395 Bourke Street
Melbourne VIC 3000
AUSTRALIA

www.nabgroup.com

For personal use only

Friday, 1 August 2025

ASX ANNOUNCEMENT

NAB Covered Bond Programme – Information Memorandum and Final Terms

Attached is the Information Memorandum dated 14 May 2025 (including the Prospectus dated 13 November 2024), together with the Final Terms dated as of 27 May 2025, relating to NAB's issuance of US$1,750,000,000 worth of Covered Bonds under its US$40 billion Covered Bond Programme. These documents are being provided in connection with an Appendix 2A to be released on ASX today.

For further information:

Media
Jo Beckwith
M: +61 (0) 411 208 101

Investor Relations
Sally Mihell
M: +61 (0) 436 857 669

Katrina Hall
M: +61 (0) 400 422 376

The release of this announcement was authorised by Louise Thomson, Group Company Secretary.

For personal use only

Disclaimer

The attachment to this disclaimer does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction and neither the attachment, nor anything contained therein, shall form the basis of any contract or commitment. The attachment is being provided solely for information purposes to satisfy the requirements of the Australian Stock Exchange ("ASX") in connection with the proposed quotation on ASX of National Australia Bank Limited's ("NAB") U.S.$1,750,000,000 4.370% Covered Bonds due June 3, 2030 (the "Covered Bonds").

The Covered Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Covered Bonds may be offered or sold only in transactions that are exempt from, or not subject to registration under, the U.S. Securities Act and the securities laws of any other jurisdiction of the United States.

IMPORTANT: You must read the following before continuing. The following applies to the Information Memorandum, dated May 14, 2025 (the "Information Memorandum"), the accompanying Prospectus, dated November 13, 2024 (the "Prospectus") and the Final Terms of the Covered Bonds, dated as of May 27, 2025 (the "Final Terms") following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Information Memorandum, Prospectus or Final Terms. In accessing the Information Memorandum, Prospectus and Final Terms, you shall be deemed to have represented and confirmed that you understand and agree that the Covered Bonds have not been registered under the U.S. Securities Act and may be offered or sold only to (1) qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act or (2) persons who are not in the United States and are not U.S. persons (as defined in Regulation S under the U.S. Securities Act).

CONFIDENTIAL

National Australia Bank Limited (ABN 12 004 044 937)

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

U.S.$40 billion nab Covered Bond Programme

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

Perpetual Corporate Trust Limited (ABN 99 000 341 533)

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

as trustee of the nab Covered Bond Trust and Covered Bond Guarantor

Under the U.S.$40 billion nab Covered Bond Programme (the **Programme**) established by National Australia Bank Limited (ABN 12 004 044 937) (**nab** and the **Issuer**) on November 15, 2011, the Issuer may from time to time issue bonds (the **Covered Bonds**) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). The price and amount of the Covered Bonds to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions. This information memorandum (the **Information Memorandum**) relates to offers and sales of such Covered Bonds (i) to qualified institutional buyers (each, a **QIB**) in reliance on Rule 144A (**Rule 144A**) under the U.S. Securities Act of 1933, as amended (the **Securities Act**), and (ii) outside the United States to non-U.S. persons in reliance on Regulation S (**Regulation S**) under the Securities Act. Except to the extent amended, modified or supplemented by this Information Memorandum, the attached Prospectus, dated November 13, 2024 (the **Prospectus**), forms an integral part of this Information Memorandum and you are urged to read the entire Information Memorandum, including important information on the cover of the Prospectus, in making your investment decision. Any Covered Bonds issued under the Programme on or after the date of this Information Memorandum are issued subject to the provisions described herein.

Perpetual Corporate Trust Limited, in its capacity as trustee of the nab Covered Bond Trust (the **Covered Bond Guarantor**) has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee which is secured over the Mortgage Loans and the Related Security (as defined in the attached Prospectus) and its other assets. Recourse against the Covered Bond Guarantor under its guarantee, except in limited circumstances, is limited to the extent of the Covered Bond Guarantor's right of indemnity from the assets of the nab Covered Bond Trust (the **Trust**).

The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed U.S.$40 billion (or its equivalent in other currencies calculated by reference to the spot rate for the sale of U.S. dollars against the purchase of such currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant date of the agreement (or the preceding day on which commercial banks and foreign exchange markets are open for business in London) to issue between the Issuer and the relevant Dealer(s) (as defined below)), subject to increase as described in the Programme Agreement.

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

See the sections entitled "*Risk Factors*" beginning on pages viii and 25 of this Information Memorandum for a discussion of certain factors to be considered in connection with an investment in the Covered Bonds.

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

The Covered Bonds and the Covered Bond Guarantee (as defined in the attached Prospectus) have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States. Unless they are so registered, the Covered Bonds may be offered or sold only in transactions that are exempt from, or not subject to registration under, the Securities Act and the securities laws of any other jurisdiction of the United States. Accordingly, the Covered Bonds may be offered or sold only (i) to QIBs in reliance on Rule 144A and (ii) outside the United States to non-U.S. persons in reliance on Regulation S. Prospective purchasers of Covered Bonds are hereby notified that the seller of the Covered Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "*Form of the Covered Bonds*" beginning on page 104 of this Information Memorandum for a description of the manner in which Covered Bonds will be issued. Covered Bonds are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*" beginning on page 342 of this Information Memorandum.

Covered Bonds issued pursuant to this Information Memorandum will be issued in registered book-entry form only and evidenced by a global covered bond deposited with the depositary or custodian for Euroclear Bank SA/NV, Clearstream Banking S.A., or The Depository Trust Company. See "*Book-Entry Clearance Systems*" beginning on page 314 of this Information Memorandum.

The Issuer and the Covered Bond Guarantor may agree with any Dealer and the Bond Trustee that Covered Bonds may be issued in a form not contemplated by the Conditions of the Covered Bonds herein, in which event (in the case of Covered Bonds admitted to the Official List only) a supplement to this Information Memorandum, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Covered Bonds.

The Covered Bonds issued under the Programme are expected on issue to be assigned an "Aaa" rating by Moody's Investor Services Pty Limited (**Moody's**) and an "AAA" rating by Fitch Australia Pty Ltd (**Fitch** and, together with Moody's, the **Rating Agencies**). The rating of certain Series or Tranches of Covered Bonds to be issued under the Programme may be specified in the Applicable Final Terms (as defined in the Conditions of the Covered Bonds). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

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

For personal use only

Co-Arrangers for the Programme

National Australia Bank Limited **Deutsche Bank**

Dealers for the Programme

National Australia Bank Limited	**nabSecurities, LLC**	**Deutsche Bank**
Barclays	**BNP PARIBAS**	**BofA Securities**
Citigroup	**Goldman Sachs International**	**Goldman Sachs & Co. LLC**
HSBC	**J.P. Morgan**	**Lloyds Bank Corporate Markets**
Lloyds Securities	**Morgan Stanley**	**NatWest**
RBC Capital Markets	**TD Securities**	**UBS Investment Bank**

The date of this Information Memorandum is May 14, 2025.

For personal use only

TABLE OF CONTENTS

This Information Memorandum

Important Information ii
Available Information..... v
Forward-Looking Statements vii
Risk Factors viii
Financial Information xxviii
Taxation xxix
Where You Can Find Additional Information xxx
Independent Auditors xxxii
Form of Final Terms in respect of Covered Bonds to be Issued under this Information Memorandum xxxiii

Notice to U.S. Investors 7
Available Information..... 7
General Description of the Programme 13
Risk Factors 25
Principal Characteristics of the Programme 91
Structure Overview 93
Documents Incorporated by Reference and Credit Ratings 100
Form of the Covered Bonds 104
Form of Final Terms in respect of Covered Bonds to be Issued under the Programme 108
Conditions of the Covered Bonds 130
Use of Proceeds 224
National Australia Bank Limited 225
The nab Covered Bond Trust 234
National Australia Bank Limited Residential Mortgage Loan Origination 237
Overview of the Principal Documents 246
Credit Structure 290
Cashflows 294
The Mortgage Loan Portfolio 310
Description of the Covered Bond Provisions of the Australian Banking Act 311
Book-Entry Clearance Systems 314
Taxation 319
Exchange Controls and Limitations 341
Subscription and Sale and Transfer and Selling Restrictions 342
ERISA Considerations 356
General Information 358
Glossary 362

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

For personal use only

For personal use only

IMPORTANT INFORMATION

This Information Memorandum contains important information and must be read in its entirety, including but not limited to certain legends and other important information on pages 3 to 11 of this Information Memorandum, the risk factors beginning on pages viii and 25 of this Information Memorandum, the documents that are incorporated by reference herein and any Applicable Final Terms.

We have prepared the information contained in or incorporated by reference into this Information Memorandum and we will prepare the Final Terms in connection with any offering of the Covered Bonds described herein. We are responsible for the contents of this Information Memorandum and the information included in any Final Terms related to the Covered Bonds described herein. The Dealers are not responsible for the contents of this Information Memorandum or the information included in any Final Terms related to the Covered Bonds described herein. We have not, nor has any Dealer, authorized anyone to provide any information other than that contained or incorporated by reference in the Applicable Final Terms and this Information Memorandum. We and the Dealers take no responsibility for, and can provide no assurance as to the reliability of, any other information. To the extent expressly set forth herein, information in this Information Memorandum will supersede and replace certain information in the attached Prospectus (or any information incorporated therein by reference to a document dated prior to the date of this Information Memorandum). If information contained or incorporated by reference herein is inconsistent with any information in the attached Prospectus (or any information incorporated therein or herein, by reference to a document dated prior to the date of this document), the information contained or incorporated by reference herein will apply and will supersede such information. This Information Memorandum amends and replaces the Information Memorandum, dated November 13, 2024, in its entirety.

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Covered Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer and sale of Covered Bonds may be restricted by law in certain jurisdictions. See "*Subscription and Sale and Transfer and Selling Restrictions*" beginning on page 342 of this Information Memorandum.

For personal use only

NOTICE TO U.S. INVESTORS

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

Registered Covered Bonds (as defined in the "*Glossary*" beginning on page 362 of this Information Memorandum) may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each U.S. purchaser of Registered Covered Bonds is hereby notified that the offer and sale of any Registered Covered Bonds to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act.

Each purchaser or holder of Covered Bonds represented by a Rule 144A Global Covered Bond (as defined under "*Form of the Covered Bonds*" on page 104 of this Information Memorandum) or any Covered Bonds issued in registered form in exchange or substitution therefor (together, **Legended Covered Bonds**) will be deemed, by its acceptance or purchase of any such Legended Covered Bonds, to have made certain representations and agreements intended to restrict the resale or other transfer of such Covered Bonds as set out in "*Subscription and Sale and Transfer and Selling Restrictions*" beginning on page 342 of this Information Memorandum.

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

Unless otherwise stated, terms used in this Notice to U.S. Investors have the meanings given to them in "*Form of the Covered Bonds*" beginning on page 104 of this Information Memorandum.

U.S. investors should refer to "*Taxation—United States Federal Income Taxation*" beginning on page 326 of this Information Memorandum and "*ERISA Considerations*" on page 356 of this Information Memorandum for further information regarding U.S. federal income taxation and ERISA considerations.

IMPORTANT NOTICE FOR EUROPEAN AND UNITED KINGDOM INVESTORS

THIS INFORMATION MEMORANDUM HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THIS DOCUMENT MAY LAWFULLY BE DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED. BY ACCESSING THE INFORMATION MEMORANDUM, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (I) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A PERSON (A) WHO HAS PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE **ORDER**), or (B) WHO IS A HIGH NET WORTH ENTITY OR (II) YOU ARE A PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED FALLING WITHIN ARTICLE 49 OF THE ORDER OR (III) YOU ARE A PERSON TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED. IN MEMBER STATES OF THE EEA (WHICH DOES NOT INCLUDE THE UNITED KINGDOM), THIS INFORMATION MEMORANDUM IS DIRECTED ONLY AT PERSONS WHO ARE "QUALIFIED

For personal use only

INVESTORS" AS DEFINED IN REGULATION (EU) NO 2017/1129 (THE **PROSPECTUS REGULATION**) (**QUALIFIED INVESTORS**) AND BY ACCESSING THIS INFORMATION MEMORANDUM YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT YOU ARE A QUALIFIED INVESTOR.

IMPORTANT – EEA RETAIL INVESTORS

If the Final Terms in respect of any Covered Bonds include a legend entitled "Prohibition of Sales to EEA Retail Investors", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II); (ii) a customer within the meaning of Directive (EU) 2016/97 (**the **Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (**as amended, the **PRIIPs Regulation) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.**

IMPORTANT – UK RETAIL INVESTORS

If the Final Terms in respect of any Covered Bonds includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the **UK). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**the **EUWA); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (**the **FSMA) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (**the **UK PRIIPs Regulation) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.**

PROHIBITION OF SALES TO CONSUMERS IN BELGIUM

The Covered Bonds are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique/Wetboek van economisch recht*), as amended.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Covered Bonds may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person

For personal use only

subsequently offering, selling or recommending the Covered Bonds (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purposes of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise none of the Co-Arrangers, the Dealers or any of their respective affiliates will be a manufacturer for the purposes of the MIFID Product Governance Rules.**

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET

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

A determination will be made in relation to each issue about whether, for the purposes of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise none of the Co-Arrangers, the Dealers or any of their respective affiliates will be a manufacturer for the purposes of the UK MiFIR Product Governance Rules.

See "*Subscription and Sale and Transfer and Selling Restrictions*" beginning on page 342 of this Information Memorandum.

NO RETAIL PRODUCT DISTRIBUTION CONDUCT

This Information Memorandum and the Covered Bonds are not for distribution to any person in Australia who is a retail client for the purposes of section 761G of the Corporations Act 2001 (Cth) (**Corporations Act**). No target market determination has been or will be made for the purposes of Part 7.8A of the Corporations Act.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Covered Bonds that are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, each of the Issuer and/or the Covered Bond Guarantor, as applicable, has undertaken in the Bond Trust Deed (as defined under "*Conditions of the Covered Bonds*" on page 130 of this Information Memorandum) to furnish, upon the request of a holder of such Covered Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by it, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer and/or the Covered Bond Guarantor, as applicable, is not subject to reporting under Section 13 or Section 15(d) of the Exchange Act, or exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

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

For personal use only

For personal use only

FORWARD-LOOKING STATEMENTS

This Information Memorandum may contain various forward-looking statements regarding events and trends that are subject to risks and uncertainties that could cause the actual results and financial position of nab and its controlled entities (the **nab Group**) to differ materially from the information presented herein. When used in this Information Memorandum, the words "estimate," "project," "intend," "anticipate," "believe," "expect," "may," "probability," "risk," "will," "seek," "would," "could," "should" and similar expressions, as they relate to the nab Group and its management, are intended to identify such forward-looking statements. All statements other than statements of historical facts included in this Information Memorandum, including, without limitation, those regarding the nab Group's financial position, business strategy, targets, intentions, plans and objectives of management for future operations, are forward-looking statements. Such statements constitute "forward-looking statements" for the purposes of the U.S. Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date thereof. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the nab Group, which may cause actual results to differ materially from those expressed or implied in those statements. The nab Group does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

For example, the forward-looking statements contained in this Information Memorandum could be affected by the factors set out in the section entitled "*Risk Factors*" beginning on pages viii and 25 of the Information Memorandum.

There can be no assurance that actual outcomes will not differ materially from the forward-looking statements contained in this Information Memorandum.

The Issuer does not intend to make or imply any profit forecasts or profit estimates in this Information Memorandum. No statement contained in this Information Memorandum should be interpreted as such a forecast or estimate.

For personal use only

RISK FACTORS

Prospective purchasers of Covered Bonds should carefully consider the risks described elsewhere in this Information Memorandum, including the risk factors related to the Covered Bonds under "*Risk Factors — General Risk Factors — Risks related to the Covered Bonds generally*" on page 80 of this Information Memorandum, and the other information contained or incorporated by reference in this Information Memorandum, before making an investment decision. Any of the risks described in this Information Memorandum, or additional risks not currently known to the Issuer or that the Issuer currently deems immaterial, could have a significant or material adverse effect on the business, financial condition, operations or prospects of the Issuer and could result in a corresponding decline in the value of the Covered Bonds. As a result, investors could lose all or a substantial part of their investment.

The section below entitled "Risks specific to the nab Group" replaces in its entirety the section entitled "—Risks specific to the nab Group" that begins on page 25 of the accompanying Prospectus.

Risks specific to the nab Group

Set out below are the principal risks and uncertainties associated with the nab Group. It is not possible to determine the likelihood of these risks occurring with any certainty.

However, the risk in each category that nab considers most material is listed first, based on the information known by nab at the date of this Information Memorandum, nab's best assessment of the likelihood of each risk occurring and the potential negative impact to the nab Group should the relevant risk materialize. In the event that one or more of these risks materializes, the nab Group's reputation, strategy, business, operations, financial condition, and future performance could be materially and adversely impacted.

The nab Group's Risk Management Framework and internal controls may not be adequate or effective in accurately identifying, evaluating, or addressing risks faced by the nab Group. There may be other risks that are unknown or deemed immaterial, but which may subsequently become known or material. These may individually, or in aggregate, adversely impact the nab Group. Accordingly, no assurances or guarantees of future performance, profitability, distributions or returns of capital are given by the nab Group.

Strategic Risk

Strategic risk is the risk to earnings, capital, liquidity, funding, or reputation arising from an inadequate response to changes in the external environment and the risk of failing to properly consider downstream impacts and achieve effective outcomes when executing material change programs.

Strategic initiatives may fail to be executed, may not deliver all anticipated benefits, or may otherwise change the nab Group's risk profile.

The nab Group invests significant financial, human and technology resources in the execution of initiatives that are aligned to its agreed strategy. These initiatives focus on areas that include, but are not limited to, customers, technology, security, resilience, digital and data assets, business improvement, forward looking scenario analysis planning, culture and employees, regulatory compliance, Environmental, Social and Governance (**ESG**) related matters including sustainability, climate change and changes to associated processes and controls, and in a number of cases have, and may in the future have, dependencies on external suppliers or partners and other factors outside the nab Group's control. There is a risk that these initiatives may not realize some or all their anticipated benefits and outcomes, or they could lead to conflicts between customer expectations and the need to comply

with regulatory or legislative requirements. These initiatives may also increase operational, compliance, strategic and other risks, which may not be appropriately assessed or controlled.

Any failure by the nab Group to deliver in accordance with its strategy, or to execute delivery of strategic initiatives effectively, may result in material losses to the nab Group, reputational damage, breaches of law or obligations, or a failure to achieve anticipated benefits, and ultimately, may materially and adversely impact the nab Group's operations and financial performance and position.

The nab Group faces a continually changing external environment.

The nab Group operates in a dynamic and uncertain macro-economic environment influenced by geopolitical events, macro policy, and fiscal policy, such as the protracted period of elevated interest rates by central banks (see also risk factor "*Credit Risk*") and governments responding to cost of living pressures through various sector-based policies. Resultantly, overall financials (revenue and expense plans) continue to remain at potential risk due to ongoing navigation of uncertainty in the market.

There is substantial competition across the markets in which the nab Group operates. The nab Group faces competition from traditional financial services providers, online banks, and other parties, including foreign banks and non-bank competitors, such as private credit funds, asset managers, superannuation funds, family offices, insurance companies, mutual funds, hedge funds, securities brokerage firms, financial technology companies, digital platforms and large global technology companies. Some competitors have lower costs, or operating and business models, technology platforms or products that differ from, or are more competitive than, the nab Group's. Additionally, some competitors are subject to less regulatory oversight.

Competition for customers and the industry's increasing use of brokers may lead to a reduction in profit margins and/or a loss of market share and risks the disintermediation of customer relationships. Intense competition increases the risk of additional price pressure, especially in commoditized lines of business, such as mortgages, where the providers with the lowest unit cost may gain market share and industry profit pools may be eroded. Such factors may ultimately impact the nab Group's financial performance and position, profitability and returns to investors.

Evolving industry trends, technology changes, geopolitical, and environmental factors have impacted, and may continue to impact, customer and other stakeholder needs and preferences along with shareholder expectations. Changes may occur suddenly, and the nab Group may not predict these changes accurately or quickly enough or have the resources and flexibility to adapt in sufficient time to meet the needs and preferences of customers and other stakeholders and to keep pace with competitors. These risks are heightened in the current context in which technology, including its impacts on the financial services industry, continues to evolve at a rapid pace. Additionally, it may not be possible for the nab Group to meet the expectations of stakeholders regarding certain trends or factors when there are opposing expectations between different stakeholders.

Recent trends that may impact the nab Group include:

- The rapid development and deployment of artificial intelligence (**AI**) capabilities, including generative AI, which continues to be a key strategic consideration for the nab Group and for customers. Inadequate or lack of adoption of AI within business processes or customer propositions could pose a strategic disadvantage to the nab Group relative to its competitors who deploy AI tools successfully and could result in unwanted financial and non-financial consequences for the nab Group. At the same time, new applications of AI without sufficient controls, governance, and risk management may result in increased risks across all the nab Group's risk categories.

For personal use only

For personal use only

- Lending to assist customers in achieving their ESG-related performance objectives. There is currently no single, globally recognized set of accepted definitions for assessing whether activities are 'green' or 'sustainable' which may create greenwashing risks due to differences in interpretation.

- The evolving and increasingly complex payments landscape, including the increasing use of digital payments, new payments infrastructures and emerging technology (including continued consumer and institutional adoption of cryptocurrencies and other digital assets), and the shift away from traditional payment methods.

- The continued implementation of the Consumer Data Right (**CDR**), known as 'Open Banking', in the Australian banking sector. The CDR seeks to increase competition and innovation between service providers by mandating and standardizing the sharing of certain consumer and business customer data and data relating to their products and services. Where large global technology companies choose to participate in the CDR, there is potential for these companies to access more data which may increase their competitiveness including in other sectors, such as financial services.

Risks may arise from pursuing acquisitions and divestments.

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

The pursuit of corporate opportunities inherently involves transaction risks, including the risk that the nab Group overvalues an acquisition or investment, or undervalues a divestment, as well as exposure to reputational damage or regulatory intervention. The nab Group may encounter difficulties in integrating or separating businesses, including failure to realize expected synergies, disruption to operations, diversion of management resources, or higher than expected costs. These risks and difficulties may ultimately have an adverse impact on the nab Group's financial performance and position. The nab Group may incur unexpected financial losses following an acquisition, joint venture, or investment if the business it invests in does not perform as planned, if customers, employees and supplier relationships are not retained as expected or if the business causes unanticipated changes to the nab Group's risk profile. For example, the nab Group continues to face risks associated with the Issuer's acquisition of Citigroup's Australian consumer business which completed on June 1, 2022. The nab Group continues to rely on Citigroup's regional shared technology infrastructure for transitional services, as well as Citigroup's support for data migration activities after the development of technology systems within the nab Group. There is a risk that as the integration project and the development of technology systems within the nab Group continue, complexity may increase, which may mean that costs may be higher than anticipated, timelines may be extended, more internal resourcing is required than previously anticipated, or that key customers, suppliers, or other stakeholders required for a successful transition, will not be retained.

