholders</i> ”).

**Termination Date**

means the earliest of the following dates to occur:

- (a) if Notes have been issued by the Trustee, the date appointed by the Manager as the Termination Date by notice in writing to the Trustee (which must not be a date earlier than:
  - (i) the date that all Notes have been redeemed or deemed to be redeemed in full in accordance with the Transaction Documents; or
  - (ii) if an Event of Default has occurred, the date of the final distribution by the Security Trustee under the Security Trust Deed);
- (b) if Notes have not been issued by the Trustee, the date appointed by the Manager as the Termination Date by notice in writing to the Trustee;
- (c) the date which is 80 years after the date of the constitution of the Series Trust in accordance with the Series Supplement and the Master Trust Deed; and
- (d) the date on which the Trustee is required under the Series Supplement to liquidate the Assets of the Series Trust following a Potential Termination Event.

**Threshold Rate**

means, at any time, the minimum rate of interest that must be set on all Mortgage Loans (where permitted by the terms of the Mortgage Loan and corresponding loan agreement) which will be sufficient (assuming that all relevant parties comply with their obligations at all times under the Transaction Documents and the mortgage documents), when aggregated with the income produced by the rate of interest on all other Mortgage Loans and the income from Authorised Short-Term Investments and available for distribution under the Series Supplement, to ensure that the Trustee will have available to it sufficient Finance Charge Collections and Other Income Amounts to enable it to pay the amounts referred to in Sections 8.9(a) to 8.9(l) (“*Payment of the Available Income Amount on each Distribution Date*”) as they fall due.

**Transaction Documents**

These are described in Section 16 (“*Transaction Documents*”).

**Transfer Amount**

in relation to a Transfer Proposal, means the amount specified as such in that Transfer Proposal, as determined by the Manager, which must be:

- (a) the aggregate principal outstanding of the Assigned Assets in relation to that Transfer Proposal as at close of business on the Business Day immediately preceding the cut-off date in relation to that Transfer Proposal; or
- (b) such other amount as is agreed between the Trustee

and the Manager provided that the Manager has given written confirmation to the Trustee that the Manager has received confirmation from each Rating Agency in relation to the Acquiring Trust that the transfer of the Assigned Assets in relation to that Transfer Proposal for that amount will not result in a reduction, qualification or withdrawal of any ratings then assigned by it in relation to any Note in relation to the Acquiring Trust or the Disposing Trust.

**Transfer Proposal**

means a proposal from the Manager to the Trustee given in accordance with the Master Trust Deed, for the Trustee to transfer Assigned Assets from one series trust under the Master Trust Deed to another series trust under the Master Trust Deed.

**Trustee**

This is described in Section 10.3 (*"The Trustee"*).

**Trustee Default**

means:

- (a) the Trustee fails within 20 Business Days, or such longer period as the Manager may agree to, after notice from the Manager to carry out or satisfy any material duty or obligation imposed by the Master Trust Deed or any other Transaction Document in respect of a Medallion Trust Programme trust established under the Master Trust Deed;
- (b) an Insolvency Event occurs with respect to the Trustee in its personal capacity;
- (c) the Trustee ceases to carry on business;
- (d) the Trustee merges or consolidates into another entity, unless approved by the Manager, which approval will not be withheld if, in the Manager's reasonable opinion, the commercial reputation and standing of the surviving entity will not be less than that of the Trustee prior to such merger or consolidation, and unless the surviving entity assumes the obligations of the Trustee under the Transaction Documents in respect of a Medallion Trust Programme trust established under the Master Trust Deed; or
- (e) there is a change in the ownership of 50 per cent or more of the issued equity share capital of the Trustee from the position as at the date of the Master Trust Deed, or effective control of the Trustee alters from the position as at the date of the Master Trust Deed, unless in either case approved by the Manager, which approval will not be withheld if, in the Manager's reasonable opinion, the change in ownership or control of the Trustee will not result in a lessening of the commercial reputation and standing of the Trustee.