The nab Group may also have ongoing exposures to divested businesses, including through a residual shareholding, the provision of continued services and infrastructure, or an agreement to retain certain liabilities of the divested businesses through covenants, warranties, indemnities and other ongoing contractual protections to the acquirer. These ongoing exposures may have an adverse impact on the nab Group's business and financial performance and position. For example, the nab Group continues to face risks relating to the Issuer's sale of its advice, platforms, superannuation and investments and asset management businesses to IOOF Holdings in May 2021, now named Insignia Financial. As part of this transaction, the Issuer provided Insignia Financial with indemnities relating to certain pre-completion matters, as well as covenants and warranties in favor of Insignia Financial. The Issuer retained the companies that operated the advice businesses and therefore retained all liabilities associated with the conduct of these businesses pre-completion. These ongoing exposures may have an adverse impact on

the nab Group's financial performance and position if the Issuer fails to perform its contractual obligations.

Credit Risk

Credit risk is the risk that a customer will fail to meet their obligations to the nab Group in accordance with agreed terms. Credit risk arises from both the nab Group's lending activities and markets and trading activities.

A protracted period of elevated interest rates and ongoing economic headwinds across Australia and NZ may result in deterioration in the nab Group's credit risk profile in the short-to-medium term through accelerated increases in defaulted loans.

Elevated interest rates and cost of living pressures have resulted in increases in arrears, primarily in the home loan and small and medium business portfolios. Globally, central banks (including in Australia and New Zealand (**NZ**)) have begun reducing policy rates in response to inflation levels receding. While NZ is already into an easing cycle, Australia's cycle of easing has only recently commenced and, if this cycle is gradual or smaller than anticipated, interest rates will remain elevated for longer, which may continue to increase household and business financial stress, particularly for those customers who are highly geared and/or facing reduced income due to weaker economic activity. A further consequence of elevated rates over a protracted period is the negative impact on unemployment rates. While the Australian labor market remains relatively tight (unemployment rate of 4.1% in March 2025), an uptick in unemployment will contribute to increasing household stress. For NZ, where unemployment rates have continually increased from the COVID-19 lows of 3.2% to 5.1% (in the fourth quarter of 2024), there is a risk that rate reductions to counteract the impact of rising unemployment and slowing economic activity are less significant or more gradual than anticipated.

These factors may drive an increase in bankruptcies, business failures, and higher unemployment. Sectors exposed to changes in household discretionary spending (including retail trade, tourism, hospitality, and personal services) are particularly vulnerable to financial stress in the event of modifications to consumer spending behavior.

The heightened credit risk in affected sectors and elevated levels of household and business financial stress may result in an increase in credit losses if customers default on their loan obligations.

Extreme weather events, and longer-term changes in climate conditions coupled with transition risk may lead to rising customer defaults.

Increasing weather volatility and extreme weather events, longer term changes in climate conditions, and changes to insurance affordability and availability, together with changes to energy costs, market access and other forms of transition risk, may result in increased losses from customer defaults or decreased valuations, and may ultimately have an adverse impact on the nab Group's financial performance and position. The rising severity and prevalence of these events pose a risk to the credit portfolio in the medium term.

Downturn in global macro-economic conditions and an increase in geopolitical tensions may adversely affect the nab Group and pose a credit risk.

The nab Group has operations primarily in Australia and NZ, and also across Asia, the United Kingdom, Europe and the United States. Levels of borrowing are heavily dependent on customer confidence, employment trends, market interest rates, and other economic and financial market conditions and forecasts. Pressures on the global economy therefore pose a heightened level of credit risk for the nab Group.

For personal use only

For personal use only

The recent change in the United States political administration and increasing fragmentation in democratic political systems are expected to yield a rise in anti-globalization sentiment with major economies adopting more protectionist policies that restrict global trade activity. The introduction of tariff regimes by the United States and retaliatory tariffs introduced by its trade partners have increased trade tensions and ultimately could disrupt trade between major economies. Given that Australia and NZ are export-oriented economies, they remain vulnerable to the impositions of tariff regimes that hamper global trade activity. Such events could negatively impact many of the nab Group's customers who are exposed to global trade, commodity prices and the exchange rate and potentially lead to increased credit losses for the nab Group. There is also considerable uncertainty surrounding the United States administration's broader policy direction, with the changing landscape around trade tariffs being one example. The prevailing sense of uncertainty around policy approach has, and may continue to, erode business confidence which could ultimately result in adverse outcomes for the nab Group's customers.

China is a major trading partner for Australia and NZ, with Australian and NZ export incomes and business investment exposed to changes in China's economic growth and trade policies. China's economy continues to face substantial headwinds, with growth forecast to slow going forward. In the short term this reflects subdued domestic consumption and weakness in the property sector in China, alongside an export sector challenged by protectionism in two major markets (the European Union and the United States). While this could negatively impact the global economy in general, the impact on the Australian and NZ economies, particularly in the agriculture and commodities sectors, may be more acute due to the concentration of trade in these sectors with China. The nab Group has a large market share among lenders to the Australian and NZ agricultural sectors. Sustained headwinds that negatively impact China's economy may therefore translate to increased financial strain on the nab Group's customers and lead to increased defaults.

Ongoing geopolitical risks may adversely affect the nab Group and lead to credit losses. These include:

- Elevated geopolitical instability due to the Russia-Ukraine and Middle Eastern conflicts which have negatively impacted, and could continue to negatively impact, the global and Australian economies, including by causing supply chain disruptions, rising prices for oil and other commodities, volatility in capital markets and foreign currency exchange rates, rising interest rates and heightened cybersecurity risks. Prices may remain elevated for an extended period, which would negatively impact most businesses and households, and may lead to increased credit losses for the nab Group.

- Tensions between the United States and China (along with other countries), including in relation to Taiwan, the South China Sea, and Asia-Pacific could increase as a result of the AUKUS pact or other similar agreements. Australia's involvement and diplomatic position regarding such arrangements may cause a reescalation of tensions with the Chinese government leading to a risk of trade restrictions being imposed on Australian exports. Any such restrictions could have a negative impact on the nab Group's customers.

- Disruptions to trade through the Red Sea would impact global supply chains and global economic growth.

A decline in property market valuations may give rise to higher losses on defaulting loans.

Residential housing loans and commercial real estate loans in Australia and NZ constitute a material component of the nab Group's total gross loans and acceptances. As a result, the nab Group has elevated credit risk exposure to those markets.

Australian residential property prices continued to rise for most of 2024, before softening at the end of 2024. Melbourne and Sydney house prices were weaker relative to other capital cities in the fourth

quarter of 2024. So far in 2025 house prices have firmed, likely assisted by the Reserve Bank of Australia commencing an easing cycle. In NZ residential real estate prices declined in 2024. Commercial real estate prices have recorded mixed results, with favorable growth recorded in the Australian industrial sector offset by the ongoing structural adjustment in the office space.

When the value of residential or commercial real estate used as collateral (including in business lending) reduces below the value of the loan, the nab Group is exposed to losses in the event of any customer default. The most significant impact in the event of default is likely to come from residential mortgage or commercial real estate customers in high loan-to-value-ratio brackets. This may, in turn, impact the nab Group's financial performance and position and returns to investors.

Adverse business conditions in Australia and NZ, particularly in the agricultural sector, may give rise to increasing customer defaults.

The nab Group has a large market share among lenders to the Australian and NZ agricultural sectors. These sectors may be negatively impacted by several factors, including:

- Vulnerability to labor constraints.
- Trade restrictions and tariffs.
- Volatility in commodity prices (particularly agricultural product prices).
- Foreign exchange rate movements.
- Changes in consumer preferences and market access.
- Disease and introduction of pathogens and pests.
- Export and quarantine restrictions.
- Supply chain constraints and increasing supply chain producer responsibility, traceability, and transparency requirements.
- Extreme weather events (including substantial rainfall, drought, or bushfires).
- Expectations related to the management of nature-related risks such as declining soil health and deforestation, including both the environmental impacts and potential exposure from any illegal deforestation.

These factors may result in increased losses to the nab Group from customer defaults, and ultimately may have an adverse impact on the nab Group's financial performance and position.

More broadly, adverse business conditions (such as supply chain disruptions, labor constraints and rising input costs, including from volatile commodity and energy prices and the impact of rapid technological change) may also lead to stress in certain other sectors such as construction, wholesale trade and manufacturing. Rising household financial pressures also pose a risk to sectors that are reliant on household expenditure.

Market Risk

Market risk is the risk that the nab Group may suffer losses as a result of a change in the value of the nab Group's positions in financial instruments, bank assets and liabilities, or their hedges due to adverse movements in market prices. Adverse price movements impacting the nab Group may occur in credit

For personal use only

For personal use only

spreads, interest rates, foreign exchange rates, and commodity and equity prices, particularly during periods of heightened market volatility or reduced liquidity. Market conditions remain volatile in response to an uncertain economic environment and elevated geopolitical risk.

The occurrence of any event giving rise to material market risk losses may have a negative impact on the nab Group's financial performance and position.

The nab Group is exposed to credit spread risk.

Credit spread risk is the risk that the nab Group may suffer losses from adverse movements in credit spreads, including increases in credit spreads resulting from financial markets instability. This is a significant risk in the nab Group's trading and banking books.

The nab Group's trading book is exposed to credit risk movements in the value of securities and derivatives as a result of changes in the perceived credit quality of the underlying company or issuer. Credit spread risk accumulates in the nab Group's trading book when it provides risk transfer services to customers seeking to buy or sell fixed income securities (such as corporate bonds). The nab Group may also be exposed to credit spread risk when holding an inventory of fixed income securities in anticipation of customer demand or undertaking market-making activity (i.e., quoting buy and sell prices to customers) in fixed income securities. The nab Group's trading book is also exposed to credit spread risk through credit valuation adjustments. A widening of credit spreads could negatively impact the value of the credit valuation adjustments.

The nab Group's banking book houses high-quality liquid assets which form the majority of the nab Group's liquidity portfolio required for managing the nab Group's liquidity risk. The nab Group is subject to credit spread risk through changes in spreads on its holdings of semi-government bonds. During periods of adverse credit spread movements, these positions can give rise to material volatility within the nab Group's treasury portfolio which is captured either in profit and loss or reserves. Positions in residential mortgage-backed securities that arise through the nab Group's warehousing, underwriting, and syndication operations also form part of the banking book and are exposed to changes in credit spreads.

The nab Group is exposed to interest rate risk.

The nab Group's financial performance and capital position are impacted by changes in interest rates.

The nab Group's trading book is exposed to changes in the value of securities and derivatives as a result of changes in interest rates. The nab Group's trading book accumulates interest rate risk when the nab Group provides interest rate hedging solutions for customers, holds interest rate risk in anticipation of customer requirements, or undertakes market-making activity in fixed income securities or interest rate derivatives.

Balance sheet and off-balance sheet items can create an interest rate risk exposure within the nab Group. As interest rates and yield curves change over time, the nab Group may be exposed to a loss in earnings and economic value due to the interest rate profile of its balance sheet. Such exposure may arise from a mismatch between the maturity profile of the nab Group's lending portfolio compared to its deposit portfolio (and other funding sources), as well as the extent to which lending and deposit products can be repriced should interest rates change, thereby impacting the nab Group's net interest margin.

The nab Group is exposed to foreign exchange risk.

Foreign exchange risks exist in the nab Group's trading and banking books.

For personal use only

Foreign exchange and translation risks arise from the impact of currency movements on the value of the nab Group's positions in financial instruments, profits and losses, and assets and liabilities due to participation in global financial markets and international operations.

The nab Group's ownership structure includes investment in overseas subsidiaries and associates which gives rise to foreign currency exposures, including through the repatriation of capital and dividends. The nab Group's businesses may therefore be affected by a change in currency exchange rates, and movements in the mark-to-market valuation of derivatives and hedging contracts.

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

The nab Group is exposed to market risk should it be unable to sell down its underwriting risk.

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

Capital, Funding and Liquidity Risk

The nab Group is exposed to funding and liquidity risk.

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

Funding risk is the risk that the nab Group is unable to raise short- and long-term funding to support its ongoing operations, regulatory requirements, strategic plans, and objectives. The nab Group accesses domestic and global capital markets to help fund its business, along with using customer deposits. A significant deterioration in the nab Group's ability to access these markets or of lenders to provide funding may adversely impact the nab Group's financial reputation, financial performance and position. The nab Group relies on offshore wholesale funding to support its funding and liquidity position. Periods of heightened market volatility and geopolitical factors may limit the nab Group's access to this funding source. Disruption in the global capital markets, reduced investor interest in the nab Group's securities for any reason and/or reduced customer deposits, may adversely affect the nab Group's funding and liquidity position. This may increase the cost of obtaining funds, reduce the tenor or volume of available funds, impose unfavorable terms on the nab Group's access to funds, constrain the volume of new lending, or adversely affect the nab Group's financial position.

For personal use only

The nab Group's capital position may be impacted by prudential requirements and the nab Group may face challenges in managing its capital position.

Capital risk is the risk that the nab Group does not hold an adequate level or composition of capital and reserves to capitalize on strategic opportunities, sustain day-to-day banking services, and to protect against unexpected losses. Capital is the cornerstone of the nab Group's financial strength. It supports the nab Group's operations by providing a buffer to absorb unanticipated losses from its activities.

The nab Group must comply with prudential requirements in relation to capital across the jurisdictions in which it operates. Compliance with these requirements, and any further changes to these requirements may:

- Limit the nab Group's ability to manage capital across the entities within the nab Group.
- Limit payment of dividends or distributions on shares and hybrid instruments.
- Require the nab Group to raise more capital (in an absolute sense) or raise more capital of higher quality.
- Restrict balance sheet growth.

The nab Group's capital ratios may be impacted by several factors including earnings, asset growth and quality, movements in the nab Group's risk weighted assets (**RWA**), changes in the value of the Australian dollar against other currencies to which the nab Group has exposures, changes in business strategy or risk appetite, and changes in regulatory requirements.

If the information or the assumptions upon which the nab Group's capital requirements are assessed prove to be inaccurate, this may adversely impact the nab Group's operations, financial performance and financial position.

Current regulatory changes that could impact the nab Group's capital position include loss-absorbing requirements for Domestic Systemically Important Banks, which include the nab Group. These changes require an increase to total capital by 4.5% of RWA by January 1, 2026, with an interim increase by 3% of RWA which came into effect on January 1, 2024. These requirements are expected to be met primarily through the issue of additional Tier 2 Capital which will further increase the nab Group's funding costs due to the higher cost of Tier 2 Capital issuance relative to senior debt.

In December 2024, the Australian Prudential Regulation Authority (**APRA**) confirmed it will phase out the use of Additional Tier 1 (**AT1**) capital instruments to seek to simplify and improve the effectiveness of bank capital in a crisis. APRA plans to finalize the changes to prudential standards that are required to effect this change before the end of 2025. For advanced banks such as the Issuer, APRA has proposed replacing 1.5% AT1 Capital with 0.25% Common Equity Tier 1 Capital and 1.25% Tier 2 Capital, from January 1, 2027. Changes to the requirements for AT1 Capital may impact the nab Group's capital position, and credit ratings for AT1 and Tier 2 instruments. This may also impact the nab Group's cost of funds.

Changes to the Reserve Bank of New Zealand (**RBNZ**) capital requirements are being phased in by 2028 and will require the nab Group to hold more capital in NZ, noting that in March 2025 the RBNZ announced its intention to conduct a review of key capital settings.

For personal use only

A downgrade in the nab Group's credit ratings or outlook may adversely impact its cost of funds and capital market access.

Credit ratings are an assessment of a borrower's creditworthiness and may be used by market participants in evaluating the nab Group and its products, services and securities. Credit rating agencies conduct ongoing review activities, which can result in changes to credit rating settings and outlooks for the nab Group, or credit ratings of sovereign jurisdictions where the nab Group conducts business. Credit ratings may be affected by operational and other market factors (e.g., ESG-related factors), or changes in a credit rating agency's rating methodologies.

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

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events.

Privacy, information security and data breaches may adversely impact the nab Group's reputation and operations.

The nab Group collects, processes, stores, and transmits large amounts of personal and confidential information through its people, technology systems and networks and the technology systems and networks of its external service providers. Threats to information security are constantly evolving, including through the use of emerging technologies, such as advanced forms of AI (including generative AI), quantum computing and increasingly sophisticated techniques used to perpetrate fraud, scams and cyber-attacks. In addition, the number, nature, and resources of adverse actors that could pose a cyber threat to the nab Group are growing, including individual cybercriminals, criminal or terrorist syndicate networks and large sophisticated foreign governments with significant resources and capabilities.

There is a risk that the nab Group's efforts to maintain and improve its technology systems, networks and information security policies, procedures and controls may not be adequate to address these threats. Remediation of weaknesses is sometimes difficult to complete in a timely manner due to the complex technology environment including that of the nab Group's external service providers and the rapidly evolving nature of the threats, which leads to the continuing emergence of new vulnerabilities. As cyber threats continue to evolve, the nab Group may be required to expend significant additional resources to modify or enhance its layers of defense or to investigate or remediate any information security vulnerabilities.

The nab Group may also not always be able to anticipate a security threat, or be able to implement effective information security policies, procedures, and controls to prevent or minimize the resulting damage. A successful cyber-attack could persist for an extended period before being detected and, following detection, it could take considerable time for the nab Group to obtain full and reliable information about the cybersecurity incident and the extent, amount and type of information compromised. During an investigation, the nab Group may not necessarily know the full effects of the incident or how to remediate it, and actions and decisions that are taken or made to mitigate risk may further increase the costs and other negative consequences of the incident. Moreover, the nab Group

For personal use only

may be required to disclose information about a cybersecurity event before it has been resolved or fully investigated.

The nab Group may also inadvertently retain information, which is not specifically required or permitted by legislation, thus increasing the impact of a potential data breach or non-compliance. Additionally, the nab Group uses select external providers (in Australia and overseas) to process and store confidential data and to develop and provide its technology services, including the use of cloud infrastructure. The nab Group is limited in its ability to monitor and control the security protocols that service providers implement on a day-to-day basis. Control failures by these providers may expose the nab Group and the data it stores to loss of confidentiality, integrity or availability.

The nab Group may also submit confidential information to its key regulators under a legal obligation or as part of regulatory reporting that is stored and processed by the regulators. The nab Group is limited in its ability to monitor and control the security protocols implemented by the regulators.

A breach of security within the nab Group, at any of these external providers or regulators may result in operational disruption, theft or loss of customer or employee data, a breach of privacy laws, regulatory enforcement actions, civil penalties, customer or employee redress, litigation, financial losses, or loss of market share, property, or information. This may be wholly or partially beyond the control of the nab Group and may adversely impact its financial performance and position. For example, some large Australian organizations have experienced significant cyber-attacks in recent years leading to intense public reactions and increased political and regulatory focus.

Disruption to technology and services may adversely impact the nab Group's reputation and operations.

Many of the nab Group's operations depend on technology and external service providers including financial market infrastructure such as systemically important payment systems, central counterparties and securities settlement facilities. Therefore, the financial strength, reliability, resilience, security, and performance of the nab Group's and its external service providers' information technology systems, processes and infrastructure are essential to the effective operation of the nab Group's business and consequently to its financial performance and position. The reliability, security and resilience of the nab Group's technology and services may be impacted by the complex technology environment, selection, concentration of and reliance on suppliers, as well as by failure to keep technology systems up to date, and an inability to restore or recover systems and data in acceptable timeframes as a consequence of severe but plausible technological disruptions to the nab Group or its external service providers.

The rapid evolution of technology in the financial services industry and the increased expectations of customers for internet and mobile services on demand expose the nab Group to a range of operational risks. Any disruption to the nab Group's technology and services or those of its external service providers may be wholly or partially beyond the nab Group's control and may result in operational disruption, regulatory enforcement actions, customer redress, litigation, financial losses, theft or loss of customer data, loss of market share, loss of property or information, or may adversely impact the nab Group's speed and agility in the delivery of change and innovation.

In addition, any such disruption may adversely affect the trust that internal and external stakeholders have in the nab Group's ability to protect key information (such as customer and employee records) and infrastructure. This may in turn affect the nab Group's reputation, which may result in loss of customers, a reduction in share price, ratings downgrades and regulatory censure or penalties.

For personal use only

Complexity of systems, processes and models gives rise to a significant risk to the nab Group's operations.

The nab Group's business involves the execution of many processes and transactions with varying degrees of complexity. The nab Group is reliant on its policies, processes, controls, and supporting infrastructure functioning as designed, and on external service providers appropriately managing their own operational risk and delivering services to the nab Group as required. A failure in the design or operation of these policies, processes, controls, and infrastructure, failure of the nab Group to manage external service providers, or the disablement of a supporting system, all pose a significant risk to the nab Group's operations and consequently its financial performance, reputation and the timeliness and accuracy of its statutory and prudential reporting.

Models are used extensively in the conduct of the nab Group's business, for example, in calculating capital requirements or customer compensation payments, and in measuring and stress testing exposures. If the models used prove to be inadequate, or are based on incorrect or invalid assumptions, judgments, or inputs, this may adversely affect the nab Group's customers and the nab Group's financial performance and position. In particular, the nab Group's use of AI and machine learning technologies is subject to risks that algorithms and datasets are flawed or may be insufficient. This could result in inaccurate or ineffective decisions, predictions or analyses, and give rise to potential ethical and social risks associated with its use (e.g., unintended discrimination, bias and disinformation). In addition, if the nab Group was found to have infringed or misappropriated a third-party patent or other intellectual property right (including where the nab Group or an external service provider has used generative AI outputs based on data for which the generative model did not have consent), the nab Group could, in some circumstances, be prohibited from providing certain products or services to its customers or from utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets, or licenses.

The nab Group is exposed to the risk of human error.

The nab Group's services, processes, controls and decisions rely on appropriate actions and inputs from its employees, agents, and those of its external service providers. The nab Group is exposed to operational risk due to human error in the performance of any of these tasks that could lead to adverse impacts to the nab Group, including direct financial loss, loss of customer, employee or commercially sensitive data, regulatory penalties and reputational damage.