<b>Unit</b>	means a unit in the Series Trust.
<b>Unitholder</b>	means at any given time means the person then appearing in the Register as a holder of a Unit.
<b>Voting Entitlements</b>	on a particular date, means the number of votes which a Voting Secured Creditor would be entitled to exercise if a meeting of Voting Secured Creditors were held on that date, being the number calculated by dividing the Secured Moneys owing to that Voting Secured Creditor by 10 and rounding the resultant figure down to the nearest whole number.
<b>Voting Secured Creditors</b>	means: <ul style="list-style-type: none"> <li>(a) while any Class A Notes or Redraw Notes then remain outstanding, the Class A Noteholders or the Redraw Noteholders;</li> <li>(b) if no Class A Notes or Redraw Notes then remain outstanding, the Class B Noteholders;</li> <li>(c) if no Class A Notes, Redraw Notes or Class B Notes then remain outstanding, the Class C Noteholders; and</li> <li>(d) if no Class A Notes, Redraw Notes, Class B Notes or Class C Notes remain outstanding, each other Secured Creditor.</li> </ul>

## Directory

<b>Trustee</b>	Perpetual Trustee Company Limited Level 12, 123 Pitt Street Sydney NSW 2000
<b>Security Trustee</b>	P.T. Limited Level 12, 123 Pitt Street Sydney NSW 2000
<b>Manager</b>	Securitisation Advisory Services Pty. Limited Ground Floor Darling Park Tower 1 201 Sussex Street Sydney NSW 2000
<b>Liquidity Facility Provider and Interest Rate Swap Provider</b>	Commonwealth Bank of Australia Ground Floor Darling Park Tower 1 201 Sussex Street Sydney NSW 2000
<b>Seller</b>	Commonwealth Bank of Australia Ground Floor Darling Park Tower 1 201 Sussex Street Sydney NSW 2000
<b>Servicer</b>	Commonwealth Bank of Australia Ground Floor Darling Park Tower 1 201 Sussex Street Sydney NSW 2000
<b>Arranger, Lead Manager and Bookrunner</b>	J.P. Morgan Australia Limited Level 18 85 Castlereagh Street Sydney NSW 2000
<b>Solicitors to Commonwealth Bank of Australia and Securitisation Advisory Services Pty Limited</b>	King & Wood Mallesons Level 61 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000

## Appendix A

### Mortgage Loan Information

#### Pool Profile by Originator

Originator	No. of Loans	Total Loan Balance (A\$)	% by Loan Balance	Weighted Average Intere: Rate (%)	Weighted Average Current LT <sup>1</sup> (%)	Weighted Average Term to Maturity (in months)
Commonwealth Bank	1,571	394,186,090	71.67%	5.19%	58.11%	319
Commonwealth Bank approved mortgage-broker originated (Colonial Brand)	553	155,812,882	28.33%	5.14%	60.08%	331
<b>Total:</b>	<b>2,124</b>	<b>549,998,972</b>	<b>100.00%</b>	<b>5.17%</b>	<b>58.67%</b>	<b>322</b>