The nab Group may not be able to attract, remunerate and retain suitable talent.

The nab Group is dependent on its ability to attract and retain key executives, employees and Board members with a deep understanding of banking and technology, who are capable of executing and governing the nab Group's strategy, including the technology transformation required to meet the changing needs of its customers. Equally, the nab Group is dependent on its ability to attract and retain key executives and employees with a deep understanding of technical skillsets necessary to address key operational and related compliance risks facing the nab Group.

Potential weaknesses in employment practices, including diversity, anti-discrimination, workplace flexibility, payroll management and compliance, workplace health and safety and employee wellbeing, together with a competitive labor market for critical skills, are sources of operational risk that can impact the nab Group's ability to attract and retain qualified personnel with the requisite knowledge, skills and capability. Psychosocial risk (including relating to workplace factors such as customer aggression, workload issues or poor change management) is an area of increasing regulatory scrutiny and reputational risk and may adversely impact the nab Group's ability to attract and retain talent.

The nab Group's capacity to attract and retain key talent also depends on its ability to adequately and appropriately respond to changes (internal or external) as well as design and implement effective remuneration and talent structures. This may be constrained by several factors, including significant applicable regulatory requirements.

The market for key executives, employees and Board members in the financial services industry and with the skills the nab Group requires is competitive both locally and offshore, noting the nab Group is currently growing its offshore workforce. The unexpected loss of key resources or the inability to attract personnel with suitable experience may adversely impact the nab Group's ability to operate effectively and efficiently, or to meet the nab Group's strategic objectives and may give rise to uncertainty among the nab Group's customers, investors, vendors, employees and others concerning the nab Group's future direction and performance. This risk may also impact external service providers (including offshore vendors) engaged by the nab Group, who may be experiencing similar personnel related challenges.

External events may adversely impact the nab Group's operations.

The nab Group has branches and office buildings in Australia, NZ, the United Kingdom, the United States, France, Japan, India, Vietnam, Singapore and China that may be impacted by climatic, biological, geopolitical or geological events such as flooding, epidemics, terrorism, armed conflict and earthquakes. Such events may have a material impact on the nab Group's operations, for example, through interruption of global supply chains, availability of talent, property damage and business disruption. In addition, if the nab Group is unable to manage the impacts of such external events, it may compromise the nab Group's ability to provide a safe workplace for its personnel and/or lead to reputational damage.

Sustainability Risk

Sustainability risk is the risk that ESG-related events or conditions arise that could negatively impact the sustainability, resilience, risk and return profile, value, or reputation of the nab Group or its customers and suppliers.

Physical and transition risks arising from climate change, other environmental impacts and nature-related risks may lead to increasing customer defaults and decrease the value of collateral.

Extreme weather, increasing weather volatility, and longer-term changes in climatic conditions, as well as environmental impacts such as land contamination and other nature-related risks such as deforestation, biodiversity loss and ecosystem degradation, may affect water security, property and asset values or cause customer losses due to damage, crop losses, existing land use ceasing to be viable, and/or interruptions to, or impacts on, business operations, supply chains or market access. Australia and NZ have experienced severe weather events, including drought conditions, heat waves, bushfires, cyclones and floods, in recent years, and may continue to be affected by extreme weather events.

The impact of climate- and nature-related risks such as biodiversity loss and ecosystem degradation can take time to be fully realized and can be widespread, extending beyond residents, businesses, and primary producers in highly impacted areas, to supply chains in other cities and towns relying on agricultural and other products from within these areas. The impact of these losses on the nab Group may be exacerbated by a decline in the value and liquidity of assets held as collateral and the extent to which these assets are insured or insurable, which may impact the nab Group's ability to recover its funds when loans default.

Climate-related transition risks are increasing as economies, governments, and companies seek to transition to low-carbon alternatives and adapt to climate change. Some of the nab Group's customers

For personal use only

For personal use only

and external service providers may be adversely impacted as economies transition to renewable and low-emissions technology.

Decreasing investor appetite and customer demand for carbon intensive products and services, emerging requirements of sustainable finance taxonomies, increasing climate-related litigation and changing regulations and government policies designed to mitigate environmental impacts such as climate change, may adversely impact the nab Group's customers or products or services that serve those customers. Furthermore, management of transition risk is made more challenging due to the presence of social risks such as modern slavery in relevant supply chains (e.g., input materials and equipment required to support the low carbon transition).

These risks may increase expected and actual levels of customer defaults, thereby increasing the credit risk facing the nab Group and adversely impacting the nab Group's financial performance and position, profitability and returns to investors.

The impacts associated with climate change-related legislative and regulatory initiatives and customer requirements and the transition to a low carbon economy, including meeting new regulatory expectations, retrofitting of assets, energy efficient and low carbon investments, purchasing carbon credits or paying carbon taxes, may result in operational changes and additional expenditures that could adversely affect the nab Group and/or its customers.

The nab Group, its customers, or its suppliers may fail to comply with legal, regulatory, or voluntary standards or broader shareholder, community and stakeholder expectations concerning ESG risk performance.

Management of ESG issues is subject to legal, regulatory, voluntary and prudential standards, and community and stakeholder expectations that continue to change in scope, detail and levels of participation across industries, markets and geographies. Moreover, differing stakeholder perspectives regarding sustainability, including views about climate, nature, and human rights impacts, have affected and may continue to affect the nab Group's business activities, and increase the scrutiny and complexity of compliance requirements.

ESG due diligence requirements may become mandatory in some jurisdictions in which the nab Group operates, placing additional demands on the nab Group's processes and capability to manage, monitor and address ESG risks.

The nab Group may suffer adverse impacts, including litigation, fines, penalties, remedial costs, inability to attract or retain talent and reputational damage if it does not, or is perceived not to, effectively prepare for or manage the potential risks and opportunities associated with ESG issues or comply with ESG standards, requirements and voluntary commitments. These adverse impacts may arise from issues including, but not limited to, climate change, biodiversity loss and ecosystem degradation, invasive species, pollution, deforestation and illegal land clearing, human rights and modern slavery, fair working conditions, unfair and inequitable treatment of people including discrimination, product responsibility, appropriate remuneration, indigenous land rights and cultural heritage – including consideration of issues such as Free, Prior and Informed Consent, animal welfare, bribery and corruption, tax avoidance, greenwashing and greenhushing, and other false or misleading environmental or sustainability claims, cross industry collaboration practices, poor governance, lack of transparency, and supply chain traceability. ESG-related risks are complex and continue to evolve, as does their interaction with other risk factors relevant to the nab Group.

Regulators continue to focus on ESG-related regulatory requirements, including strengthening requirements and guidance relating to sustainability-related disclosures and governance practices, modern slavery and greenwashing. As the focus and intensity of regulatory priorities develop, the nab

Group may require material investment in processes, controls, technical expertise, systems and data or may suffer adverse impacts, including litigation, fines, penalties, remedial costs and reputational damage from a failure to meet the required standards.

Conduct Risk

Conduct risk is the risk that any action (or inaction) of the nab Group, or those acting on behalf of the nab Group, will result in unfair outcomes for any of the nab Group's customers.

The nab Group is reliant on its employees, contractors and external suppliers acting in an appropriate and ethical way.

Organizational culture can greatly influence individual and group behaviors. Poor culture, including a failure to put customer outcomes at the center of everything, can expose an organization and lead to customer harm, financial loss and detriment. The behaviors that could expose the nab Group to conduct risk include:

- Failure to design products and services that are transparent, accessible, and easy for the nab Group's customers, including customers experiencing vulnerability, to understand and access.
- Unmanaged conflicts of interest that could influence behavior that is not in the customer's best interest.
- Ineffective or non-adherence to applicable learning and competency training requirements.
- Selling, providing, or unduly influencing customers to purchase or receive products or services that may not meet their existing needs or that place the customer at risk of future hardship.
- Use of AI that is unethical, inappropriate or inconsistent with community and customer expectations, or the overreliance on algorithmic outcomes without adequate explainability, transparency or appreciation of the impacts.
- Making representations to customers about products or services of the nab Group which are inaccurate, misleading, or deceptive, including representations which may mislead customers on the extent to which the nab Group's practices are environmentally friendly, sustainable, or ethical.
- Being a party to fraud.
- Failure to identify and appropriately manage customer communications, hardship cases and debt collection.
- Failure to protect customers from fraud or scams when banking through digital channels or failure to respond adequately to customers impacted by external fraud or scams.
- Failure to anticipate and prevent malicious internal or external actors from using product or service features in unintended ways that result in harm to the nab Group's customers (e.g., financial abuse or perpetrators of domestic violence).
- Non-adherence to applicable requirements or providing financial advice which is not appropriate or in a customer's interests.
- Delays in appropriately escalating regulatory and compliance issues.
- Failure to resolve issues and remediate customers in a timely manner and in accordance with community expectations.

For personal use only

- Failure to deliver on product and service commitments.
- Failure to remediate ineffective business processes and stop the re-occurrence of issues in a timely manner.
- Failure to act in accordance with the nab Group's Code of Conduct or Financial Markets Conduct Policy.

If the nab Group's conduct-related controls were to fail significantly, be designed inappropriately, or not meet legal or regulatory requirements or community expectations, then the nab Group may be exposed to, among other things:

- Increased costs of compliance, fines, additional capital requirements, public censure, loss of customer confidence, class actions and other litigation, settlements, and restitution to customers or communities.
- Increased supervision, oversight, or enforcement by regulators or other stakeholders. For example, the Australian Securities and Investments Commission (**ASIC**) released Report 782 in May 2024 after conducting an industry review on the approach to financial hardship in home lending, in which the Issuer was a participant. The report found it was difficult for customers experiencing hardship to access appropriate support from lenders. ASIC initiated civil penalty proceedings in the Federal Court against the Issuer and AFSH Nominees Pty Ltd (Advantedge) alleging failures to respond to financial hardship outcome notices within the time required by law.
- Unenforceability of terms which are deemed to be in contravention of Unfair Contract Terms legislation within standard form contracts such as loans, guarantees, and other security documents, which could possibly result in civil and/or monetary penalties.
- Enforced suspension of operations, amendments to license conditions, or loss of license to operate, all or part of the nab Group's businesses.
- Other enforcement or administrative action or agreements, including legal proceedings.

A failure of the nab Group's conduct-related controls to accurately reflect relevant legal, regulatory or community expectations may adversely impact the nab Group's reputation, financial performance and position, profitability, operations and returns to investors and can result in customer harm, financial loss and detriment.

Compliance Risk

Compliance risk is the risk of failing to understand and comply with relevant laws, regulations, license conditions, supervisory requirements, self-regulatory industry codes of conduct and voluntary initiatives, as well as the internal policies, standards, procedures, and frameworks that support fair and equitable treatment of customers.

The nab Group may be involved in a breach or alleged breach of, laws governing bribery, corruption, and financial crime.

Supervision and regulation of financial crime and enforcement of anti-bribery and anti-corruption (**ABC**), financial sanctions, anti-money laundering and counter-terrorism financing (**AML/CTF**) laws have increased in recent years. In particular, the risks of sanctions violations have increased in the context of wide-ranging economic sanctions and export controls imposed since 2022 by the European Union, the United Kingdom, the United States, Australia and other countries as a result of the ongoing war between Russia and Ukraine. In addition, significant economic sanctions are in place on North

For personal use only

For personal use only

Korea, Cuba, Iran and Syria, some of which can be extraterritorial in effect. There are rising expectations from regulators concerning export control due diligence by financial institutions, and compliance challenges are compounded by those subject to sanctions attempting to evade and circumvent their impact.

As a bank engaged in global finance and trade, the nab Group faces risks relating to compliance with AML/CTF, ABC and financial sanctions laws across multiple jurisdictions. The nab Group is required to monitor and comply with the applicable AML/CTF, ABC and financial sanctions laws and to implement appropriate policies and procedures to prevent and detect any violations of such laws. Undetected failure of internal controls, or the ineffective remediation of compliance issues could lead to breaches of such laws, resulting in potentially significant monetary and regulatory penalties (criminal or civil), fines, litigation, and restrictions on the nab Group's ability to access capital markets or conduct its business activities, which, in turn, may adversely impact the nab Group's reputation, financial performance, and position.

On April 29, 2022, the Issuer entered into an enforceable undertaking (**Enforceable Undertaking**) with the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) to address AUSTRAC's concerns with the nab Group's compliance with certain AML/CTF requirements.

The Issuer has completed the delivery of its required activities under the Remedial Action Plan. On April 30, 2025 the external auditor delivered its final report under the Enforceable Undertaking. Under the terms of the Enforceable Undertaking, the Enforceable Undertaking will end on the date that the AUSTRAC Chief Executive Officer gives the Issuer written notice as to the cancellation or withdrawal of the Enforceable Undertaking. Refer to 'Notes to the Consolidated Financial Statements' Note 13 *Commitments and contingent liabilities*, 'Regulatory activity, compliance investigations and associated proceedings – Anti-Money Laundering and Counter-Terrorism Financing program uplift and compliance issues' in our unaudited consolidated interim financial statements as at and for the fiscal half year ended March 31, 2025 included in the 2025 Half Year U.S. Disclosure Document for more information.

The nab Group continues to investigate and remediate a number of known AML/CTF compliance issues and weaknesses. As this work progresses, further compliance issues may be identified and reported to AUSTRAC or equivalent foreign regulators, and additional enhancements of the nab Group's systems and processes may be required. A negative outcome to any investigation or remediation process may adversely impact the nab Group's reputation, business operations, financial position, and results.

The nab Group may fail to comply with applicable laws and regulations which may expose the nab Group to increased regulatory intervention, significant compliance and remediation costs, and regulatory enforcement action or litigation, including class actions.

The nab Group is highly regulated and subject to various regulatory regimes which differ across the jurisdictions in which it operates, trades, and raises funds.

Ensuring compliance with all applicable laws is complex. There is a risk the nab Group will be unable to implement adequate compliance arrangements including processes and controls required by relevant laws and regulations in a timely manner, or that the nab Group's compliance arrangements will prove to be inadequate or ineffective in ensuring compliance. There is also a potential risk of misinterpreting or misapplying new or existing laws, regulations or statutory instruments and of being unable to comply with detailed data requests from various regulators, including in respect of data collected from customers or in respect of employees, if data is inaccurate or incomplete.

There is significant cost associated with the systems, processes, controls and personnel required to comply with applicable laws and regulations. Such costs may negatively impact the nab Group's

financial performance and position. Any failure to comply with relevant laws and regulations may have a negative impact on the nab Group's reputation and financial performance and position and may give rise to class actions, litigation, or regulatory enforcement, which may in turn result in the imposition of civil or criminal penalties, or additional regulatory capital requirements, on the nab Group.

Potential weaknesses in employment practices, including anti-discrimination, workplace health and safety, payroll compliance and the "right to disconnect" are areas of increasing regulatory scrutiny and reputational risk. In addition, there are also risks associated with the nab Group's compliance with Australian workplace laws and its obligations to employees under those laws and contractual agreements with its employees. Any instances of non-compliance could result in remediation costs, reputational damage, enforcement or other legal action (including potential federal criminal penalties for "wage theft" introduced under the Fair Work Legislation Amendment (Closing Loopholes) Act 2023 (Cth) that came into effect on January 1, 2025). Employment practices may become subject to heightened public scrutiny, either generally or following a specific adverse event, or because of activism by employees, unions, or special interest groups.

Entities within the nab Group have been, and may continue to be, involved from time to time in regulatory enforcement and other legal proceedings arising from the conduct of their business. There is inherent uncertainty regarding the possible outcome of any legal or regulatory proceedings involving the nab Group. It is also possible that further class actions, regulatory investigations, compliance reviews, civil or criminal proceedings, or the imposition of new license conditions or regulatory capital requirements could arise in relation to known matters or other matters of which the nab Group is not yet aware. The aggregate potential liability and costs associated with legal proceedings cannot be estimated with any certainty.

A negative outcome to regulatory investigations or litigation involving the nab Group may impact the nab Group's reputation, divert management time from operations, and affect the nab Group's financial performance and position, profitability, and returns to investors. Refer to 'Notes to the Consolidated Financial Statements' Note 13 *Commitments and contingent liabilities* in our unaudited consolidated interim financial statements as at and for the fiscal half year ended March 31, 2025 included in the 2025 Half Year U.S. Disclosure Document for details in relation to certain current legal and regulatory proceedings, compliance reviews and associated remediation, and other contingent liabilities which may impact the nab Group.

Extensive regulatory change poses a significant risk to the nab Group.

Globally, the financial services and banking industries are subject to significant and increasing levels of regulatory change, reviews and political scrutiny, including in Australia, NZ and other countries where the nab Group has, or may establish, offshore operations.

The nab Group's response to regulatory change may result in significant capital and compliance costs, changes to the nab Group's corporate structure, and increasing demands on management, employees and information technology systems. This may also impact the competitiveness of the nab Group in certain areas of its business, the viability of the nab Group's participation in certain markets or require the divestment of a part of the nab Group's business. The pace, volume, and complexity of change may also expose the nab Group to the increased risk of failure to adequately identify or comply with all applicable regulatory changes. Changes to laws and regulations or their interpretation and application can be unpredictable, are beyond the nab Group's control, and may not be harmonized across the jurisdictions in which the nab Group operates.

Operationalizing large volumes of regulatory change presents ongoing risks for the nab Group. Examples of key specific reviews and regulatory reforms currently relevant to the nab Group, and which present a potential material regulatory risk include those set out below:

For personal use only

For personal use only

- In recent years the financial services industry has come under increasing pressure from governments, regulators, media and consumer groups to do more to protect customers from scams. The Australian Government passed legislation on February 13, 2025 that creates a Scams Prevention Framework for entities designated by the Australian Government. The legislation took effect on February 20, 2025 after receiving royal assent. The legislation, and the rules and codes that will be established under the legislation, will establish obligations that the nab Group must comply with in relation to governance, prevention, detection, response, disruption and reporting of scams. The legislation also establishes the framework for external dispute resolution of scam complaints which will include authority to make binding determinations of liability for scam losses against designated entities. Given the significant losses associated with scams and the potential penalties available to regulators there will be a requirement for additional expenditure by the nab Group to ensure compliance with the Scams Prevention Framework.

- The Australian Parliament passed a bill to amend the AML/CTF Act on November 29, 2024. Most of the associated changes will come into force on March, 31 2026. The changes include regulation for additional entities within Australia, some of whom will be customers of the nab Group. A draft version of the accompanying AML/CTF rules has been released for public consultation with a second exposure draft AML/CTF rules under development and subject to a second public consultation shortly.

- The NZ Government has introduced several initiatives designed to increase competition in NZ financial services. These initiatives include the Commerce Commission's final report into competition for personal banking, the current Select Committee inquiry into banking competition and the continued implementation of the CDR, known as 'Open Banking' in the NZ banking sector. In addition to heightened competition risks, these initiatives are also likely to increase compliance costs for banks, including Bank of New Zealand.

- A climate-related disclosures regime under the Financial Markets Conduct Act 2013 in NZ requires climate-related reporting. Similar requirements also came into effect in Australia on January 1, 2025 under the Corporations Act 2001 (Cth) and the Australian Accounting Standards Board (**AASB**) Standards. Increasing divergence in sustainability and climate-related disclosure requirements and expectations across jurisdictions may lead to complexity and give rise to risks associated with meeting compliance requirements and stakeholder expectations. The emerging nature of these requirements, and the lack of robust and mature data, particularly in areas like nature and modern slavery-related disclosures, may also contribute to disclosure risks.

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

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

Preparation of the nab Group's financial statements requires management to make estimates and assumptions and to exercise judgment in applying relevant accounting policies, each of which may directly impact the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities. A higher degree of judgment is required for the recognition and estimates used in the measurement of provisions (including for customer-related remediation and other regulatory matters), the determination of income tax, the valuation of financial assets and liabilities (including fair value and credit impairment of loans and advances), and the valuation of goodwill and intangible assets arising from business acquisitions.

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

For personal use only

For personal use only

FINANCIAL INFORMATION

Presentation of Financial Information

The nab Group's financial reports incorporated by reference into this Information Memorandum are prepared in accordance with the accounting standards and interpretations issued by the AASB. Compliance with standards and interpretations issued by the AASB ensures that the nab Group's financial reports comply with International Financial Reporting Standards as issued by the International Accounting Standards Board. The nab Group's financial reports do not contain a reconciliation to U.S. GAAP. See "*Where You Can Find Additional Information*" for further information on where to access the nab Group's financial reports.

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

Currency of Presentation

We publish our consolidated financial statements in Australian dollars. Our fiscal year ends on September 30 of each year.

Capitalization

Details regarding our capitalization as at March 31, 2025, can be found in Section 2, "*Group review—Capital management and funding*" and Section 5, "*Supplementary information—Capital adequacy*", both included in the 2025 Half Year U.S. Disclosure Document (as defined in "*Where You Can Find Additional Information*" below).

No Significant Change and No Material Adverse Change

The first paragraph under the heading "*No Significant Change and No Material Adverse Change*" on page 359 of the Prospectus shall be deemed deleted and replaced with the following for the purposes of this Information Memorandum:

> "There has been no significant change in the financial performance or financial position of the nab Group taken as a whole since March 31, 2025."

For personal use only

TAXATION

United States Taxation

For a discussion of the material U.S. federal income tax consequences of owning the Covered Bonds, see "*Taxation—United States Federal Income Taxation*" on pages 326 to 339 of the accompanying Prospectus.

Australian Taxation

For a discussion of certain Australian tax matters related to the Covered Bonds, see "*Taxation—Australian Taxation*" on pages 319 to 325 of the accompanying Prospectus.

Other

For a discussion of certain United Kingdom and Luxembourg tax matters related to the Covered Bonds, see "*Taxation—United Kingdom Taxation*" and "*Taxation—Luxembourg Taxation*", respectively, in the accompanying Prospectus.