### Pool Profile by Year of Origination (Quarterly)

<u>Year of Origination</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
2002Q1	2	717,849	303,192	42.85%	151,596	0.05%
2002Q2	2	291,000	164,894	57.02%	82,447	0.03%
2002Q3	2	575,000	227,980	40.17%	113,990	0.04%
2002Q4	2	730,000	359,642	49.27%	179,821	0.07%
2003Q2	5	1,865,000	775,795	48.53%	155,159	0.14%
2003Q3	4	1,104,532	467,170	48.58%	116,793	0.08%
2003Q4	1	240,000	54,066	22.53%	54,066	0.01%
2004Q1	2	480,000	203,038	42.41%	101,519	0.04%
2004Q2	3	985,000	421,418	44.00%	140,473	0.08%
2004Q3	2	475,000	152,375	32.83%	76,187	0.03%
2004Q4	2	1,620,000	481,713	30.64%	240,857	0.09%
2005Q1	2	604,906	381,067	63.62%	190,533	0.07%
2005Q2	5	2,020,500	818,194	50.45%	163,639	0.15%
2005Q3	3	1,250,000	475,030	39.86%	158,343	0.09%
2005Q4	8	3,734,000	1,523,813	49.23%	190,477	0.28%
2006Q1	6	1,950,000	948,635	61.63%	158,106	0.17%
2006Q2	14	6,590,457	2,798,609	46.24%	199,901	0.51%
2006Q3	20	7,363,267	3,345,293	53.45%	167,265	0.61%
2006Q4	24	9,357,580	4,590,975	56.16%	191,291	0.83%
2007Q1	21	7,939,957	4,579,334	65.46%	218,064	0.83%
2007Q2	21	8,298,736	3,334,852	47.88%	158,802	0.61%
2007Q3	26	13,261,906	5,231,842	48.10%	201,225	0.95%
2007Q4	20	9,831,000	4,236,473	52.01%	211,824	0.77%
2008Q1	33	15,625,864	6,645,205	49.16%	201,370	1.21%
2008Q2	23	11,357,000	5,377,100	55.94%	233,787	0.98%
2008Q3	18	7,975,000	3,768,703	56.81%	209,372	0.69%
2008Q4	33	13,555,000	7,853,847	65.38%	237,995	1.43%

<u>Year of Origination</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
2009Q1	30	11,619,000	7,262,754	66.96%	242,092	1.32%
2009Q2	31	12,066,145	7,731,600	69.04%	249,406	1.41%
2009Q3	27	13,319,450	7,230,877	61.79%	267,810	1.31%
2009Q4	21	9,501,320	5,230,270	62.95%	249,060	0.95%
2010Q1	33	14,348,318	8,158,210	64.49%	247,218	1.48%
2010Q2	22	12,539,000	7,040,911	65.49%	320,041	1.28%
2010Q3	21	12,688,923	6,460,200	56.55%	307,629	1.17%
2010Q4	24	10,469,500	5,393,423	61.94%	224,726	0.98%
2011Q1	30	15,853,129	8,278,544	60.28%	275,951	1.50%
2011Q2	81	49,394,115	25,066,645	58.03%	309,465	4.56%
2011Q3	126	64,106,620	35,805,208	63.28%	284,168	6.51%
2011Q4	127	68,340,323	39,194,516	62.31%	308,618	7.13%
2012Q1	114	53,555,579	28,842,763	59.62%	253,007	5.24%
2012Q2	178	88,948,752	45,389,951	56.05%	255,000	8.25%
2012Q3	228	114,987,450	59,115,800	58.00%	259,280	10.75%
2012Q4	243	125,509,652	63,093,767	56.36%	259,645	11.47%
2013Q1	248	131,246,733	66,518,315	56.09%	268,219	12.09%
2013Q2	236	117,734,921	64,664,963	60.52%	274,004	11.76%
<b>Total</b>	<b>2,124</b>	<b>1,056,027,484</b>	<b>549,998,972</b>	<b>58.67%</b>	<b>258,945</b>	<b>100.00%</b>

## Pool Profile by Geographic Distribution

<u>Region</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
<b>Australian Capital Territory</b>						
Metro.....	25	16,620,210	8,687,745	58.92%	347,510	1.58%
<b>New South Wales</b>						
Inner City .....	1	515,000	300,000	58.25%	300,000	0.05%
Metro.....	377	243,394,359	122,492,351	56.97%	324,913	22.27%
Non-Metro .....	217	89,303,614	45,486,031	57.84%	209,613	8.27%
<b>Queensland</b>						
Metro - .....	182	84,223,634	46,904,692	61.57%	257,718	8.53%
Non-Metro .....	173	71,100,624	35,841,621	56.45%	207,177	6.52%
<b>Victoria</b>						
Inner City.....	19	10,734,500	5,403,841	57.27%	284,413	0.98%
Metro.....	531	278,668,998	140,961,932	57.21%	265,465	25.63%
Non-Metro .....	153	50,121,269	27,550,672	61.85%	180,070	5.01%
<b>Western Australia</b>						
Inner City .....	5	3,195,000	1,456,903	54.31%	291,381	0.26%
Metro .....	174	96,725,750	52,448,622	60.58%	301,429	9.54%
Non-Metro .....	43	19,254,449	11,548,701	64.42%	268,574	2.10%
<b>South Australia</b>						
Inner City .....	2	894,900	689,849	78.67%	344,925	0.13%
Metro .....	97	42,547,244	23,320,737	60.11%	240,420	4.24%
Non-Metro .....	23	6,487,075	3,728,133	63.73%	162,093	0.68%
<b>Northern Territory</b>						
Metro .....	16	8,375,500	4,800,271	63.22%	300,017	0.87%
Non-Metro .....	12	8,623,500	4,694,988	60.77%	391,249	0.85%
<b>Tasmania</b>						
Inner City .....	2	950,000	364,685	52.66%	182,343	0.07%
Metro .....	39	13,233,349	7,260,619	62.88%	186,170	1.32%
Non-Metro .....	33	11,058,509	6,056,579	62.62%	183,533	1.10%
<b>Total for all Regions</b>	<b>2,124</b>	<b>1,056,027,484</b>	<b>549,998,972</b>	<b>58.67%</b>	<b>258,945</b>	<b>100.00%</b>

## Pool Profile by Balance Outstanding

<u>Current Loan Balance (A\$)</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
50,000.00 < A\$ <= 100,000.00	183	47,367,039	14,246,007	34.66%	77,847	2.59%
100,000.00 < A\$ <= 150,000.00	310	107,681,891	40,139,169	42.35%	129,481	7.30%
150,000.00 < A\$ <= 200,000.00	378	144,412,925	66,431,390	52.09%	175,744	12.08%
200,000.00 < A\$ <= 250,000.00	325	143,075,014	73,446,690	57.29%	225,990	13.35%
250,000.00 < A\$ <= 300,000.00	297	146,054,800	81,606,360	61.51%	274,769	14.84%
300,000.00 < A\$ <= 350,000.00	177	97,597,563	57,594,101	64.11%	325,390	10.47%
350,000.00 < A\$ <= 400,000.00	159	101,735,274	59,472,522	63.65%	374,041	10.81%
400,000.00 < A\$ <= 450,000.00	106	72,870,328	44,821,671	66.15%	422,846	8.15%
450,000.00 < A\$ <= 500,000.00	66	56,146,123	31,200,140	61.43%	472,729	5.67%
500,000.00 < A\$ <= 550,000.00	32	30,507,991	16,797,469	59.81%	524,921	3.05%
550,000.00 < A\$ <= 600,000.00	28	27,365,614	16,055,059	62.93%	573,395	2.92%
600,000.00 < A\$ <= 650,000.00	18	17,847,000	11,224,741	65.26%	623,597	2.04%
650,000.00 < A\$ <= 700,000.00	10	10,194,469	6,800,228	68.91%	680,023	1.24%
700,000.00 < A\$ <= 750,000.00	7	8,690,453	5,022,565	60.50%	717,509	0.91%
750,000.00 < A\$ <= 800,000.00	2	3,258,000	1,526,902	52.72%	763,451	0.28%
800,000.00 < A\$ <= 850,000.00	7	11,169,000	5,756,055	55.60%	822,294	1.05%
850,000.00 < A\$ <= 900,000.00	6	10,258,000	5,262,717	52.19%	877,120	0.96%
900,000.00 < A\$ <= 950,000.00	2	2,570,000	1,861,863	72.46%	930,931	0.34%
950,000.00 < A\$ <= 1,000,000.00	11	17,226,000	10,733,323	64.79%	975,757	1.95%
<b>Total</b>	<b>2,124</b>	<b>1,056,027,484</b>	<b>549,998,972</b>	<b>58.67%</b>	<b>258,945</b>	<b>100.00%</b>