For personal use only

WHERE YOU CAN FIND ADDITIONAL INFORMATION

In this Information Memorandum, we "incorporate by reference" all of the information that we have published and will publish in the future on the portion of nab's website with the URL of https://www.nabcapital.com.au/pages/reports. The information incorporated by reference is considered to be a part of this Information Memorandum, and later information published on this website is also incorporated by reference and will update and supersede that information. As of the date hereof, the documents incorporated by reference consist of:

- our U.S. Disclosure Document for the fiscal half year ended March 31, 2025 (the **2025 Half Year U.S. Disclosure Document**), which includes our reviewed, unaudited consolidated interim financial statements as at and for the fiscal half years ended March 31, 2025, and March 31, 2024, and related notes;

- our Pillar 3 Report for the fiscal half year ended March 31, 2025, which addresses the requirements of APRA's Pillar 3 disclosure standard APS 330;

- our U.S. Disclosure Document for the fiscal year ended September 30, 2024 (the **2024 U.S. Disclosure Document**), which includes extracts from our Annual Report for the fiscal year ended September 30, 2024 containing our audited consolidated financial statements as at and for the fiscal years ended September 30, 2024, and September 30, 2023, and related notes, and our management's discussion and analysis for the fiscal years ending September 30, 2024 and September 30, 2023;

- our Pillar 3 Report for the fiscal year ended September 30, 2024, which addresses the requirements of APRA's Pillar 3 disclosure standard APS 330;

- our U.S. Disclosure Document for the fiscal year ended September 30, 2023 (the **2023 U.S. Disclosure Document**), which includes extracts from our Annual Report for the fiscal year ended September 30, 2023 containing our audited consolidated financial statements as at and for the fiscal years ended September 30, 2023, and September 30, 2022, and related notes, and our management's discussion and analysis for the fiscal years ending September 30, 2023 and September 30, 2022;

- our Pillar 3 Report for the fiscal year ended September 30, 2023, which addresses the requirements of APRA's Pillar 3 disclosure standard APS 330; and

- our constitution (most recently amended at nab's annual general meeting on December 16, 2022).

None of the information on any other portion of nab's website, and none of the information on any website referenced in any document incorporated by reference into this Information Memorandum (to the extent that such information is not otherwise included in, or incorporated by reference into, this Information Memorandum), is incorporated into this Information Memorandum by reference. As a general matter, no information other than the information specifically included or incorporated by reference into this Information Memorandum is incorporated by reference in or otherwise deemed to be a part of this Information Memorandum.

The documents which are incorporated by reference into this Information Memorandum fully negate and replace the list of documents incorporated by reference in the Prospectus set forth in the section entitled "*Documents Incorporated by Reference and Credit Ratings*" beginning on page 100 of the Prospectus. References herein to the Information Memorandum do not take into account supplements

thereto unless expressly supplemented by this Information Memorandum or incorporated by reference herein or published on the website set out above.

Any statement contained in this Information Memorandum or in a document incorporated by reference in this Information Memorandum will be deemed to be modified or superseded for purposes of this Information Memorandum to the extent that a statement contained in any subsequent document modifies or supersedes that statement. Any statement that is modified or superseded in this manner will no longer be a part of this Information Memorandum, except as modified or superseded.

We have agreed that, if and for so long as we are not subject to the informational requirements of Section 13 or Section 15(d) of the Exchange Act or are exempt from reporting pursuant to Rule 12g3-2(b) thereunder, and the Covered Bonds constitute "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will furnish to any holder of the Covered Bonds offered hereby and to prospective purchasers designated by such holders, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act to permit compliance with Rule 144A in connection with resales of the Covered Bonds.

You may request a copy of any documents referred to above (excluding exhibits), at no cost, by contacting us at the following address: National Australia Bank Limited, Level 28, 395 Bourke Street, Melbourne, Victoria 3000, Australia; Attention: Company Secretary. Telephone requests may be directed to (+61-3) 8615-3064.

For personal use only

INDEPENDENT AUDITORS

The consolidated financial statements of nab and its controlled entities as of and for the fiscal years ended (i) September 30, 2024 and September 30, 2023 included in the 2024 U.S. Disclosure Document and (ii) September 30, 2023 and September 30, 2022 included in the 2023 U.S. Disclosure Document, which are incorporated by reference in this Information Memorandum as described in "*Where You Can Find Additional Information*" above, have been audited by Ernst & Young.

The consolidated interim financial statements of nab and its controlled entities as of and for the fiscal half years ended March 31, 2025 and March 31, 2024 included in the 2025 Half Year U.S. Disclosure Document, which is incorporated by reference in this Information Memorandum as described in "*Where You Can Find Additional Information*" above, have been reviewed by Ernst & Young.

Ernst & Young are the independent auditors with respect to nab and its consolidated subsidiaries within the meaning of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) and the Corporations Act, as stated in their reports appearing therein.

For personal use only

For personal use only

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

Set out below is the form of Final Terms which, subject to any necessary amendment, will be completed for each Tranche of Rule 144A Global Covered Bonds issued under the Programme (and any related Regulation S Global Covered Bond (as defined under "Form of the Covered Bonds" beginning on page 104 of this Information Memorandum) issued under this Information Memorandum). Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation (where **Prospectus Regulation** means Regulation (EU) No 2017/1129). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][1]

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

PROHIBITION OF SALES TO CONSUMERS IN BELGIUM – The Covered Bonds are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique/Wetboek van economisch recht*), as amended.

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

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

For personal use only

[**MIFID II PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, **MiFID II**)/MiFID II]; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][3]

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

[Date**]**

National Australia Bank Limited (ABN 12 004 044 937)

Legal Entity Identifier (LEI): F8SB4JFBSYQFRQEH3Z21

Issue of [*Aggregate Nominal Amount of Tranche*]
under the U.S.$40 billion nab Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments of interest and principal by
Perpetual Corporate Trust Limited
as trustee of the nab Covered Bond Trust and Covered Bond Guarantor

PART A—CONTRACTUAL TERMS

Terms used herein will be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Information Memorandum, dated May 14, 2025 (the **Information Memorandum**), and the accompanying Prospectus, dated November 13, 2024 (the **Prospectus**), which forms an integral part of the Information Memorandum. This document constitutes the Final Terms of the Covered Bonds described herein (the **Final Terms**) and must be read in conjunction with the Information Memorandum (including the documents incorporated by reference therein). If the

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

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

For personal use only

information in these Final Terms is inconsistent with any information in the Information Memorandum, these Final Terms will apply and supersede such information.

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

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum, which is attached to these Final Terms. This document constitutes the Final Terms of the Covered Bonds described herein and must be read in conjunction with the Information Memorandum (including the documents incorporated by reference therein). If the information in these Final Terms is inconsistent with any information in the Information Memorandum, these Final Terms will apply and supersede such information.]

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

1.	(a)	Issuer:	National Australia Bank Limited (ABN 12 004 044 937)
	(b)	Covered Bond Guarantor:	Perpetual Corporate Trust Limited in its capacity as trustee of the nab Covered Bond Trust
	(c)	A$ Registrar:	[Austraclear Services Limited ABN 28 003 284 419/*specify other*][Not Applicable]
	(d)	Calculation Agent:	[Not Applicable/The Issuer/*specify other*]
2.	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●]
	(c)	Date on which Covered Bonds will be consolidated and form a single Series: (As referred to under Condition 16)	[The Covered Bonds will be consolidated and form a single Series with [●] on [the Issue Date/the date that is 40 days after the Issue Date]/[exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph [●] below], which is expected to occur on or about [●]]/[Not Applicable]
3.		Specified Currency or Currencies:	[U.S.$/*specify other*]
4.		Aggregate Nominal Amount of Covered Bonds admitted to trading:	
	(a)	Series:	[●] (**Aggregate Nominal Amount**)
	(b)	Tranche:	[●]

For personal use only

5.	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]] (*include in the case of fungible issues only, if applicable*)
6.	(a)	Specified Denominations: (As referred to under Condition 1)	[U.S.$250,000 Minimum denomination and integral multiples of U.S.$1,000 thereafter/*specify other*]
	(b)	Calculation Amount (in relation to calculation of interest for Covered Bonds in global form or in the form of Registered Definitive Covered Bonds, see Conditions):	[U.S.$1,000/*specify other*]
7.	(a)	Trade Date:	[●]
	(b)	Issue Date:	[●]
	(c)	Interest Commencement Date:	[●/Issue Date/*specify other*] (*N.B. An Interest Commencement Date will not be relevant for certain Covered Bonds, for example Zero Coupon Covered Bonds.*)
	(d)	A$ Record Date:	[Not Applicable]
8.	Final Maturity Date:		[●/Interest Payment Date falling in or nearest to [●]]
9.	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:		[●/Interest Payment Date falling in or nearest to [●]] [If an Extended Due for Payment Date is specified and the Final Redemption Amount is not paid in full on the Final Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Due for Payment Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Due for Payment Date. See Condition 6(a).]

For personal use only

10.	Interest Basis: (As referred to under Condition 4)	[[●] per cent. per annum Fixed Rate] (*additional language to include if there is an Extended Due for Payment Date: [payable [annually] in arrear from (and including) the Interest Commencement Date to (but excluding) the Final Maturity Date]*) [[EURIBOR/HIBOR/NIBOR] [Compounded Daily [SONIA/SOFR/CORRA/€STR]] [Average [SONIA/SOFR/CORRA/€STR]] [[SONIA/SOFR/CORRA/€STR] Index Determination] +/- [●] per cent. per annum Floating Rate] (*additional language to include if there is an Extended Due for Payment Date: [payable [monthly] in arrear from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date]*) [[BBSW Rate/BKBM Rate] +/- [●] per cent. per annum Floating Rate] (*additional language to include if there is an Extended Due for Payment Date: [payable [monthly] in arrear from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date]*) [Zero Coupon] (further particulars specified below) (*N.B. It is expected that BBSW Rate or BKBM Rate will only be selected where "BBSW Determination" or "BKBM Determination", respectively, are marked as "Applicable" below*)
11.	Redemption/Payment Basis: (As referred to under Condition 6)	Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Final Maturity Date at [100] per cent. of the Aggregate Nominal Amount
12.	Change of Interest Basis or Redemption/Payment Basis: (As referred to under Conditions 4 and 6)	[●/Not Applicable/From Fixed to Floating/From Floating to Fixed]

For personal use only

13.	Put/Call Options: (As referred to under Conditions 6(c) and 6(d))	[Issuer Call] [Issuer Clean-Up Call] [Investor Put] [Not Applicable] [(see paragraphs 19 and 20 below)]
14.	Date of Board approval for issuance of Covered Bonds obtained:	[Not Applicable/●] (*N.B. Only relevant where Board (or similar) authorization is required for the particular tranche of Covered Bonds*)
15.	Method of distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Covered Bond Provisions: (As referred to under Condition 4(a))	[Applicable/Not Applicable/(*if there is an Extended Due for Payment Date: [Applicable from the Interest Commencement Date to the Final Maturity Date]*)] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Rate[(s)] of Interest: (As referred to under Condition 4(a))	[●] per cent. per annum payable [annually/semi-annually/quarterly/other (*specify*) in arrear on each Interest Payment Date] (*If payable other than annually, consider express reference to Condition 4(a)*)
	(b) Interest Payment Date(s):	[*insert dates*]/[[●] in each year from (and including) [●] up to and (including) the Final Maturity Date, subject to adjustment in accordance with the Business Day Convention set out below (*additional language to include if there is an Extended Due for Payment Date: [(provided however that after the Final Maturity Date, the Interest Payment Dates shall be monthly in accordance with paragraph 17 below)]*)] / [Final Maturity Date *(N.B. 'Final Maturity Date' should be specified where there is a single Interest Payment Date*)]
	(c) Fixed Coupon Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form or in the form of Registered Definitive Covered	[[●] per Calculation Amount]/[Condition 5.1 applies]/[Not Applicable]

For personal use only

	Bonds, see Conditions): (As referred to under Condition 4(a))	(*'Not Applicable' should be specified where 'Business Day Convention – Adjusted' is specified as being 'Applicable')*
(d)	Broken Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form or in the form of Registered Definitive Covered Bonds, see Conditions): (As referred to under Condition 4(a))	[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [ ] [Not Applicable]
(e)	Day Count Fraction: (As referred to under Condition 4(a))	[30/360 or Actual/Actual (ICMA) or RBA Bond Basis/Australian Bond Basis or Actual/Actual Canadian Compound Method]
(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]]
	(i) Adjusted:	[Applicable/Not Applicable]
	(ii) Non-Adjusted:	[Applicable/Not Applicable]
(g)	Additional Business Centres:	[*Specify Additional Business Centre(s)*] For the avoidance of doubt, in accordance with the Conditions, [this/these] Additional Business Centre[s] [is/are] in addition to London and [*specify any other centre(s) which apply under the definition of "Business Day" in Condition 5.7*]/[Not Applicable].
(h)	Determination Date(s): (As referred to under Condition 4(a))	[●] in each year
17.	Floating Rate Covered Bond Provisions: (As referred to under Condition 4(b))	[Applicable/Not Applicable] / (*alternative language to include if there is an Extended Due for Payment Date: [Applicable from the Final Maturity Date to the Extended Due for Payment Date]*) (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Specified Period(s)/Specified Interest Payment Dates: (As referred to under Condition 4(b))	[[●] in each year from (and including) [●] up to (and including) the Final Maturity Date subject to adjustment in accordance with the Business Day Convention set out below] / (*alternative language*

For personal use only

		*to include if there is an Extended Due for Payment Date: [**Specified Period** means the period from (and including) each Specified Interest Payment Date up to (but excluding) the next following Specified Interest Payment Date provided that the first Specified Period shall be from (and including) the Final Maturity Date to (but excluding) the next following Specified Interest Payment Date, subject to adjustment in accordance with the Business Day Convention set out below.* *The **Specified Interest Payment Dates** are the [●] day of each month from (but excluding) the Final Maturity Date to (and including) the Extended Due for Payment Date (or, if earlier, the date on which the Covered Bonds are redeemed in full), subject to adjustment in accordance with the Business Day Convention set out below.]*) / [*specify other*]
(b)	Business Day Convention: (As referred to under Condition 4(b))	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]]
(c)	Additional Business Centre(s): (As referred to under Condition 4(b))	[New York/*specify other*] [*If there are Business Centre(s) applicable to the Covered Bonds by operation of the Conditions which are not referenced here, add the following:* "For the avoidance of doubt, in accordance with the Conditions these Additional Business Centres are in addition to [●]."]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined: (As referred to under Condition 4(b))	[Screen Rate Determination – Term Rate/Screen Rate Determination – SOFR/Screen Rate Determination - SONIA/Screen Rate Determination – CORRA/Screen Rate Determination – €STR/BBSW Determination/BKBM Determination/*specify other*]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): (As referred to under Condition 4(b))	[[●]/Not Applicable] (*If there is a calculation agent responsible for calculating the Rate of Interest and Interest Amount, include the name and address of such calculation agent*)
(f)	Screen Rate Determination:	[Applicable – Term Rate/Applicable – SOFR/Applicable – SONIA/Applicable – CORRA/Applicable – €STR/Not Applicable]

For personal use only

		(If not applicable, delete the remaining subparagraphs of this Paragraph 17(f))
(i)	Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: [[●] month [●] [EURIBOR/HIBOR/NIBOR][SONIA][SOFR][CORRA][€STR]] Relevant Time: [●]/[Not Applicable] (*Where (i) Reference Rate is SONIA and Calculation Method is <u>not</u> SONIA Index Determination, (ii) Reference Rate is CORRA and Calculation Method is <u>not</u> CORRA Index Determination (iii) Reference Rate is €STR and Calculation Method is <u>not</u> €STR Index Determination, or (iv) Reference Rate is SOFR, Relevant Time will be "Not Applicable"*) Relevant Financial Centre: [New York/ Brussels/Hong Kong/ Oslo/*Specify other Relevant Financial Centre*]/[Not Applicable] (*Where Reference Rate is SONIA, SOFR, CORRA or €STR, Relevant Financial Centre will be 'Not Applicable'*)
(ii)	Interest Determination Date(s): (As referred to under Condition 4(b))	[First day of each Interest Period] [Second day on which T2 is open prior to the start of each Interest Period] [The [first/[●]] [U.S. Government Securities Business Day/London Banking Day/Toronto Business Day/T2 Business Day] falling after the last day of the relevant Observation Period] [The day falling [●] [U.S. Government Securities Business Day[s]/London Banking Day[s] /Toronto Business Day[s]/T2 Business Day[s]] prior to each Interest Payment Date (or the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date)] [Second Oslo business day prior to the start of each Interest Period] [[●] days prior to the start of each Interest Period]

For personal use only

(iii) Relevant Screen Page: [●][Not Applicable]

(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately. Where Reference Rate is SOFR, CORRA or €STR, Relevant Screen Page will be 'Not Applicable'.)*

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

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

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

(C) Lookback Period (*p*): [2/[●] U.S. Government Securities Business Days][Not Applicable]

(D) Observation Shift Period: [2/[●] U.S. Government Securities Business Days]][Not Applicable]

(*N.B. When setting the Lookback Period (p) or the Observation Shift Period, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms. Unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, in relation to the relevant issuance, it is anticipated that '(p)' will be no fewer than (i) 2 U.S. Government Securities Business Days if the Principal Paying Agent is Deutsche Bank Trust Company Americas, and (ii) 5 U.S. Government Securities Business Days if the Principal Paying Agent is Deutsche Bank AG, London Branch*)

(E) Relevant Number: [[●] U.S. Government Securities Business Days]][Not Applicable]

(*Not applicable unless Calculation Method is SOFR Index Determination*)

(*N.B. When setting the Relevant Number, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of*

For personal use only

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

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

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

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

(C) Lag Lookback Period (p): [5/[●] London Banking Days][Not Applicable]

(D) Observation Shift Period: 5/[●] London Banking Days][Not Applicable]

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

(E) Relevant Number: [5/[*specify other*] London Banking Days][Not Applicable]

(*Not applicable unless Calculation Method is SONIA Index Determination*)

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

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

(vi) CORRA Provisions: [Applicable/Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this Paragraph 17(f)(vi)*)

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

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

(C) Lag Lookback Period (*p*): [5/[*specify other*] Toronto Business Days][Not Applicable]

(D) Observation Shift Period: [5/[*specify other*] Toronto Business Days][Not Applicable]

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

(E) Relevant Number: [5/[*specify other*] Toronto Business Days][Not Applicable]

(*Not applicable unless Calculation Method is CORRA Index Determination*)

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

For personal use only

For personal use only

(vii)	€STR Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this Paragraph 17(f)(vii)*)
	(A)	Calculation Method:	[Compounded Daily €STR Formula/€STR Index Determination/Average €STR]
	(B)	Observation Method:	[Lag/Observation Shift/Not Applicable]
	(C)	Lag Lookback Period (*p*):	[5/[*specify other*] T2 Business Days][Not Applicable]
	(D)	Observation Shift Period:	[5/[*specify other*] T2 Business Days] [Not Applicable] (*N.B. When setting the Lag Lookback Period (p) or the Observation Shift Period, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms. It is anticipated that '(p)' will be no fewer than 5 T2 Business Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, in relation to the relevant issuance*)
	(E)	Relevant Number:	[5/[*specify other*] T2 Business Days][Not Applicable] (*Not applicable unless Calculation Method is €STR Index Determination*) (*N.B. When setting the Relevant Number, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms. It is anticipated that the Relevant Number will be no fewer than 5 T2 Business Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, in relation to the relevant issuance.*)

For personal use only

			(It is anticipated that Screen Rate Determination will be used on an issue-by-issue basis, unless otherwise agreed between the Issuer and the relevant dealer or the relevant managers on the launch of a particular issue.)
(g)	BBSW Determination:		[Applicable/Not Applicable]
	(i)	Interest Determination Date(s) for BBSW Rate:	[As specified in Condition 4(b)(ii)(F)(4)/*specify other*]
	(ii)	Interest Determination Date(s) for Fallback Rates:	[As specified in Condition 4(b)(ii)(F)(4)/*specify other*]
(h)	BKBM Determination:		[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph)
	(i)	Relevant Financial Centre:	[Auckland and Wellington]
	(ii)	Interest Determination Date(s):	[●]
(i)	Linear Interpolation:		[Not Applicable][Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(j)	Margin(s): (As referred to under Condition 4(b))		[+/-] [●] per cent. per annum
(k)	Minimum Rate of Interest: (As referred to under Condition 4(b))		[●] per cent. per annum/[Not Applicable]
(l)	Maximum Rate of Interest: (As referred to under Condition 4(b))		[●] per cent. per annum/[Not Applicable]
(m)	Day Count Fraction: (As referred to under Condition 4(b))		[Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
(n)	Interest Amounts Non-Adjusted:		[Applicable/Not Applicable]

(o)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions:	[●]
18.	Zero Coupon Covered Bond Provisions: (As referred to under Condition 6(f)(iii))	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Accrual Yield:	[●] per cent. per annum
(b)	Reference Price:	[●]
(c)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[30/360][Actual/365]][Conditions 6(f) and 6(k) apply] (*Consider applicable day count fraction if not U.S. dollar denominated*)

PROVISIONS RELATING TO REDEMPTION

19.	Notice periods for Condition 6(b) (Redemption for taxation reasons) or Condition 6(e) (Redemption due to illegality):	Minimum Period: [30] days Maximum Period: [60] days
20.	Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Optional Redemption Date(s):	[●]
(b)	Optional Redemption Amount:	[[●] per Calculation Amount]
(c)	If redeemable in part:	[Applicable/Not Applicable]
(i)	Minimum Redemption Amount:	[●]
(ii)	Maximum Redemption Amount:	[●]
(d)	Notice period (if other than as set out in the Conditions):	[Not Applicable]

For personal use only

For personal use only

[Not less than [[5] and not more than [30]] [*insert Business Centres*] Business Days' notice to the Bond Trustee, Principal Paying Agent and Covered Bondholders prior to the Optional Redemption Date in accordance with Condition 6. Any notice given to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or Austraclear in accordance with Condition 13 shall be deemed to have been given to the Covered Bondholders on the day on which that notice is given to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or Austraclear.]

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

(*N.B. When setting notice periods the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Bond Trustee.*)

21. Issuer Clean-Up Call: [Applicable/Not Applicable]

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

(a) Issuer Clean-Up Call Threshold: [As per Condition 6(c)(B)]/[*specify other*]

(b) Residual Redemption Amount: [●] per Calculation Amount

(c) Notice periods: Minimum period: [10/[ ]] days

Maximum period: [30/[ ]] days

(*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Bond Trustee*)

For personal use only

	(d) Earliest Possible Date for Redemption:	[*insert date*][Not Applicable] (*N.B. In accordance with Condition 6(c)(B), this subparagraph can be specified as "Not Applicable" if no earliest possible date for redemption is to apply to the Issuer Clean-Up Call*)
22.	Investor Put: (As referred to under Condition 6(d))	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Optional Redemption Date(s):	[●]
	(b) Optional Redemption Amount:	[[●] per Calculation Amount]
	(c) Notice period (if other than as set out in the Conditions):	Minimum Period: [30] Business Days Maximum Period: [60] Business Days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Bond Trustee.*)
23.	Final Redemption Amount: (As referred to under Condition 6(a)):	[[●] per Calculation Amount]
24.	Early Redemption Amount payable on redemption for taxation reasons or illegality of the Intercompany Note Subscription Agreement or the Demand Note Subscription Agreement or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(f)): (As referred to under Condition 6(f))	[Condition 6(f) is applicable [●] per Calculation Amount/*specify other*]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

25.	Principal Paying Agent (if not Deutsche Bank AG, London Branch):	[Deutsche Bank Trust Company Americas/Not Applicable]

For personal use only

26.	Tax gross-up by Issuer in accordance with Condition 7:	[Applicable/Not Applicable] [If not applicable: If any payments of principal and interest (if any) in respect of the Covered Bonds and Coupons by or on behalf of the Issuer are or become subject to any withholding or deduction, on account of any taxes, duties or other charges of whatever nature, imposed or levied by or on behalf of Australia or by any other authority having power to tax, the Issuer will not be obliged to pay any additional amount as a consequence. For the avoidance of doubt, any amounts to be paid on the Covered Bonds will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and no additional amounts will be required to be paid on account of any such deduction or withholding.]
27.	Form of Covered Bonds:	Registered Covered Bonds: [Rule 144A Global Covered Bond (U.S.$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg] (*specify nominal amounts*)/Regulation S Global Covered Bond (U.S.$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]] (*Ensure that this is consistent with the wording in the "Form of the Covered Bonds" section in the Prospectus and the Covered Bonds themselves.)*
28.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	[*Specify Additional Financial Centre(s)*] For the avoidance of doubt, in accordance with the Conditions, [this/these] Additional Financial Centre(s) [is/are] in addition to [*specify centre(s) which apply under the definition of "Payment Day" in Condition 6.6*]/[Not Applicable] *(Note that this Paragraph relates to the date of payment and not the end dates of Interest Periods*

For personal use only

		for the purposes of calculating the amount of interest, to which subparagraph 16(g) relates)
29.	[Talons for future Coupons to be attached to Definitive Bearer Covered Bonds:	[Yes/No. *If yes, give details*]]
30.	Additional U.S. Federal Tax Considerations:	[Not Applicable/For tap issuances at a premium: For U.S. federal income tax purposes, a United States Holder (as defined in the Information Memorandum) will be treated as having purchased the Covered Bonds at a premium. See "*Taxation—United States Federal Income Taxation—Covered Bonds Purchased at a Premium*" in the Information Memorandum. Under relevant United States Treasury Regulations, if any portion of the purchase price that a United States Holder pays for the Covered Bonds is attributable to accrued but unpaid interest, such accrued interest will not be treated as income when it is paid to such United States Holder. Rather, the payment of such accrued interest will be treated as a return of capital which will reduce the United States Holder's cost basis in the Covered Bonds.]
31.	Additional final terms:	[Not applicable/*specify*]

For personal use only

THIRD PARTY INFORMATION

[*Relevant third party information in relation to the Covered Bonds (for example: "The description[s] of the ['AAA'] and ['Aaa'] credit rating[s] in Item [2] of Part B of these Final Terms")*] [has/have] been extracted from [*specify source(s)*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].

PART B—OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING**

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

2. **RATINGS**

Ratings:	The Covered Bonds to be issued [have been] [are expected to be] rated: [Fitch Australia Pty Ltd: [●]] [Moody's Investors Service Pty Ltd: [●]] A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by an assigning rating agency and any rating should be evaluated independently of any other information.

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

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

For personal use only

4. **REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS**

(i) Reasons for the offer:	[See "*Use of Proceeds*" in the Prospectus/*Give details*] (*See "Use of Proceeds" wording in the Prospectus – if reasons for offer different from what is disclosed in the Prospectus, give details.*)
(ii) Estimated net proceeds:	[●]

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

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

6. **OPERATIONAL INFORMATION**

(a)	ISIN Code:	[●]
(b)	Common Code:	[●]
(c)	CUSIP:	[●]
(d)	CFI:	[[*include code*], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(e)	FISN:	[[*include code*], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(f)	[Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking S.A., DTC, the Austraclear System and the	[Not Applicable]

For personal use only

	relevant address(es) and identification number(s):]	
(g)	Delivery:	Delivery [against/free of] payment
(h)	If syndicated, names [and addresses] of Managers [and underwriting commitments]:	[Not Applicable/*give names* [*and addresses and underwriting commitments*]] (*Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as Managers.*)
(i)	Name(s) and address(es) of initial Paying Agent(s) in relation to the Covered Bonds (other than the A$ Registered Covered Bonds):	[[●]/Not Applicable]
(j)	Name(s) and address(es) of additional Paying Agent(s) (if any) in relation to the Covered Bonds (other than the A$ Registered Covered Bonds):	[[●]/Not Applicable]
(k)	Name(s) and address(es) of additional Calculation Agent(s) (if any) in relation to the Covered Bonds:	[[●]/Not Applicable]
(l)	Name(s) and address(es) of A$ Registrar in relation to the A$ Registered Covered Bonds:	[●]

7. **SELLING RESTRICTIONS**

(a)	U.S. Selling Restrictions:	[Rule 144A][Reg S Compliance Category [1][2][3]; TEFRA C/TEFRA D/TEFRA not applicable]
(b)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*N.B. If the Covered Bonds clearly do not constitute "packaged" products or the Covered Bonds do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If*

the Covered Bonds may constitute "packaged" products and no key information document will be prepared in the EEA, "Applicable" should be specified.)

(c) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]

(*N.B. If the Covered Bonds clearly do not constitute "packaged" products or the Covered Bonds do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no key information document will be prepared in the UK, "Applicable" should be specified.*)

(d) [The Republic of Korea [(**Korea**)] Selling Restrictions: The Covered Bonds have not been and will not be registered for public offering under the Financial Investments Services and Capital Markets Act of Korea (the **FSCMA**). Accordingly, (i) the number of residents in Korea (as defined in the Foreign Exchange Transactions Law of Korea (**FETL**) and its Enforcement Decree) and persons in Korea to whom the Covered Bonds have been and will be offered shall be fewer than 50 (as calculated in accordance with the Enforcement Decree of the FSCMA), and (ii) the number of Covered Bonds (where, for this purpose, the minimum Specified Denomination specified in these Final Terms shall constitute one Covered Bond) offered in Korea or to a resident in Korea shall be fewer than 50. Furthermore, the Covered Bonds shall not be divided or redenominated within 1 year from the issuance. Except for the Covered Bonds offered in Korea or to a resident in Korea in accordance with the aforementioned restriction, none of the Covered Bonds may be offered, sold and delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea within 1 year from the issuance of the Covered Bonds, except pursuant to the applicable laws and regulations of Korea.

Furthermore, by purchasing the Covered Bonds, each Covered Bondholder will be deemed to represent, warrant and agree that it shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Covered Bonds.]

For personal use only

(*N.B. Only applicable for Covered Bonds offered into Korea. If no Covered Bonds are offered into Korea, this subparagraph should be deleted in its entirety.*)

(e) [Japanese QII Private Placement Exemption:

In respect of the solicitation relating to the Covered Bonds in Japan, no securities registration statement under Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 of Japan, as amended, the **FIEL**) has been or will be filed, since the solicitation constitutes a "Solicitation Targeting QIIs" as defined in Article 23-13, Paragraph 1 of the FIEL. By purchasing the Covered Bonds, each Covered Bondholder will be deemed to represent, warrant and agree that it will not Transfer the Covered Bonds to any other person in Japan unless such person is a QII. As used herein, **QII** means a qualified institutional investor as defined in the Cabinet Ordinance Concerning Definitions under Article 2 of the Financial Instruments and Exchange Law of Japan (Ordinance No. 14 of 1993 of the Ministry of Finance of Japan, as amended) and **Transfer** means a sale, exchange, transfer, assignment, pledge, hypothecation, encumbrance or other disposition of all or any portion of Covered Bonds, either directly or indirectly, to another person.]

(*N.B. It is expected that this subparagraph will be applicable where any of the Covered Bonds may be offered into Japan or to any resident of Japan. Checks should be made with the Issuer and the relevant Dealer or the relevant managers before removing this subparagraph. If no Covered Bonds are offered into Japan or to any resident of Japan, this subparagraph should be deleted in its entirety.*)

For personal use only

For personal use only

National Australia Bank Limited (ABN 12 004 044 937)

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

U.S.$40 billion nab Covered Bond Programme

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

Perpetual Corporate Trust Limited (ABN 99 000 341 533)

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

as trustee of the nab Covered Bond Trust and Covered Bond Guarantor

Under the U.S.$40 billion nab Covered Bond Programme (the **Programme**) established by National Australia Bank Limited (ABN 12 004 044 937) (**nab** and the **Issuer**) on the Programme Date, the Issuer may from time to time issue bonds (the **Covered Bonds**) denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below). The price and amount of the Covered Bonds to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. Any Covered Bonds issued under the Programme on or after the date of this **Prospectus** are issued subject to the provisions described herein and in any supplement thereto.

Perpetual Corporate Trust Limited, in its capacity as trustee of the nab Covered Bond Trust (the **Covered Bond Guarantor**), has guaranteed payments of interest and principal under the Covered Bonds pursuant to a guarantee (the **Covered Bond Guarantee**) which is secured over the Mortgage Loans and the Related Security (as defined in the *Glossary*) and its other assets. Recourse against the Covered Bond Guarantor under its guarantee, except in limited circumstances, is limited to the extent of the Covered Bond Guarantor's right of indemnity from the assets of the nab Covered Bond Trust (the **Trust**).

Covered Bonds may be issued in bearer or registered form. The maximum aggregate nominal amount of all Covered Bonds from time to time outstanding under the Programme will not exceed U.S.$40 billion (or its equivalent in other currencies calculated by reference to the spot rate for the sale of U.S. dollars against the purchase of such currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant date of the agreement (or the preceding day on which commercial banks and foreign exchange markets are open for business in London) to issue between the Issuer and the relevant Dealer(s) (as defined below)), subject to increase as described in the Programme Agreement. For the purposes of Article 2 (a) of Regulation (EU) 2017/1129 (the **Prospectus Regulation**), no Covered Bonds having a maturity at issue of less than 12 months will be offered to the public or admitted to trading on a regulated market under this Prospectus.

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

This Prospectus has been approved as a base prospectus by the *Commission de Surveillance du Secteur Financier* (the **Competent Authority** or the **CSSF**) as competent authority under the Prospectus Regulation. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or the Covered Bond Guarantor, or of the quality of the Covered Bonds. Investors should make their own assessment as to the suitability of investing in the Covered Bonds.

This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Covered Bonds which are to be admitted to trading on a regulated market in the European Economic Area (and hereinafter also referred to in this Prospectus as the EEA). The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid and the validity of this Prospectus will expire on 13 November 2025.

In accordance with Article 6(4) of the Luxembourg act dated 16 July 2019 on prospectuses for securities (the Prospectus Act 2019), by approving this Prospectus, in accordance with Article 20 of the Prospectus Regulation, the CSSF does not engage in respect of the economic or financial opportunity of the operation or the quality or solvency of the Issuer.

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

Application has been made to the Luxembourg Stock Exchange for Covered Bonds issued under the Programme to be admitted to the official list of the Luxembourg Stock Exchange (the **Official List**) and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU, **MiFID II**). References in this Prospectus to Covered Bonds being "**listed**" (and all related references) will mean that such Covered Bonds have been admitted to trading on the Regulated Market of the Luxembourg Stock Exchange and have been admitted to the Official List. Notice of the aggregate nominal amount of Covered Bonds, interest (if any) payable in respect of Covered Bonds, the issue price of Covered Bonds and certain other information which is applicable to each Tranche (as defined under "*Conditions of the Covered Bonds*") of Covered Bonds will be set out in a separate document containing the final terms for that Series (the **Final Terms**) which, with respect to Covered Bonds to be admitted to the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange, will be

delivered to the Competent Authority and the Luxembourg Stock Exchange on or before the date of issue of such Series of Covered Bonds.

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

The Covered Bonds and the Covered Bond Guarantee (as defined in the *Glossary*) have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States. Unless they are so registered, the Covered Bonds may be offered only in transactions that are exempt from, or not subject to registration under, the Securities Act and any applicable securities laws of any other jurisdiction of the United States. Accordingly, the Covered Bonds may be offered only (1) to qualified institutional buyers (each, a **QIB**) in reliance on Rule 144A under the Securities Act (**Rule 144A**) and (2) outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**). Prospective purchasers of Covered Bonds are hereby notified that the seller of the Covered Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "*Form of the Covered Bonds*" for a description of the manner in which Covered Bonds will be issued. Covered Bonds are subject to certain restrictions on transfer, see "*Subscription and Sale and Transfer and Selling Restrictions*".

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

The Covered Bonds issued under the Programme are expected on issue to be assigned an "Aaa" credit rating by Moody's Investors Service Pty Ltd (**Moody's**) and an "AAA" credit rating by Fitch Australia Pty Ltd (**Fitch** and, together with Moody's, the **Rating Agencies**). The credit rating of certain Series or Tranches of Covered Bonds to be issued under the Programme may be specified in the Applicable Final Terms (as defined in the Conditions of the Covered Bonds). Neither of the Rating Agencies is established in the European Union (the **EU**) or in the United Kingdom (the **UK**) and neither of the Rating Agencies has applied for registration under Regulation (EC) No 1060/2009 (as amended) (the **CRA Regulation**) or under Regulation (EC) No 1060/2009 (as amended) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**) (the **UK CRA Regulation**). The ratings of Moody's and Fitch have been endorsed by Moody's Deutschland GmbH (**Moody's Europe**) and Fitch Ratings Ireland Limited (**Fitch Europe**), respectively, in accordance with the CRA Regulation for use in the EEA. Each of Moody's Europe and Fitch Europe is established in the EEA and registered under the CRA Regulation. As such each of Moody's Europe and Fitch Europe is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation) in accordance with the CRA Regulation. ESMA has indicated that ratings issued in Australia that have been endorsed by Moody's Europe or Fitch Europe may be used in the EEA by the relevant market participants. The ratings of Moody's and Fitch have been endorsed by Moody's Investors Service Ltd (**Moody's UK**) and Fitch Ratings Limited (**Fitch UK**), respectively, in accordance with the UK CRA Regulation for use in the UK. Each of Moody's UK and Fitch UK is established in the UK and registered under the UK CRA Regulation. There can be no assurance that any such endorsement of the credit ratings of Moody's and Fitch will continue. Please also refer to "*Credit ratings assigned to the Covered Bonds may change and may not reflect all risks associated with an investment in the Covered Bonds*" in the "*Risk Factors*" section of this Prospectus. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

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

Co-Arrangers for the Programme

National Australia Bank Limited | **Deutsche Bank**

Dealers for the Programme

National Australia Bank Limited	**nabSecurities, LLC**	**Deutsche Bank**
Barclays	**BNP PARIBAS**	**BofA Securities**
Citigroup	**Goldman Sachs International**	**Goldman Sachs & Co. LLC**
HSBC	**J.P. Morgan**	**Lloyds Bank Corporate Markets**
Lloyds Securities	**Morgan Stanley**	**NatWest Markets**
RBC Capital Markets	**TD Securities**	**UBS Investment Bank**

The date of this Prospectus is 13 November 2024

For personal use only

For personal use only

This Prospectus has been approved by the Competent Authority as a base prospectus for the purposes of Article 8 of the Prospectus Regulation. When used in this Prospectus, Prospectus Regulation means Regulation (EU) No 2017/1129 and UK Prospectus Regulation means Regulation (EU) No 2017/1129 as it forms part of domestic law by virtue of the EUWA. This Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision or order under the Securities Act.

The Issuer accepts responsibility for the information contained in this Prospectus, the Final Terms for each Tranche of Covered Bonds issued under the Programme and any document incorporated by reference into this Prospectus in relation to nab. The Covered Bond Guarantor only accepts responsibility for the information contained in the section entitled "*The nab Covered Bond Trust – Perpetual Corporate Trust Limited*" of this Prospectus. To the best of the knowledge and belief of the Issuer and the Covered Bond Guarantor, only in relation to the information for which it is responsible, (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import. Any information sourced from third parties contained in this Prospectus, including the information contained in the section entitled "*The nab Covered Bond Trust – Perpetual Corporate Trust Limited*" of this Prospectus, has been accurately reproduced by the Issuer (and is clearly sourced where it appears in the document) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Copies of each set of Final Terms and supplements thereto (in the case of Covered Bonds to be admitted to the Official List) will be available from the registered office of the Issuer and (in the case of Covered Bonds to be admitted to the Official List, to listing on any other regulated or unregulated market or stock exchange and also all unlisted Covered Bonds) from the specified office set out below of each of the Paying Agents (as defined under "*Conditions of the Covered Bonds*").

This Prospectus is to be read in conjunction with all documents or parts of documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference and Credit Ratings*"). This Prospectus must, save as specified herein, be read and construed on the basis that those documents are so incorporated and form part of this Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference and Credit Ratings*"), the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the CSSF.

The information contained in this Prospectus was obtained from the Issuer and other sources (identified in this Prospectus), but no assurance can be given by any other party to the Programme Documents (in respect of information obtained from the Issuer) as to the accuracy or completeness of this information. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any party to the Programme Documents (other than in respect of the information for which it accepts responsibility as indicated above) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by a party to the Programme Documents in connection with the Programme. None of the parties to the Programme Documents (other than in respect of the information for which it accepts responsibility as indicated above) accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by any party to the Programme Documents to give any information or to make any representation not contained in or not consistent with this Prospectus or any other

For personal use only

information supplied in connection with the Programme or the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by such party.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Covered Bonds (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by any party to the Programme Documents that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Covered Bonds should purchase any Covered Bonds. Each investor contemplating purchasing any Covered Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Covered Bond Guarantor. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Covered Bonds constitutes an offer or invitation by or on behalf of any party to the Programme Documents to any person to subscribe for or to purchase any Covered Bonds.

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

If a jurisdiction requires that the offering of any Covered Bonds be made by a licensed broker or dealer and the Dealers or any parent company or affiliate of the Dealer is a licensed broker or dealer in that jurisdiction and so agrees, the offering of such Covered Bonds shall be deemed to be made by the Dealers or such parent company or affiliate on behalf of the Issuer in such jurisdiction.

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

As set forth in the Applicable Final Terms, the Covered Bonds are being offered and sold (i) in reliance on Rule 144A to QIBs and/or (ii) outside the United States in accordance with Regulation S to non-U.S. persons in offshore transactions or pursuant to an exemption from registration under the Securities Act. Prospective purchasers are hereby notified that the sellers of the Covered Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Covered Bonds in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. No party to the Programme Documents represents that this Prospectus may be lawfully distributed, or that any Covered Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any party to the Programme Documents which would permit a public offering of any Covered Bonds or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be

distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Covered Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Covered Bonds in Australia, the United States, Canada, the UK, the EEA (including Austria, the Republic of Italy and Belgium), Japan, Singapore, Hong Kong, China and the Republic of Korea, see "*Subscription and Sale and Transfer and Selling Restrictions*".

Credit ratings in respect of the Covered Bonds or the Issuer are for distribution only to persons who are not a "retail client" within the meaning of section 761G of the *Corporations Act 2001* (Cth) of Australia (Corporations Act) and are also sophisticated investors, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 of the Corporations Act and, in all cases, in such circumstances as may be permitted by acceptable law in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive this Prospectus and anyone who receives this Prospectus must not distribute it to any person who is not entitled to receive it.

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

In connection with the distribution of any Covered Bonds (other than A$ Registered Covered Bonds), the Dealer or Dealers (if any) acting as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s) as named in the Applicable Final Terms) may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds and/or any associated securities at a level higher than that which might otherwise prevail (in each case, outside Australia and not on any market in Australia), but in doing so such Dealer must act as principal and not as agent of the Issuer or Covered Bond Guarantor. However, stabilisation may not necessarily occur. Any stabilisation action may begin at any time after the date on which adequate public disclosure of the final terms of the offer of the relevant Series or Tranche of Covered Bonds is made and, if begun, may cease at any time, but must end no later than the earlier of 30 days after the issue date of the relevant Series or Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Series or Tranche of Covered Bonds. Any stabilisation must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable regulations.

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

None of the parties to the Programme Documents makes any representation to any investor in the Covered Bonds regarding the legality of its investment under any applicable laws. Any investor in the Covered Bonds should be able to bear the economic risk of an investment in the Covered Bonds for an indefinite period of time.

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

For personal use only

The CSSF has neither reviewed nor approved any information in this Prospectus in relation to N Covered Bonds (as defined under "*Glossary*").

For personal use only

For personal use only

NOTICE TO U.S. INVESTORS

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

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

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

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

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with any resales or other transfers of Covered Bonds that are "restricted securities" as defined in Rule 144(a)(3) under the Securities Act, each of the Issuer and/or the Covered Bond Guarantor, as applicable, has undertaken in the Bond Trust Deed to furnish, upon the request of a holder of such Covered Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by it, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer and/or the Covered Bond Guarantor, as applicable, is not subject to reporting under Section 13 or Section 15(d) of the Exchange Act or exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

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

FORWARD-LOOKING STATEMENTS

This Prospectus includes "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding the Issuer's financial position, business strategy, plans, targets, intentions and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Issuer, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the present and future business strategies of the Issuer and the environment in which it will operate in the future. These forward-looking statements speak only as of the date of this Prospectus. The Issuer expressly disclaims any

obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the expectations of the Issuer with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Projections are necessarily speculative in nature, and some or all of the assumptions underlying the projections and other forward-looking statements may not materialise or may vary significantly from actual results. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment in Australia. Moreover, past financial performance should not be considered a reliable indicator of future performance, and prospective purchasers of the Covered Bonds are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer and/or the Covered Bond Guarantor. The Issuer does not undertake any obligation to publicly release the result of any revisions to these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Neither the Co-Arrangers nor the Dealers have attempted to verify any such statements, nor do they make any representations, express or implied, with respect to such statements.

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

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

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

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, the financial information included or incorporated by reference into this Prospectus has been prepared in accordance with the requirements of the Corporations Act, the Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board, and the International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board. Certain differences exist between Australian Accounting Standards and IFRS and the generally accepted accounting principles in the United States (**U.S. GAAP**), which might be material to the financial information presented herein. The Issuer maintains its financial books and records and prepares its financial statements in Australian Dollars.

CAPITALISED TERMS

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

COVERED BONDS MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS

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

For personal use only

- have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- understand the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Covered Bonds;
- understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Covered Bonds are legal investments for it, (2) Covered Bonds can be used as collateral for various types of borrowing, (3) Covered Bonds can be used as repo-eligible securities, and (4) other restrictions apply to its purchase or pledge of any Covered Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Covered Bonds under any applicable risk-based capital or similar rules.