### Pool Profile by Current Loan to Value Ratio (LTV)

<u>Current LTV (%)</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
20.00 < LVR <= 25.00	151	89,704,712	20,466,304	22.89%	135,538	3.72%
25.00 < LTV <= 30.00	132	77,059,595	21,194,784	27.59%	160,567	3.86%
30.00 < LTV <= 35.00	123	70,606,464	22,805,169	32.37%	185,408	4.15%
35.00 < LTV <= 40.00	157	89,056,644	33,450,651	37.63%	213,061	6.08%
40.00 < LTV <= 45.00	159	91,451,386	38,994,508	42.69%	245,248	7.09%
45.00 < LTV <= 50.00	154	82,836,050	39,557,634	47.80%	256,868	7.19%
50.00 < LTV <= 55.00	150	78,451,561	41,419,752	52.84%	276,132	7.53%
55.00 < LTV <= 60.00	165	77,003,677	44,342,768	57.62%	268,744	8.06%
60.00 < LTV <= 65.00	188	81,775,787	51,048,310	62.46%	271,534	9.28%
65.00 < LTV <= 70.00	184	81,052,619	54,814,489	67.66%	297,905	9.97%
70.00 < LTV <= 75.00	231	104,404,459	75,914,018	72.74%	328,632	13.80%
75.00 < LTV <= 80.00	223	91,658,730	71,012,568	77.50%	318,442	12.91%
80.00 < LTV <= 85.00	56	21,671,500	17,718,555	81.79%	316,403	3.22%
85.00 < LTV <= 90.00	29	11,405,000	10,024,721	87.93%	345,680	1.82%
90.00 < LTV <= 95.00	22	7,889,300	7,234,741	91.72%	328,852	1.32%
<b>Total</b>	<b>2,124</b>	<b>1,056,027,484</b>	<b>549,998,972</b>	<b>58.67%</b>	<b>258,945</b>	<b>100.00%</b>

## Pool Profile by Year of Maturity

<u>Maturity Year</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
2021	1	255,000	56,841	22.29%	56,841	0.01%
2022	7	2,258,840	766,522	38.76%	109,503	0.14%
2023	7	3,226,381	1,431,990	46.34%	204,570	0.26%
2024	5	2,695,000	891,124	42.67%	178,225	0.16%
2025	8	2,668,000	903,434	36.65%	112,929	0.16%
2026	14	5,491,098	2,389,231	53.60%	170,659	0.43%
2027	19	7,842,500	3,790,483	52.50%	199,499	0.69%
2028	14	6,616,691	2,211,355	37.76%	157,954	0.40%
2029	12	5,740,764	2,421,453	46.11%	201,788	0.44%
2030	14	5,269,935	2,032,274	45.98%	145,162	0.37%
2031	13	4,839,320	1,996,531	50.66%	153,579	0.36%
2032	26	9,509,736	4,017,024	46.42%	154,501	0.73%
2033	32	12,880,950	5,891,547	51.18%	184,111	1.07%
2034	20	7,682,839	3,792,125	55.00%	189,606	0.69%
2035	26	12,902,458	5,257,338	46.78%	202,205	0.96%
2036	66	32,316,426	15,297,001	54.26%	231,773	2.78%
2037	93	46,207,660	21,317,761	53.57%	229,223	3.88%
2038	97	46,891,131	21,383,497	52.86%	220,448	3.89%
2039	102	41,894,273	25,091,976	65.17%	246,000	4.56%
2040	110	55,470,419	31,045,786	63.19%	282,234	5.64%
2041	310	162,667,431	89,517,675	62.25%	288,767	16.28%
2042	602	310,026,736	162,743,321	58.31%	270,338	29.59%
2043	514	266,188,273	142,641,986	59.28%	277,514	25.94%
2044	12	4,485,623	3,110,697	71.30%	259,225	0.57%
<b>Total</b>	<b>2,124</b>	<b>1,056,027,484</b>	<b>549,998,972</b>	<b>58.67%</b>	<b>258,945</b>	<b>100.00%</b>