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

MIFID II PRODUCT GOVERNANCE/TARGET MARKET

The Final Terms in respect of any Covered Bonds may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Covered Bonds and which channels for distribution of the Covered Bonds are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in

For personal use only

respect of the Covered Bonds (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purposes of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise none of the Co-Arrangers, the Dealers or any of their respective affiliates will be a manufacturer for the purposes of the MiFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE/TARGET MARKET

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

A determination will be made in relation to each issue about whether, for the purposes of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but otherwise none of the Co-Arrangers, the Dealers or any of their respective affiliates will be a manufacturer for the purposes of the UK MiFIR Product Governance Rules.

IMPORTANT – EEA RETAIL INVESTORS

If the Final Terms in respect of any Covered Bonds include a legend entitled "Prohibition of Sales to EEA Retail Investors", the Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS

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

For personal use only

Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PROHIBITION OF SALES TO CONSUMERS IN BELGIUM

The Covered Bonds are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique/Wetboek van economisch recht*), as amended.

BENCHMARKS REGULATION

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

NO RETAIL PRODUCT DISTRIBUTION CONDUCT

This Prospectus and the Covered Bonds are not for distribution to any person in Australia who is a retail client for the purposes of section 761G of the Corporations Act. No target market determination has been or will be made for the purposes of Part 7.8A of the Corporations Act.

For personal use only

TABLE OF CONTENTS

Notice to U.S. Investors 7
Available Information 7
General Description of the Programme 13
Risk Factors 25
Principal Characteristics of the Programme 91
Structure Overview 93
Documents Incorporated by Reference and Credit Ratings 100
Form of the Covered Bonds 104
Form of Final Terms in respect of Covered Bonds to be Issued under the Programme 108
Conditions of the Covered Bonds 130
Use of Proceeds 224
National Australia Bank Limited 225
The nab Covered Bond Trust 234
National Australia Bank Limited Residential Mortgage Loan Origination 237
Overview of the Principal Documents 246
Credit Structure 290
Cashflows 294
The Mortgage Loan Portfolio 310
Description of the Covered Bond Provisions of the Australian Banking Act 311
Book-Entry Clearance Systems 314
Taxation 319
Exchange Controls and Limitations 341
Subscription and Sale and Transfer and Selling Restrictions 342
ERISA Considerations 356
General Information 358
Glossary 362

For personal use only

For personal use only

GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Covered Bonds, the Applicable Final Terms. Words and expressions defined elsewhere in this Prospectus will have the same meanings in this overview. A glossary of certain defined terms is contained at the end of this Prospectus.

Issuer:	National Australia Bank Limited (ABN 12 004 044 937), is a public limited company incorporated in the Commonwealth of Australia and its registered office is Level 28, 395 Bourke Street, Melbourne, Victoria 3000, Australia (**nab**). For further information about the Issuer, please see the section of this Prospectus entitled "*National Australia Bank Limited*".
Issuer's Legal Entity Identifier (LEI):	F8SB4JFBSYQFRQEH3Z21.
Covered Bond Guarantor:	Perpetual Corporate Trust Limited (ABN 99 000 341 533), incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 18, 123 Pitt Street, Sydney, NSW 2000, Australia, as trustee of the nab Covered Bond Trust (the **Trust**). In its capacity as trustee of the Trust, the Covered Bond Guarantor's principal business is to acquire, *inter alia*, Mortgage Loans and the Related Security from the Seller pursuant to the terms of the Mortgage Sale Agreement and to guarantee certain payments in respect of the Covered Bonds. The Covered Bond Guarantor will hold the Mortgage Loan Portfolio and the other Charged Property in accordance with the terms of the Programme Documents. The Covered Bond Guarantor has provided a guarantee covering all Guaranteed Amounts when the same become Due for Payment, but only following service on the Issuer of an Issuer Acceleration Notice and service on the Covered Bond Guarantor of a Notice to Pay or, if earlier, the service on the Issuer and the Covered Bond Guarantor of a Covered Bond Guarantee Acceleration Notice. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee and the other Programme Documents to which it is a party are secured by the Charged Property from time to time of the Covered Bond Guarantor. The liability of the Covered Bond Guarantor to make payments under the Programme Documents (including under the Covered Bond Guarantee) is limited to its right of indemnity from the assets of the Trust. Except in the case of, and to the extent that, the Covered Bond Guarantor's right of indemnification against the assets of the Trust is reduced as a result of fraud, negligence or wilful default, no rights may be enforced against the personal assets of the Covered Bond Guarantor by any person and no proceedings may be brought against the Covered Bond Guarantor except to the extent of the Covered Bond Guarantor's right of indemnity and reimbursement out of the

	assets of the Trust. Other than in the exception previously mentioned, the personal assets of the Covered Bond Guarantor are not available to meet payments under the Covered Bond Guarantee.
Covered Bond Guarantor's LEI:	549300T4U7R1YDLHZS28.
The Trust:	The Trust is established for purposes relating only to the Covered Bonds, including (without limitation) the acquisition, management and sale of, among other things, Mortgage Loans and the Related Security, the borrowing of moneys to fund the acquisition of such assets, the hedging of risks associated with such assets and such funding, the acquisition, management and sale of Substitution Assets and Authorised Investments, the giving of guarantees, the granting of security and any purpose which is ancillary or incidental to any of the foregoing.
Initial Residual Capital Unitholder:	nab.
Initial Residual Income Unitholder:	nab.
Trust Manager:	nab.
Seller:	The Seller under the Programme is nab, which is in the business, *inter alia*, of originating and acquiring residential mortgage loans and conducting other banking-related activities.
Servicer:	Pursuant to the terms of the Servicing Agreement, nab has been appointed to service the Mortgage Loans and Related Security sold to the Covered Bond Guarantor by the Seller.
Principal Paying Agent:	Deutsche Bank AG, London Branch, whose registered office is at 21 Moorfields, London EC2Y 9DB, United Kingdom, has been appointed pursuant to the Principal Agency Agreement as Principal Paying Agent or, in the case of certain Series of Covered Bonds and as specified in the Applicable Final Terms, Deutsche Bank Trust Company Americas, who has an office at 1 Columbus Circle, 17th Floor, New York, NY 10019, United States, has been appointed pursuant to the Principal Agency Agreement as Principal Paying Agent.
Exchange Agent:	Deutsche Bank AG, London Branch.
Transfer Agent, Registrar and U.S. Paying Agent:	Deutsche Bank Trust Company Americas has been appointed pursuant to the Principal Agency Agreement as Transfer Agent, Registrar and U.S. Paying Agent.
N Covered Bond Paying Agent/N Covered Bond Registrar:	Deutsche Bank AG, Frankfurt, whose registered office is at Taunusanlage 12, 60325, Frankfurt am Main, Germany, has been appointed pursuant to the Principal Agency Agreement as N Covered Bond Paying Agent and N Covered Bond Registrar.

For personal use only

A$ Registrar:	Austraclear Services Limited (ABN 28 003 284 419), who has an office at 20 Bridge Street, Sydney, NSW 2000, Australia, has been appointed pursuant to the A$ Registry Agreement as A$ Registrar.
Bond Trustee:	Deutsche Trustee Company Limited, who has an office at 21 Moorfields, London EC2Y 9DB, United Kingdom, has been appointed to act as Bond Trustee on behalf of the Covered Bondholders and the Couponholders in respect of the Covered Bonds and holds the benefit of, *inter alia*, the covenant to pay and the Covered Bond Guarantee on behalf of the Covered Bondholders and the Couponholders pursuant to the Bond Trust Deed.
Security Trustee:	P.T. Limited (ABN 67 004 454 666), whose registered office is at Level 18, 123 Pitt Street, Sydney, NSW 2000, Australia, has been appointed to act as Security Trustee to hold the benefit of the Security granted by the Covered Bond Guarantor to the Security Trustee (for the Secured Creditors) pursuant to the Security Deed.
Cover Pool Monitor:	Ernst & Young, having its registered office at 8 Exhibition Street, Melbourne, VIC 3000, Australia, has been appointed as Cover Pool Monitor pursuant to the Cover Pool Monitor Agreement as an independent monitor to perform tests in respect of the Asset Coverage Test or Amortisation Test, test compliance of the Asset Pool with the requirements of the Australian Banking Act (including the Legislated Collateralisation Test) and assess whether the Trust Manager is keeping an accurate register of assets in the Asset Pool.
Covered Bond Swap Providers:	Each entity which agrees to act as a swap provider to the Covered Bond Guarantor to hedge certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and Interest Rate Swaps and, in the case of a Non-Forward Starting Covered Bond Swap, amounts payable by the Covered Bond Guarantor under the Intercompany Notes (prior to the service of a Notice to Pay) and, in the case of a Non-Forward Starting Covered Bond Swap and Forward Starting Covered Bond Swap, under the Covered Bond Guarantee in respect of the Covered Bonds (after service of a Notice to Pay) by entering into one or more Covered Bond Swaps with the Covered Bond Guarantor and the Security Trustee under a Covered Bond Swap Agreement in respect of each relevant Series or Tranche of Covered Bonds (where applicable).
Interest Rate Swap Provider:	nab (in its capacity as the Interest Rate Swap Provider) has agreed to act as a swap provider to the Covered Bond Guarantor to hedge possible variances between (a) the rates of interest payable on the Mortgage Loans in the Mortgage Loan Portfolio, and on certain other assets in the Asset Pool, and (b) the interest basis payable by the Covered Bond Guarantor under the Covered Bond Swaps, the Intercompany Notes (or the Covered Bond Guarantee) and the Demand Note, by entering into the Interest Rate Swaps with the Covered Bond Guarantor and the Security Trustee under the Interest Rate Swap Agreement.

For personal use only

For personal use only

Account Bank:	nab has been appointed as the initial Account Bank to the Covered Bond Guarantor pursuant to the terms of the Account Bank Agreement.
Programme Description:	Global Covered Bond Programme.
Co-Arrangers:	nab and Deutsche Bank Aktiengesellschaft in respect of any issuance of Covered Bonds.
Dealers:	In respect of any issuance of Covered Bonds (other than Rule 144A Covered Bonds), nab, Deutsche Bank Aktiengesellschaft, Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Goldman Sachs International, HSBC Bank plc, HSBC Continental Europe, J.P. Morgan Securities plc, Lloyds Bank Corporate Markets plc, Merrill Lynch International, Morgan Stanley & Co. International plc, NatWest Markets Plc, RBC Europe Limited, The Toronto-Dominion Bank and UBS AG London Branch and any other Dealer appointed from time to time in accordance with the Programme Agreement, which appointment may be to a specific issue or on an ongoing basis. In respect of any issuance of Rule 144A Covered Bonds, nabSecurities, LLC, Deutsche Bank Aktiengesellschaft, BNP Paribas, Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc., Goldman Sachs & Co. LLC, HSBC Bank plc, HSBC Securities (USA) Inc., J.P. Morgan Securities plc, Lloyds Securities Inc., Morgan Stanley & Co. LLC, NatWest Markets Securities Inc., RBC Capital Markets, LLC, TD Securities (USA) LLC and UBS Securities LLC and any other Dealer appointed from time to time in accordance with the Programme Agreement, which appointment may be to a specific issue or on an ongoing basis.
Certain Restrictions:	Each issue of Covered Bonds denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see the section of this Prospectus entitled "*Subscription and Sale and Transfer and Selling Restrictions*").
Programme Size:	Up to U.S.$40 billion (or its equivalent in other currencies determined by reference to the spot rate for the sale of U.S. dollars against the purchase of such currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant date of agreement (or the preceding day on which commercial banks and foreign exchange markets are open for business in London) between the Issuer and the relevant Dealer(s) for issue of the Covered Bonds) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Covered Bonds may be distributed under the Programme by way of private or public placement and, in each case, on a syndicated or non-syndicated basis, subject to the restrictions set forth in the section

For personal use only

	of this Prospectus entitled "*Subscription and Sale and Transfer and Selling Restrictions*".
Specified Currencies:	Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Bond Trustee (as set out in the Applicable Final Terms).
Maturities:	Such maturities as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the Applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Covered Bonds may be issued at par or at a premium or discount to par on a fully paid basis or partly paid basis, as set out in the Applicable Final Terms.
Form of Covered Bonds:	The Covered Bonds will be issued in bearer or registered form as described in the section of this Prospectus entitled "*Form of the Covered Bonds*". Registered Covered Bonds and A$ Registered Covered Bonds will not be exchangeable for Bearer Covered Bonds and vice versa. Interest on Covered Bonds in bearer form will only be payable outside the United States and its possessions. Covered Bonds may be Fixed Rate Covered Bonds, Floating Rate Covered Bonds or Zero Coupon Covered Bonds, depending on the Applicable Final Terms, and subject, in each case, to issuance of a Rating Affirmation Notice by the Issuer. The Issuer will also be able to issue N Covered Bonds in the form of Registered Definitive Covered Bonds.
Fixed Rate Covered Bonds:	Fixed Rate Covered Bonds will bear interest at a fixed rate which will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the Applicable Final Terms).
Floating Rate Covered Bonds:	Floating Rate Covered Bonds will bear interest at a rate determined: (i) on the basis of the reference rate set out in the Applicable Final Terms; or (ii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s), in each case, as set out in the Applicable Final Terms. The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each issue of

Floating Rate Covered Bonds as set out in the Applicable Final Terms.

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

Zero Coupon Covered Bonds: Zero Coupon Covered Bonds may be offered and sold at a discount to their nominal amount and will not bear interest except in the case of late payment, unless otherwise specified in the Applicable Final Terms.

Benchmark Discontinuation: In the case of certain Floating Rate Covered Bonds, if:

(A) where the Floating Rate Covered Bonds reference a benchmark other than SOFR or BBSW Rate, the Issuer determines that a Benchmark Event has occurred, the relevant benchmark or screen rate may be replaced by a Successor Rate or, if there is no Successor Rate but the Issuer determines there is an Alternative Rate (acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser), such Alternative Rate. An Adjustment Spread may also be applied to the Successor Rate or the Alternative Rate (as the case may be), together with any Benchmark Amendments, which, in the case of any Alternative Rate, any Adjustment Spread (unless formally recommended or provided for) and any Benchmark Amendments, shall be determined by the Issuer acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser;

(B) where the Floating Rate Covered Bonds reference SOFR as the benchmark, the Issuer (or its designee) determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, the relevant benchmark will be replaced by the relevant Benchmark Replacement. Benchmark Replacement Conforming Changes may also be made; or

(C) where the Floating Rate Covered Bonds reference BBSW Rate as the benchmark, if a Temporary Disruption Trigger or a Permanent Discontinuation Trigger has occurred, the relevant benchmark will be replaced in accordance with Condition 4(b)(ii)(F)(2).

For further information, see Conditions 4(b)(ii)(B)(5), 4(d) and 4(b)(ii)(F)(2).

For personal use only

For personal use only

Redemption:	The Applicable Final Terms for a Series of Covered Bonds will indicate either that the relevant Covered Bonds of such Series cannot be redeemed prior to their stated maturity (other than for taxation reasons or if it becomes unlawful for the Intercompany Notes and/or the Demand Note to remain outstanding or a Covered Bond Guarantor Event of Default) or that such Covered Bonds will be redeemable at the option of the Issuer upon giving notice to the Covered Bondholders, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the Applicable Final Terms). If Issuer Clean-Up Call is specified as being applicable in the Applicable Final Terms, the Issuer may, having given to the Covered Bondholders not less than the minimum period nor more than the maximum period of notice specified in the Applicable Final Terms, elect to redeem all, but not some only, of the relevant Covered Bonds then outstanding on any date at their Residual Redemption Amount (together, if appropriate, with interest accrued to (but excluding) the relevant date of redemption) at any time if 75 per cent. (or such other percentage as may be specified in the Applicable Final Terms as being the Issuer Clean-Up Call Threshold) or more of the aggregate nominal amount of such Series issued shall have been redeemed or purchased and cancelled.
Extendable obligations under the Covered Bond Guarantee:	If an Extended Due for Payment Date is set out in the Final Terms for a Series of Covered Bonds and (a) the Issuer fails to pay, in full, the Final Redemption Amount for such Covered Bonds on the Final Maturity Date for such Covered Bonds (or by the end of the applicable grace period); and (b) following the service of a Notice to Pay on the Covered Bond Guarantor by no later than the date falling one Business Day prior to the Extension Determination Date, the Covered Bond Guarantor fails to pay, in full, the Guaranteed Amount equal to the unpaid portion of such Final Redemption Amount by no later than the Extension Determination Date for such Covered Bonds in accordance with the terms of the Covered Bond Guarantee (for example, because, following the service of a Notice to Pay on the Covered Bond Guarantor, there are insufficient moneys available to it to pay, in accordance with the Guarantee Priority of Payments, such Guaranteed Amounts in full), then the obligation of the Covered Bond Guarantor to pay the unpaid portion of such Guaranteed Amount, or any part thereof will be deferred (and a Covered Bond Guarantor Event of Default will not occur as a result of such failure) until the first Interest Payment Date thereafter on which sufficient moneys are available (after providing for liabilities ranking in priority thereto or *pari passu* and rateably therewith subject to and in accordance with the Guarantee Priority of Payments) to fund the payment of such unpaid portion, or any part thereof, provided that such payment will not be deferred beyond the Extended Due for Payment Date when the unpaid portion of such Guaranteed Amount (together with accrued interest) will be due and payable. Interest will accrue on any such unpaid portion during such extended period and will be due and payable on each Interest Payment Date up to, and including, the Extended Due for Payment Date in accordance with Condition 4 of the Programme Conditions and/or, in the case of an N

For personal use only

	Covered Bond, the relevant Condition of the relevant N Covered Bond Conditions (if applicable).
Hard Bullet Covered Bonds:	Hard Bullet Covered Bonds may be offered and will be subject to a Pre-Maturity Test. The intention of the Pre-Maturity Test is to provide liquidity for the Hard Bullet Covered Bonds if the Issuer's credit ratings have fallen below a certain level.
Denomination of Covered Bonds:	Covered Bonds will be issued in denominations of €100,000 or such other denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the Applicable Final Terms provided that the minimum denomination of each Covered Bond will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, at least the equivalent amount in such currency) or such other higher amount as may be required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency and, in the case of any Covered Bonds offered in Australia, the minimum subscription amount in respect of an issue or transfer is A$500,000 (disregarding any amount lent by the offeror, the Issuer or any associated person of the offeror or Issuer). The minimum denomination of each Definitive Rule 144A Covered Bond will be U.S.$250,000 or its approximate equivalent amount in other Specified Currencies.
Taxation:	All payments in respect of the Covered Bonds will be made without deduction or withholding for or on account of any taxes unless required by law, subject as provided in Condition 7 of the Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable). If any such deduction or withholding is made by the Issuer, the Issuer will, only in the limited circumstances provided in Condition 7 of the Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable), pay additional amounts in respect of the amounts so deducted or withheld. If any payments made by the Covered Bond Guarantor under the Covered Bond Guarantee are or become subject to any such withholding or deduction, the Covered Bond Guarantor will not be obliged to pay any additional amount as a consequence under Condition 7 of the Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable). The Guaranteed Amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee do not include any additional amounts the Issuer would be obliged to pay as a result of any deduction or withholding in accordance with Condition 7 of the Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable). Any amounts to be paid on the Covered Bonds will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and no additional amounts will be required

For personal use only

	to be paid on account of any such deduction or withholding. For a further discussion of any withholding tax obligations see the section entitled "*Taxation*" of this Prospectus.
Cross Default:	If an Issuer Acceleration Notice is served, then the Covered Bonds of all Series outstanding will be accelerated against the Issuer. If a Covered Bond Guarantee Acceleration Notice is served then the obligation of the Covered Bond Guarantor to pay Guaranteed Amounts in respect of all Series of Covered Bonds outstanding will be accelerated.
Status of the Covered Bonds:	The Covered Bonds will constitute direct, unsecured, unsubordinated and unconditional obligations of the Issuer and will rank *pari passu* without any preference or priority among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding. The Covered Bonds do not constitute deposits or deposit liabilities of nab, are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Australian Banking Act (or of the Financial Claims Scheme established under Division 2AA of Part II of the Australian Banking Act (the **Financial Claims Scheme**)) and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction or by any other party.
Covered Bond Guarantee:	Payment of Guaranteed Amounts in respect of the Covered Bonds when Due for Payment will be irrevocably guaranteed by the Covered Bond Guarantor under the Covered Bond Guarantee. The Covered Bond Guarantor will be under no obligation to make payment in respect of the Guaranteed Amounts when Due for Payment unless (a) an Issuer Event of Default has occurred and is continuing, and a Notice to Pay is served on the Covered Bond Guarantor and an Issuer Acceleration Notice has been served on the Issuer; or (b) a Covered Bond Guarantor Event of Default has occurred and is continuing and a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will accelerate against the Covered Bond Guarantor and the Guaranteed Amounts will become immediately due and payable upon the service of a Covered Bond Guarantee Acceleration Notice. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute direct, absolute and (following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice) unconditional obligations of the Covered Bond Guarantor secured against the Mortgage Loans and the Related Security and other assets from time to time of the Trust and limited in recourse against the Covered Bond Guarantor. The liability of the Covered Bond Guarantor to make payments under the Programme Documents (including under the Covered Bond Guarantee) is limited to its right of indemnity from the assets of the Trust. Except and to the extent that the Covered Bond Guarantor's

For personal use only

right of indemnification against the assets of the Trust is reduced as a result of fraud, negligence or wilful default, no rights may be enforced against the personal assets of the Covered Bond Guarantor by any person and no proceedings may be brought against the Covered Bond Guarantor except to the extent of the Covered Bond Guarantor's right of indemnity and reimbursement out of the assets of the Trust. Other than in the exception previously mentioned, the personal assets of the Covered Bond Guarantor are not available to meet payments under the Covered Bond Guarantee.

Credit Ratings:

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

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

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

Ratings are not a recommendation or suggestion, directly or indirectly, to any investor or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security for a particular investor (including without limitation, any accounting and/or regulatory treatment), or the tax-exempt nature or taxability of payments made in respect of any investment, loan or security. A credit rating may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency. The Rating Agencies are not advisers, and nor do the Rating Agencies provide investors or any other party any financial advice, or any legal, auditing, accounting, appraisal, valuation or actuarial services. A credit rating should not be viewed as a replacement for such advice or services.

For personal use only

Listing and admission to trading: Application has been made by the Issuer to admit Covered Bonds issued under the Programme to the official list of the Luxembourg Stock Exchange and to admit Covered Bonds to trading on the Regulated Market of the Luxembourg Stock Exchange. Covered Bonds issued under the Programme may be unlisted or, in the event that the Issuer is unable to maintain listing and/or trading having used all reasonable endeavours or if the maintenance of such listing and/or trading becomes in the opinion of the Issuer unduly onerous on the Issuer, the Issuer may procure the listing, trading and/or quotation of the Covered Bonds on some listing authority, stock exchange and/or quotation system acceptable to the Bond Trustee. The Applicable Final Terms relating to each Series or Tranche of the Covered Bonds will state whether or not the Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets. N Covered Bonds will not be listed and/or admitted to trading.

Delivery: The Covered Bonds may be settled on a delivery against payment basis or a delivery free of payment basis, as specified in the Applicable Final Terms.

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

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

The Bond Trust Deed (including the Covered Bond Guarantee), the Principal Agency Agreement, the Covered Bonds (other than any A$ Registered Covered Bonds and any N Covered Bonds), and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law unless specifically stated to the contrary. In this regard, the covenant to pay made by the Issuer to the Bond Trustee in respect of the A$ Registered Covered Bonds in the Bond Trust Deed, the provisions relating to the maintenance of the Register in respect of the A$ Registered Covered Bonds in the Bond Trust Deed and the provisions relating to the limitation of liability of the Covered Bond Guarantor in the Bond Trust Deed, the Principal Agency Agreement and the Covered Bonds are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia.

Other than Conditions 3.2, 4.5, 6.2, 7.2, 9 and 14 of the N Covered Bond Conditions, clause 4 of the N Covered Bond Assignment

For personal use only

	Agreement and the N Covered Bond Agreement (which are governed by, and will be construed in accordance with, English law), the N Covered Bonds are governed by, and will be construed in accordance with, German law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of any Tranche of Covered Bonds. See the section of this Prospectus entitled "*Subscription and Sale and Transfer and Selling Restrictions*".
	Bearer Covered Bonds will be issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(D) (**TEFRA D**) unless (i) the Applicable Final Terms state that Bearer Covered Bonds are issued in compliance with U.S. Treasury Regulations §1.163-5(c)(2)(i)(C) (**TEFRA C**) or (ii) Bearer Covered Bonds are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which Bearer Covered Bonds will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 (**TEFRA**), which circumstances will be referred to in the Applicable Final Terms as a transaction to which TEFRA is not applicable.
Risk Factors:	There are certain risks related to any issue of Covered Bonds under the Programme, which investors should ensure they fully understand, a summary of which is set out in the section of this Prospectus entitled "*Risk Factors*" and include, *inter alia*, the risk of subsequent changes in the actual or perceived creditworthiness of the Issuer or the Covered Bond Guarantor (as applicable), which may adversely affect the market value of the Covered Bonds. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Covered Bonds issued under the Programme which include, *inter alia*, risks related to the structure of a particular issue of Covered Bonds (including that there is limited recourse to the Covered Bond Guarantor), modifications and waivers of the terms and conditions of the Covered Bonds in certain circumstances without the consent of all of the Covered Bondholders, changes in laws, taxation laws or regulations which affect the Covered Bonds, risks related to secondary market trading of the Covered Bonds and exchange rate risks. For further particulars, please see "*Risk Factors*".

For personal use only

RISK FACTORS

This section describes the principal risk factors associated with an investment in the Covered Bonds. Prospective purchasers of Covered Bonds should consider carefully all of the information contained in this document, including the considerations set out below, before making any investment decision. The Issuer believes that the following factors may affect its and the Covered Bond Guarantor's ability to fulfil their obligations under Covered Bonds issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Covered Bond Guarantor is in a position to express a view on the likelihood of any such contingency occurring.

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

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

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

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

RISKS SPECIFIC TO THE NAB GROUP

Set out below are the principal risks and uncertainties associated with the nab Group. It is not possible to determine the likelihood of these risks occurring with any certainty. However, the risk in each category that the Issuer considers most material is listed first, based on the information known by the Issuer at the date of this Prospectus, the Issuer's best assessment of the likelihood of each risk occurring and the potential negative impact to the nab Group should the relevant risk materialise. In the event that one or more of these risks materialises, the nab Group's reputation, strategy, business, operations, financial condition and future performance could be materially and adversely impacted.

The nab Group's Risk Management Framework and internal controls may not be adequate or effective in accurately identifying, evaluating or addressing risks faced by the nab Group. There may be other risks that are unknown or deemed immaterial, but which may subsequently become known or material. These may individually, or in aggregate, adversely impact the nab Group. Accordingly, no assurances or guarantees of future performance, profitability, distributions or returns of capital are given by the nab Group.

Strategic Risk

Strategic risk is the risk to earnings, capital, liquidity, funding, or reputation arising from an inadequate response to changes in the external environment and the risk of failing to properly consider downstream impacts and achieve effective outcomes when executing material change programs.

Strategic initiatives may fail to be executed, may not deliver all anticipated benefits, or may otherwise change the nab Group's risk profile

The nab Group's corporate strategy sets its purpose, ambition, and objectives. The nab Group prioritises and invests significant resources in the execution of initiatives that are aligned to its chosen strategy. These initiatives focus primarily on customers, technology, digital and data assets, infrastructure, business

improvement, cultural transformation and employees, regulatory compliance, climate change (strategy, obligations, commitments and targets), other Environmental, Social and Governance (ESG) related matters and changes to associated controls, and in a number of cases have, and may in the future have, dependencies on external suppliers or partners. There is a risk that these initiatives may not realise some or all their anticipated benefits and outcomes. These initiatives may also increase operational, compliance, and other risks, which may not be appropriately assessed or controlled.

Any failure by the nab Group to deliver in accordance with its strategy or to deliver strategic initiatives effectively may result in material losses to the nab Group, reputational damage or a failure to achieve anticipated benefits, and ultimately, may materially and adversely impact the nab Group's operations and financial performance and position.

The nab Group faces a continually changing external environment

The nab Group operates in a dynamic macro-economic environment. The impact of slowing global and domestic economic growth, increases to unemployment rates, elevated interest rates, and falling consumer and business confidence can reduce demand for credit, adversely impacting the nab Group's revenue, or increase the risk of defaults, adversely impacting the nab Group's financial performance. In addition, the nab Group's expense plans may be at risk due to continued inflationary pressures, particularly with respect to employee remuneration and technology costs. External economic and geopolitical impacts may be further affected by uncertainties associated with international conflicts and geopolitical events.

There is substantial competition across the markets in which the nab Group operates. The nab Group faces competition from traditional financial services providers, online banks, and other parties, including foreign banks and non-bank competitors, such as private credit funds, asset managers, superannuation funds, family offices, insurance companies, mutual funds, hedge funds, securities brokerage firms, financial technology companies, digital platforms and large global technology companies. Some competitors have lower costs, or operating and business models, technology platforms or products that differ from, or are more competitive than, the nab Group's and some competitors are subject to less regulatory oversight.

Competition for customers and the increasing use of brokers can lead to a reduction in profit margins and loss of market share. Intense competition increases the risk of additional price pressure, especially in commoditised lines of business, such as mortgages, where the providers with the lowest unit cost may gain market share and industry profit pools may be eroded. Such factors may ultimately impact the nab Group's financial performance and position, profitability and returns to investors.

Evolving industry trends, technology changes and environmental factors have impacted, and may continue to impact, customer and other stakeholder needs and preferences. The nab Group may not predict these changes accurately or quickly enough or have the resources and flexibility to adapt in sufficient time, to meet the needs and preferences of customers and other stakeholders and to keep pace with competitors. These risks are heightened in the current context in which technology, including its impacts on the financial services industry, continues to evolve at a rapid pace. Additionally, it may not be possible for the nab Group to meet the expectations of stakeholders in regard to certain trends or factors when there are opposing expectations between different stakeholders.

Adoption of new legislation and regulation may impose additional costs on the nab Group to comply and create reputational and legal risks in the event of non-compliance. Recent regulatory and legislative developments and other trends that may impact the nab Group include:

- Increased focus on digital, data and analytics capabilities with the objective of creating easy and seamless customer experiences. The rapid development and deployment of artificial intelligence (**AI**) capabilities, including generative AI, continues to be a key strategic consideration for the nab Group and for customers. Inadequate or lack of adoption of AI within business processes or customer propositions could pose a strategic disadvantage to the nab Group relative to its competitors who

For personal use only

For personal use only

deploy AI tools and could result in unwanted financial and non-financial consequences for the nab Group. At the same time, as a new technology, the use of AI without sufficient controls, governance, and risk management may result in increased risks across all the nab Group's risk categories. Regulation of AI and similar technologies is developing globally and its impact on the nab Group's business is currently uncertain. In September 2024, the Australian Government commenced a public consultation on its proposal to introduce mandatory guardrails for high-risk AI systems and models, aligned with international standards. In the interim, voluntary standards have been released to guide organisations on the safe and responsible development and deployment of AI systems. There is a risk that any mandatory regulation could present implementation challenges for financial institutions.

- Increased demand for green or sustainability-related products or increased lending to assist customers in achieving their ESG-related performance objectives, for example, sustainability-linked loans, or, correspondingly, increased scrutiny of products or lending or other activities that are perceived to be inconsistent with the ESG-related performance objectives of the nab Group or its stakeholders. In addition, there is currently no single, globally recognised set of accepted definitions for assessing whether activities are "green" or "sustainable" which may create greenwashing risks due to differences in interpretation.

- The evolving and increasingly complex payments landscape, including the increasing use of digital payments, new payments infrastructures and emerging technology, and the shift away from traditional payment methods. To this end, the Australian Government has consulted on proposed changes to the Payments Systems (Regulation) Act 1998 to address new payments-related risks following the release of its Strategic Plan for Australia's Payments System in June 2023. The proposed changes are currently before Parliament. Additionally, the Australian Government has released for consultation draft legislation on a Scams Prevention Framework.

- The Reserve Bank of Australia (**RBA**) has set expectations for the tokenisation of payment cards and storage of primary account numbers to promote security, efficiency, and competition in the payments system. Industry participants are expected to support the portability of both scheme and proprietary tokens by the end of June 2025.

- The continued implementation of the Consumer Data Right (**CDR**), known as 'Open Banking', in the Australian banking sector. The CDR seeks to increase competition and innovation between service providers by mandating and standardising the sharing of certain consumer and business customer data and data relating to their products and services. Where large global technology companies choose to participate in the CDR, there is potential for these companies to access more data which may increase their competitiveness including in other sectors, such as financial services. In August 2024, the Australian Government announced its intention to make changes to the CDR, which may result in additional requirements.

- The New Zealand (**NZ**) Government's introduction of the Customer and Product Data Bill to Parliament in May 2024. If passed, the bill will establish a CDR that will seek to improve consumers' ability to compare and switch products. Banking is set to be the first sector designated under the proposed legislation. Alongside the Customer and Product Data Bill, the NZ Government recently closed a consultation on the regulatory regime for Open Banking and how Open Banking should be operationalised. The adoption of Open Banking in NZ is designed to increase competition and innovation in NZ banking, payments and financial data services subsequently leading to better products and services for customers, and this may increase compliance costs for banks, including Bank of New Zealand (**BNZ**) and may limit BNZ's ability to charge for access to payments or data. The NZ Government has committed to ensuring Open Banking is fully operational by June 2026.

- The release of the NZ Commerce Commission's final report into competition for personal banking services in NZ in August 2024. The report includes 14 recommendations that, together, aim to support new entry into, and expansion of, the personal banking sector, to reduce the regulatory barriers to

competition, and to empower consumers to get better prices and services. This includes a recommendation that the NZ Government commit to operationalising Open Banking (as described above).

- The continued consumer and institutional adoption of cryptocurrencies and other digital assets. The rate of digital asset adoption, digital asset product creation (for example, stable coins and decentralised finance) and government responses are expected to influence the future of the sector and its impact on the nab Group. Regulation of digital assets is nascent, but emerging, across all markets in which the nab Group operates, which may increase the nab Group's costs, or require the nab Group to invest in resources to adapt its products or systems to new technologies. The RBA has completed a research project exploring Central Bank Digital Currency (**CBDC**) use cases and identified legal, regulatory, technical and operational issues warranting further consideration in future research. The RBA's review of these matters remains ongoing, though going forward the Australian Government Treasury and the RBA intend for the focus of the review to be on wholesale CBDC rather than a CBDC for retail customers. The Reserve Bank of New Zealand (**RBNZ**) is similarly reviewing a CBDC and in July 2024 closed a consultation on the possibility of the RBNZ issuing a CBDC, which is expected to influence the future of the sector in NZ and its impact on BNZ. The CBDC consultation is part of a multi-stage exploration being conducted by the RBNZ. The RBNZ has discussed introducing a CBDC in or around 2030. The Australian Prudential Regulation Authority (**APRA**) has consulted on the prudential treatment for crypto-assets in 2024 and the new regulatory framework is expected to come into effect in 2025.

Risks may arise from pursuing acquisitions and divestments

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

The pursuit of corporate opportunities inherently involves transaction risks, including the risk that the nab Group over-values an acquisition or investment or under-values a divestment, as well as exposure to reputational damage or regulatory intervention. The nab Group may encounter difficulties in integrating or separating businesses, including failure to realise expected synergies, disruption to operations, diversion of management resources or higher than expected costs. These risks and difficulties may ultimately have an adverse impact on the nab Group's financial performance and position.

The nab Group may incur unexpected financial losses following an acquisition, joint venture or investment if the business it invests in does not perform as planned or causes unanticipated changes to the nab Group's risk profile. Additionally, there can be no assurance that customers, employees, suppliers, counterparties and other relevant stakeholders will remain with an acquired business following the transaction and any failure to retain such stakeholders may have an adverse impact on the nab Group's financial performance and position.

Risks related to nab's acquisition of Citigroup's Australian consumer business which completed on 1 June 2022 are ongoing.

The nab Group continues to rely on Citigroup's regional shared technology infrastructure for transitional services (and will do so through the transition period), as well as Citigroup's support for data migration activities after the development of technology systems within the nab Group. There is a risk that as the integration project and the development of technology systems within the nab Group continues, costs may be higher than anticipated, more internal resourcing is required than anticipated, or that key employees, customers, suppliers, or other stakeholders required for a successful transition, will not be retained. Additionally, there is a risk that the timeline for the integration is extended, which may result in further costs being incurred by the nab Group.

Citigroup has provided nab with indemnities relating to certain matters which may have occurred pre-completion, as well as covenants and warranties in favour of nab. There is a risk that these protections may

For personal use only

be insufficient to fully cover liabilities relating to these matters, which may have an adverse impact on the nab Group's financial performance and position.

The nab Group may also have ongoing exposures to divested businesses, including through a residual shareholding, the provision of continued services and infrastructure or an agreement to retain certain liabilities of the divested businesses through warranties and indemnities. These ongoing exposures may have an adverse impact on the nab Group's business and financial performance and position. The nab Group may also enter into non-compete arrangements as part of divestments, which may limit the future operations of the nab Group.

nab completed the sale of its advice, platforms, superannuation and investments and asset management businesses to IOOF Holdings in May 2021, now named Insignia Financial (the **MLC Wealth Transaction**). As part of the MLC Wealth Transaction, nab provided Insignia Financial with indemnities relating to certain pre-completion matters, including a remediation program relating to workplace superannuation matters, breaches of anti-money laundering laws and regulations, regulatory fines and penalties and certain litigation and regulatory investigations. nab also provided covenants and warranties in favour of Insignia Financial. A breach or triggering of these contractual protections may result in nab being liable to Insignia Financial.

As part of the MLC Wealth Transaction, nab retained the companies that operated the advice businesses, such that the nab Group has retained all liabilities associated with the conduct of these businesses pre-completion. From completion, nab has agreed to provide Insignia Financial with certain transitional services and continuing access to records, as well as support for data migration activities. nab may be liable to Insignia Financial if it fails to perform its obligations. There is a risk that costs associated with separation activities and the costs incurred by nab in satisfying its obligations may be higher than anticipated. If so, or if nab fails to perform its obligations, there may be an adverse impact on the nab Group's financial performance and position.

On 17 November 2022, nab announced its intention to exit its custody business, nab Asset Servicing. The exit is being effected through the transfer of all nab Asset Servicing's clients to alternative custody providers over a period of approximately three years (being undertaken from 2022-2025). The transfer of all clients over a relatively short period is a complex exercise that is subject to operational/transitional risks that need to be managed carefully. There is a risk that the exit does not occur to plan, and there may be a potential adverse impact on the nab Group if the exit is not managed appropriately.

On 30 April 2024, the nab Group completed a transaction under which the nab Group and Jarden Wealth and Asset Management Holdings Limited (**Jarden Wealth**), combined their respective NZ wealth advice and asset management businesses into a newly formed entity FirstCape Limited (**FirstCape**) (**FirstCape Transaction**). The nab Group, Jarden Wealth, and Funds advised by Pacific Equity Partners are the shareholders in FirstCape. As part of the FirstCape Transaction, the nab Group has provided FirstCape with certain indemnities and warranties relating to certain pre-completion matters of the nab Group's NZ wealth businesses which now forms part of FirstCape and certain contractual covenants. A breach or triggering of these contractual protections may result in the nab Group being liable to FirstCape.

Credit Risk

Credit risk is the risk that a customer will fail to meet their obligations to the nab Group in accordance with agreed terms. Credit risk arises from both the nab Group's lending activities and markets and trading activities.

A protracted period of elevated interest rates may result in deterioration in the nab Group's credit risk profile in the short term through accelerated increases in defaulted loans

Elevated interest rates to combat inflationary pressures have resulted in increases in arrears, primarily in the home loan and small and medium business portfolios. If interest rates remain elevated for a protracted period, this may continue to increase household and business financial stress across Australia and NZ, particularly for those customers who are highly geared and/or facing reduced income due to weaker economic activity. This may drive an increase in bankruptcies, business failures, and higher unemployment. Sectors exposed to changes in household discretionary spending (including retail trade, tourism, hospitality and personal services)

For personal use only

are particularly vulnerable to financial stress in the event of modifications to consumer spending behaviour. The heightened credit risk in affected sectors and elevated levels of household and business financial stress may result in an increase in losses if customers default on their loan obligations.

Extreme weather events, and longer-term changes in climate conditions coupled with transition risk may lead to rising customer defaults

The following risks relating to climate change, combined with changes to future insurance affordability and availability, may result in increased losses from customer defaults or decreased valuations, and may ultimately have an adverse impact on the nab Group's financial performance and position:

- Increasing number of extreme weather events (including substantial rainfall or drought).
- Increasing weather volatility and longer-term changes in climatic conditions.
- Climate-related transition risks as the global economy transitions to low-carbon alternatives.

Some customers have faced significant challenges from extreme weather events which caused property damage for customers across the home and business lending portfolios. The rising severity and prevalence of these events pose a risk to the credit portfolio in the medium term.

A decline in property market valuations may give rise to higher losses on defaulting loans

Residential housing loans and commercial real estate loans in Australia and NZ constitute a material component of the nab Group's total gross loans and acceptances.

The nab Group may have higher credit risk, or experience higher credit losses, to the extent its loans are concentrated by loan type, industry segment, borrower type, or location of the borrower or collateral. For example, the nab Group's credit risk and credit losses can increase if borrowers who engage in similar activities are uniquely or disproportionately affected by extreme weather events, economic or market conditions, or by regulation, such as regulation related to climate change. A deterioration in economic conditions or real estate values in Australia and NZ, could result in higher credit losses and costs.

Residential and commercial real estate prices in Australia and NZ increased for some years up until 2021 but experienced a decline in 2022 following the central banks' moves to increase interest rates. Residential real estate prices recovered in 2023. In Australia, prices continued to increase in 2024 with most markets recording price increases and recovering most of the declines recorded in 2022. On the other hand, in NZ residential real estate prices have begun to decline in 2024. Commercial real estate prices have recorded mixed results, with favourable growth recorded in the Australian Industrial sector offset by the ongoing structural adjustment in the office space.

When the value of residential or commercial real estate used as collateral (including in business lending) reduces below the value of the loan, the nab Group is exposed to losses in the event of any customer default. This may, in turn, impact the nab Group's financial performance and position and returns to investors. The most significant impact, in the event of default, is likely to come through residential mortgage customers in high loan-to-value-ratio brackets.

Adverse business conditions in Australia and NZ, in the agricultural sector may give rise to increasing customer defaults

The nab Group has a large market share among lenders to the Australian and NZ agricultural sectors. These sectors may be negatively impacted by several factors, including:

- Vulnerability to labour constraints.

For personal use only

- Trade restrictions and tariffs.
- Volatility in commodity prices (particularly agricultural product prices).
- Foreign exchange rate movements.
- Changes in consumer preference and market access.
- Disease and introduction of pathogens and pests (e.g., the threat of a local foot and mouth disease outbreak and spread in Australia of the varroa mite impacting European honey bees).
- Export and quarantine restrictions.
- Supply chain constraints and increasing supply chain producer responsibility, traceability, and transparency requirements.
- Extreme weather events (including substantial rainfall or drought or bushfires), increasing weather volatility and longer-term changes in climate conditions.
- Expectations related to management of other nature-related risks such as deforestation, including both the environmental impacts and potential exposure from any illegal deforestation.

Market declines and increased volatility may result in the nab Group incurring losses

Some of the nab Group's assets and liabilities comprise financial instruments that are carried at fair value, with changes in fair value recognised in the nab Group's income statement. Movements in interest rates can affect prepayment assumptions and thus fair value. Market declines and increased volatility could negatively impact the value of those financial instruments and cause the nab Group to incur losses.

Other macro-economic, geopolitical, climate, nature-related or social risks may adversely affect the nab Group and pose a credit risk

Most of the nab Group's businesses operate in Australia and NZ, with additional operations located in Asia, the UK, France and the United States (the **U.S.**). Levels of borrowing are heavily dependent on customer confidence, employment trends, market interest rates, and other economic and financial market conditions and forecasts.

Domestic and international economic conditions and forecasts are influenced by a number of macro-economic factors, such as: economic growth rates, environmental and social issues (including emerging issues such as modern slavery and nature-related risks), cost and availability of capital, central bank intervention, inflation and deflation rates, level of interest rates, yield curves, market volatility, and uncertainty.

Deterioration in any of these factors may lead to the following negative impacts on the nab Group:

- Deterioration in the value and liquidity of assets (including collateral).
- The inability to price certain assets.
- Environmental conditions and social and governance issues impacting the risk and return profile and/or value of customers' security or business operations.
- An increase in customer or counterparty default and credit losses.
- Higher provisions for credit impairment.