### Pool Profile by Loan Purpose

<u>Loan Purpose</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
Owner Occupied	1,618	777,618,232	413,965,795	59.87%	255,850	75.27%
Investment	506	278,409,252	136,033,177	54.99%	268,840	24.73%
<b>Total</b>	<b>2,124</b>	<b>1,056,027,484</b>	<b>549,998,972</b>	<b>58.67%</b>	<b>258,945</b>	<b>100.00%</b>

### Pool Profile by Amortization

<u>Payment Type</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
Principal and Interest...	1,829	866,614,105	455,048,694	59.18%	248,796	82.74%
Interest Only...	295	189,413,379	94,950,278	56.18%	321,865	17.26%
<b>Total</b>	<b>2,124</b>	<b>1,056,027,484</b>	<b>549,998,972</b>	<b>58.67%</b>	<b>258,945</b>	<b>100.00%</b>

### Pool Profile by Mortgage Insurer

<u>Mortgage Insurer</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
No Primary LMI.....	1,853	947,524,688	480,525,575	57.08%	259,323	87.37%
Genworth Primary LMI	271	108,502,796	69,473,397	69.60%	256,359	12.63%
<b>Total</b>	<b>2,124</b>	<b>1,056,027,484</b>	<b>549,998,972</b>	<b>58.67%</b>	<b>258,945</b>	<b>100.00%</b>

## Pool Profile by Loan Type

<u>Loan Type</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
Standard Variable Rate Loans	1,933	971,072,575	504,610,575	58.55%	261,050	91.75%
Fixed Rate Loans						
1yr Fixed .....	132	57,911,647	30,630,177	59.32%	232,047	5.57%
2yr Fixed .....	46	19,123,262	10,996,595	62.74%	239,056	2.00%
3yr Fixed .....	7	5,570,000	2,277,385	49.26%	325,341	0.41%
4yr Fixed .....	3	1,417,000	1,071,120	75.65%	357,040	0.19%
7yr Fixed .....	1	420,000	203,167	48.37%	203,167	0.04%
9yr Fixed .....	2	513,000	209,953	46.82%	104,977	0.04%
<b>Total</b>	<b>2,124</b>	<b>1,056,027,484</b>	<b>549,998,972</b>	<b>58.67%</b>	<b>258,945</b>	<b>100.00%</b>



## Pool Profile by Current Interest Rates

<u>Current Interest Rate (%)</u>	<u>No. of Loans</u>	<u>Total Security Valuations (A\$)</u>	<u>Total Loan Balance (A\$)</u>	<u>Weighted Average Current LTV (%)</u>	<u>Average Loan Balance (A\$)</u>	<u>% by Loan Balance</u>
4.50 < rate <=5.00	445	317,422,773	169,398,699	59.04%	380,671	30.80%
5.00 < rate <= 5.50	1,543	679,327,756	352,313,347	58.80%	228,330	64.06%
5.50 < rate <=6.00	93	35,084,163	16,365,375	53.85%	175,972	2.97%
6.00 < rate <= 6.50	25	13,508,792	6,634,172	54.68%	265,367	1.21%
6.50 < rate <= 7.00	8	4,461,000	2,745,632	63.95%	343,204	0.50%
7.00 < rate <= 7.50	3	1,920,000	1,069,034	62.22%	356,345	0.19%
7.50 < rate <= 8.00	4	3,365,000	1,098,711	40.79%	274,678	0.20%
8.00 < rate <= 8.50	1	425,000	164,049	38.60%	164,049	0.03%
8.50 < rate <= 9.00	2	513,000	209,953	46.82%	104,977	0.04%
<b>Total</b>	<b>2,124</b>	<b>1,056,027,484</b>	<b>549,998,972</b>	<b>58.67%</b>	<b>258,945</b>	<b>100.00%</b>