For personal use only

- Mark-to-market losses in equity and trading positions, including the nab Group's high-quality liquid asset (**HQLA**) portfolios.

- A lack of available or suitable derivative instruments for hedging purposes.

- Increased cost of insurance, lack of available or suitable insurance, customer reluctance to maintain adequate insurance, or failure of the insurance underwriter.

Economic conditions may also be negatively impacted by climate change and major shock events, such as natural disasters, epidemics and pandemics, war and terrorism, cyber-attacks, political and social unrest, banking instability and sovereign debt restructuring and defaults.

The following macro-economic and financial market conditions are, as of the date of this Prospectus, of most relevance to the credit risks facing the nab Group and may affect revenue growth and/or customer balance sheets:

- Global economic growth has slowed in 2024 and is expected to remain below its long term average in the near-term. Weaker economic conditions reflect the impact of tight monetary policy and lending standards, particularly in advanced economies, along with weak domestic demand in China.

- Central banks in many major advanced economies have either commenced, or indicated that they are preparing to commence, reducing policy rates from restrictive levels. However, if economic conditions, including inflation, do not evolve as expected, this may lead to large, and possibly varied, changes to policy settings – including for interest rates - across central banks. This may impact asset valuations, credit conditions and financial market stability, as well as weaken economic activity, potentially exposing imbalances, or weaknesses, in balance sheets, including those of financial institutions. Risk of contagion due to financial system instability remains an ongoing concern for the nab Group due to the interdependency of financial market participants. Where concerns over the viability of financial institutions arise, it can trigger contagion fears, potentially destabilising global markets and, in turn, negatively affecting economic activity.

- China is a major trading partner for Australia and NZ, with export incomes and business investment exposed to changes in China's economic growth and trade policies. China's economy continues to face substantial headwinds, with growth forecast to slow going forward. In the short term this reflects subdued domestic consumption and weakness in the property sector in China, alongside an export sector challenged by protectionism in two major markets (the European Union and the United States). Demographic issues are also becoming an increasing factor reducing growth as the population ages out of the workforce. This could negatively impact the global economy generally, and the Australian and NZ economies in particular. Although diplomatic tensions between the Chinese and Australian governments have eased since mid-2022, the risk of trade restrictions being imposed on Australian exports remains. Any restrictions could have a negative impact on the nab Group's customers and may give rise to increasing levels of customer defaults.

- As commodity exporting economies, Australia and NZ are exposed to shifts in global commodity prices that can be sudden, sizeable, and difficult to predict. Fluctuations in commodity markets can affect key economic variables like national income tax receipts and exchange rates. Commodity price volatility remains substantial and, given the nab Group's sizeable exposures to commodity producing and trading businesses, this volatility poses a credit risk to the nab Group.

- Elevated geopolitical instability, such as the Russia-Ukraine and Middle Eastern conflicts, has negatively impacted, and could continue to negatively impact, the global and Australian economies, including by causing supply chain disruptions, rising prices for oil and other commodities, volatility in capital markets and foreign currency exchange rates, rising interest rates and heightened

For personal use only

cybersecurity risks. Prices may remain elevated for an extended period, which would negatively impact most businesses and households, and may lead to increased credit losses for the nab Group.

- Other geopolitical risks continue to present uncertainty to the global economic outlook, with negative impacts on consumption and business investment. Tensions between the United States and China (along with other countries), including in relation to Taiwan, the South China Sea, and Asia-Pacific which could increase as a result of the AUKUS pact or other similar agreements, as well as disruptions to trade through the Red Sea and the potential for widening conflict in Eastern Europe and the Middle East, could impact global economic growth and global supply chains.

Market Risk

The nab Group may suffer losses as a result of a change in the value of the nab Group's positions in financial instruments, bank assets and liabilities, or their hedges due to adverse movements in market prices. Adverse price movements impacting the nab Group may occur in credit spreads, interest rates, foreign exchange rates and commodity and equity prices, particularly during periods of heightened market volatility or reduced liquidity. Market conditions remain volatile in response to an uncertain economic environment and elevated geopolitical risk.

The occurrence of any event giving rise to material market risk losses may have a negative impact on the nab Group's financial performance and position.

The nab Group is exposed to credit spread risk

Credit spread risk is the risk that the nab Group may suffer losses from adverse movements in credit spreads, including increases in credit spreads resulting from financial markets instability. This is a significant risk in the nab Group's trading and banking books.

The nab Group's trading book is exposed to credit risk movements in the value of securities and derivatives as a result of changes in the perceived credit quality of the underlying company or issuer. Credit spread risk accumulates in the nab Group's trading book when it provides risk transfer services to customers seeking to buy or sell fixed income securities (such as corporate bonds). The nab Group may also be exposed to credit spread risk when holding an inventory of fixed income securities in anticipation of customer demand or undertaking market-making activity (i.e., quoting buy and sell prices to customers) in fixed income securities. The nab Group's trading book is also exposed to credit spread risk through credit valuation adjustments. A widening of credit spreads could negatively impact the value of the credit valuation adjustments.

The nab Group's banking book houses HQLAs which form the majority of the nab Group's liquidity portfolio required for managing the nab Group’s liquidity risk. While the nab Group hedges the interest rate risk on this portfolio, it is subject to credit spread risk through changes in spreads on its holdings of semi-government bonds. During periods of adverse credit spread movements , these positions can give rise to material volatility within the nab Group’s treasury portfolio which is captured either in profit and loss or reserves. Positions in residential mortgage-backed securities that arise through the nab Group's warehousing, underwriting and syndication operations also form part of the banking book and are exposed to changes in credit spreads.

The nab Group is exposed to interest rate risk

The nab Group's financial performance and capital position are impacted by changes in interest rates. The nab Group's trading book is exposed to changes in the value of securities and derivatives as a result of changes in interest rates. The nab Group's trading book accumulates interest rate risk when the nab Group provides interest rate hedging solutions for customers, holds interest rate risk in anticipation of customer requirements, or undertakes market-making activity in fixed income securities or interest rate derivatives. The level of volatility in interest rate markets has increased in the post-pandemic period after a broadening of inflationary pressures saw major central banks unwind stimulus and rapidly tighten monetary policy. As a result of the uncertain economic outlook and elevated geopolitical risk, market conditions remain unstable.

For personal use only

Balance sheet and off-balance sheet items can create an interest rate risk exposure within the nab Group. As interest rates and yield curves change over time, the nab Group may be exposed to a loss in earnings and economic value due to the interest rate profile of its balance sheet. Such exposure may arise from a mismatch between the maturity profile of the nab Group's lending portfolio compared to its deposit portfolio (and other funding sources), as well as the extent to which lending and deposit products can be repriced should interest rates change, thereby impacting the nab Group's net interest margin.

The nab Group is exposed to foreign exchange risk

Foreign exchange risks are evident in the nab Group's trading and banking books.

Foreign exchange and translation risks arise from the impact of currency movements on the value of the nab Group's positions in financial instruments, profits and losses, and assets and liabilities due to participation in global financial markets and international operations.

The nab Group's ownership structure includes investment in overseas subsidiaries and associates which gives rise to foreign currency exposures, including through the repatriation of capital and dividends. The nab Group's businesses may therefore be affected by a change in currency exchange rates, and movements in the mark-to-market valuation of derivatives and hedging contracts.

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

The nab Group is exposed to market risk should it be unable to sell down its underwriting risk

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

Capital, Funding and Liquidity Risk

The nab Group is exposed to funding and liquidity risk

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

Funding risk is the risk that the nab Group is unable to raise short- and long-term funding to support its ongoing operations, regulatory requirements, strategic plans and objectives. The nab Group accesses domestic and global capital markets to help fund its business, along with using customer deposits. A significant deterioration in the nab Group's ability to access these markets or of lenders to provide funding may adversely impact the nab Group's financial reputation, financial performance and position. The nab Group relies on offshore wholesale funding to support its funding and liquidity position. Periods of heightened market volatility may limit the nab Group's access to this funding source. Disruption in global capital markets, reduced investor interest in the nab Group's securities and/or reduced customer deposits, may adversely affect the nab Group's funding and liquidity position. This may increase the cost of obtaining funds, reduce the tenor of available

For personal use only

funds or impose unfavourable terms on the nab Group's access to funds, constrain the volume of new lending, or adversely affect the nab Group's capital position.

The nab Group's capital position may be constrained by prudential requirements

Capital risk is the risk that the nab Group does not hold sufficient capital and reserves to cover exposures and to protect against unexpected losses. Capital is the cornerstone of the nab Group's financial strength. It supports the nab Group's operations by providing a buffer to absorb unanticipated losses from its activities.

The nab Group must comply with prudential requirements in relation to capital across the jurisdictions in which it operates. Compliance with these requirements, and any further changes to these requirements may:

- Limit the nab Group's ability to manage capital across the entities within the nab Group.
- Limit payment of dividends or distributions on shares and hybrid instruments.
- Require the nab Group to raise more capital (in an absolute sense) or raise more capital of higher quality.
- Restrict balance sheet growth.

Current regulatory changes that could present a risk to the nab Group's capital position include loss-absorbing requirements for Domestic Systemically Important Banks, which include the nab Group. These changes require an increase to total capital by 4.5% of risk weighted assets (**RWA**) by 1 January 2026, with an interim increase by 3% of RWA which came into effect on 1 January 2024. These requirements are expected to be satisfied primarily through the issue of additional Tier 2 Capital which will further increase the nab Group's funding costs due to the higher cost of Tier 2 Capital issuance relative to senior debt.

In September 2024, APRA released a discussion paper outlining potential amendments to APRA's prudential framework that seek to ensure that the capital strength of the Australian banking system operates more effectively in stress. For advanced banks such as nab, APRA has proposed replacing 1.5% Additional Tier 1 Capital with 0.25% Common Equity Tier 1 Capital and 1.25% Tier 2 Capital, from January 2027. Subject to stakeholder feedback, APRA plans to provide an update on the consultation process in late 2024 and formally consult on specific changes to prudential standards in 2025. Changes to the requirements for Additional Tier 1 Capital may impact the nab Group's capital position, and credit ratings for Additional Tier 1 and Tier 2 instruments. This may also potentially impact the nab Group's cost of funds.

In addition, revisions to the RBNZ capital requirements (to be phased in by 2028) will require the nab Group to hold more capital in NZ.

If the information or the assumptions upon which the nab Group's capital requirements are assessed prove to be inaccurate, this may adversely impact the nab Group's operations, financial performance and financial position.

A downgrade in the nab Group's credit ratings or outlook may adversely impact its cost of funds and capital market access

Credit ratings are an assessment of a borrower's creditworthiness and may be used by market participants in evaluating the nab Group and its products, services and securities. Credit rating agencies conduct ongoing review activities, which can result in changes to credit rating settings and outlooks for the nab Group, or credit ratings of sovereign jurisdictions where the nab Group conducts business. Credit ratings may be affected by operational and other market factors (e.g., ESG-related factors), or changes in a credit rating agency's rating methodologies.

For personal use only

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

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or external events.

Privacy, information security and data breaches may adversely impact the nab Group's reputation and operations

The nab Group collects, processes, stores and transmits large amounts of personal and confidential information through its people, technology systems and networks and the technology systems and networks of its external service providers. Threats to information security are constantly evolving, including through the use of emerging technologies, such as advanced forms of AI, and techniques used to perpetrate cyber-attacks are increasingly sophisticated. In addition, the number, nature, and resources of adverse actors that could pose a cyber threat to the nab Group is growing, including individual cybercriminals, criminal or terrorist syndicate networks and large sophisticated foreign governments with significant resources and capabilities.

There is a risk that the nab Group's efforts to improve its technology systems and networks and its information security policies, procedures and controls may not be adequate to address these threats. While the nab Group participates in internal and external reviews and testing and is subject to regulatory oversight, which collectively help to identify weaknesses and areas for improvement, remediation of weaknesses is sometimes difficult to complete in a timely manner due to the complex technology environment (including third party involvement) and the rapidly evolving nature of the threats, which leads to the continuing emergence of new vulnerabilities.

As cyber threats continue to evolve, the nab Group may be required to expend significant additional resources to continue to modify or enhance its layers of defence or to investigate and remediate any information security vulnerabilities.

The nab Group may also not always be able to anticipate a security threat, or be able to implement effective information security policies, procedures, and controls to prevent or minimise the resulting damage. The nab Group may also inadvertently retain information which is not specifically required or is not permitted by legislation, thus increasing the impact of a potential data breach or non-compliance. A successful cyber-attack could persist for an extended period before being detected and, following detection, it could take considerable time for the nab Group to obtain full and reliable information about the cybersecurity incident and the extent, amount and type of information compromised. During an investigation, the nab Group may not necessarily know the full effects of the incident or how to remediate it, and actions and decisions that are taken or made to mitigate risk may further increase the costs and other negative consequences of the incident. Moreover, the nab Group may be required to disclose information about a cybersecurity event before it has been resolved or fully investigated.

Additionally, the nab Group uses select external providers (in Australia and overseas) to process and store confidential data and to develop and provide its technology services, including the increasing use of cloud infrastructure. The nab Group is limited in its ability to monitor and control the security protocols that service providers implement on a day-to-day basis. Failures of controls by these providers may expose the nab Group and the data it stores to loss of confidentiality, integrity or availability. The nab Group may also submit confidential information to its key regulators under a legal obligation and as part of regulatory reporting.

For personal use only

A breach of security at any of these external providers, regulators or within the nab Group may result in operational disruption, theft or loss of customer or employee data, a breach of privacy laws, regulatory enforcement actions, civil penalties, customer or employee redress, litigation, financial losses, or loss of market share, property, or information. This may be wholly or partially beyond the control of the nab Group and may adversely impact its financial performance and position. For example, some large Australian organisations have experienced significant cyber-attacks in recent years leading to intense public reactions and increased political and regulatory focus.

In addition, any such event may give rise to increased regulatory scrutiny or adversely affect the view of ratings agencies. Social media commentary, and the nab Group's responses to the relevant event, may exacerbate the impact on the nab Group's reputation.

Generative AI is an emerging area of operational risk. While AI has potential to support significant service advances for customers, it also has the potential to assist, enable, and enhance existing methods for criminals to perpetrate fraud, scams, and cyber threats against nab and its customers, and poses increased risks to cybersecurity such as denial of service, and more sophisticated social engineering attacks.

The nab Group's use of AI and machine learning technologies is also subject to risks that algorithms and datasets are flawed or may be insufficient and could increase the risk of unintended deficiencies and could result in inaccurate or ineffective decisions, predictions or analysis, and give rise to potential ethical and social risks associated with its use (e.g., unintended discrimination, bias and disinformation). If the nab Group were found to have infringed or misappropriated a third-party patent or other intellectual property right (including where the nab Group or a third party has used generative AI outputs based on data for which the generative model may not have had consent), the nab Group could, in some circumstances, be prohibited from providing certain products or services to its customers or from utilising and benefiting from certain methods, processes, copyrights, trademarks, trade secrets, or licences.

Disruption to technology and services may adversely impact the nab Group's reputation and operations

Many of the nab Group's operations depend on technology or third parties. Therefore, the financial strength, reliability, resilience, security, and performance of the nab Group's and its third parties' information technology systems, processes and infrastructure are essential to the effective operation of the nab Group's business and consequently to its financial performance and position. The reliability, security and resilience of the nab Group's technology and services may be impacted by the complex technology environment, selection, concentration of and reliance on suppliers, failure to keep technology systems up to date, an inability to restore or recover systems and data in acceptable timeframes, or a physical or cyber-attack against the nab Group or its external providers including suppliers of cloud services to the nab Group.

The rapid evolution of technology in the financial services industry and the increased expectations of customers for internet and mobile services on demand expose the nab Group to changing operational scenarios.

Any disruption to the nab Group's technology and services (including disruption to the technology systems of the nab Group's external providers) may be wholly or partially beyond the nab Group's control and may result in operational disruption, regulatory enforcement actions, customer redress, litigation, financial losses, theft or loss of customer data, loss of market share, loss of property or information, or may adversely impact the nab Group's speed and agility in the delivery of change and innovation.

In addition, any such disruption may adversely affect the trust that internal and external stakeholders have in the nab Group's ability to protect key information (such as customer and employee records) and infrastructure. This may in turn affect the nab Group's reputation, which may result in loss of customers, a reduction in share price, ratings downgrades and regulatory censure or penalties.

For personal use only

Complexity of infrastructure, processes and models gives rise to a significant risk to the nab Group's operations

The nab Group's business involves the execution of many processes and transactions with varying degrees of complexity. The nab Group is reliant on its policies, processes, controls, and supporting infrastructure functioning as designed, and on third parties appropriately managing their own operational risk and delivering services to the nab Group as required. A failure in the design or operation of these policies, processes, controls, and infrastructure, failure of the nab Group to manage external service providers, or the disablement of a supporting system, all pose a significant risk to the nab Group's operations and consequently its financial performance, reputation and the timeliness and accuracy of its statutory and prudential reporting.

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

The nab Group is exposed to the risk of human error

The nab Group's business, including the internal and supplier managed processes and systems that support business decisions, relies on appropriate actions and inputs from its employees, agents and external providers. The nab Group is exposed to operational risk due to process or human error, including incorrect or incomplete data capture and records maintenance, incorrect or incomplete documentation to support activities, inadequate design of processes or controls, or incorrect reporting. The nab Group uses select external providers (in Australia and overseas) to provide services to the nab Group and is exposed to similar risks arising from such failures in the operating environment of its external providers. The materialisation of any of these risks could lead to direct financial loss, loss of customer, employee or commercially sensitive data, regulatory penalties, and reputational damage.

The nab Group may not be able to attract, remunerate and retain suitable talent

The nab Group is dependent on its ability to attract and retain key executives, employees, and Board members with a deep understanding of banking and technology, who are qualified to execute and govern the nab Group's strategy, including the technology transformation the nab Group is undertaking to meet the changing needs of its customers. Potential weaknesses in employment practices, including diversity, anti-discrimination, workplace flexibility, payroll, workplace health and safety and employee wellbeing, together with a competitive labour market for critical skills, are sources of operational risk that can impact the nab Group's ability to attract and retain qualified personnel with the requisite knowledge, skills, and capability. The effective management of psychosocial risk (including relating to workplace factors such as customer aggression, workload issues or poor change management) is an area of focus within the nab Group to support employee wellbeing and retain talent. It is also an area of increasing regulatory scrutiny and reputational risk.

The nab Group's capacity to attract and retain key talent, in addition to providing attractive career opportunities, also depends on its ability to adequately and appropriately respond to changes (internal or external) as well as design and implement effective remuneration and talent structures. This may be constrained by several factors, including by regulatory requirements (particularly in the highly regulated financial services sector).

The unexpected loss of key resources or the inability to attract personnel with suitable experience may adversely impact the nab Group's ability to operate effectively and efficiently, or to meet the nab Group's strategic objectives. This risk may also impact third party vendors (including offshore vendors) engaged by the nab Group, who may be experiencing similar personnel related challenges.

External events may adversely impact the nab Group's operations

Operational risk can arise from external events such as biological hazards, climate change, natural disasters, widespread disease or pandemics, or acts of terrorism and geopolitical conflict.

For personal use only

The nab Group has branches and office buildings across Australia and NZ in locations that are prone to extreme weather events, with NZ locations also prone to earthquakes.

Given the nab Group's physical presence in major cities in Australia, NZ and other countries where it has, or is intending to establish, offshore operations, it may also be exposed to the risk of a terrorist attack.

The nab Group has operations in India and Vietnam conducting a range of essential business functions and processes including transaction processing and technology development. Disruption (including due to geopolitical tensions) to these centres may have a material impact on the nab Group's operations.

Geopolitical risks continue to present uncertainty to the nab Group's operations. For example, tensions between the United States and China, including in relation to Taiwan, the Russia-Ukraine and Middle Eastern conflicts, and China's trade and technology policies, continue to persist, which could impact the nab Group's operations adversely, for example through disruption to free trade, global supply chains and availability of talent.

External events, such as extreme weather, natural disasters, biological hazards, and acts of terrorism may also cause property damage and business disruption, which may adversely impact the nab Group's financial performance. In addition, if the nab Group is unable to manage the impacts of such external events, it may compromise the nab Group's ability to provide a safe workplace for its personnel and/or lead to reputational damage.

The environment the nab Group is operating in has become more complex and more uncertain and could create operational risks that are yet to be identified.

Sustainability Risk

Sustainability risk is the risk that ESG-related events or conditions arise that could negatively impact the sustainability, resilience, risk and return profile, value, or reputation of the nab Group or its customers and suppliers. Inadequate management of ESG risks by the nab Group or its customers may expose the nab Group to other potential risks across risk categories such as strategic, credit, compliance, conduct, operational and capital, funding and liquidity risk.

Physical and transition risks arising from climate change, other environmental impacts and nature-related risks may lead to increasing customer defaults and decrease the value of collateral

Extreme weather, increasing weather volatility and longer-term changes in climatic conditions, as well as environmental impacts such as land contamination and other nature-related risks such as deforestation, biodiversity loss and ecosystem degradation, may affect water security, property and asset values or cause customer losses due to damage, crop losses, existing land use ceasing to be viable, and/or interruptions to, or impacts on, business operations, supply chains or market access.

Globally, an increasing number of countries are prone to, and have experienced, acute physical climate events. In Australia and NZ these have included drought conditions, heat waves and bushfires over summer periods, and severe floods. Extreme weather events are expected to increase globally and locally in frequency and severity, which may have adverse macroeconomic impacts. The impact of extreme weather events can take time to be fully realised and be widespread, extending beyond residents, businesses, and primary producers in highly impacted areas, to supply chains in other cities and towns relying on agricultural and other products from within these areas. The impact of these losses on the nab Group may be exacerbated by a decline in the value and liquidity of assets held as collateral and the extent to which these assets are insured or insurable, which may impact the nab Group's ability to recover its funds when loans default.

Climate-related transition risks are increasing as economies, governments, and companies seek to transition to low-carbon alternatives and adapt to climate change. Certain customer segments may be adversely impacted as the economy transitions to renewable and low-emissions technology. Decreasing investor appetite and

For personal use only

customer demand for carbon intensive products and services, emerging requirements of sustainable finance taxonomies increasing climate-related litigation and changing regulations and government policies designed to mitigate climate change may negatively impact revenue and access to capital for some businesses, and/or the nab Group's products or services that serve those customers. Furthermore, management of transition risk is more challenging given the presence of social risks such as modern slavery in relevant supply chains (e.g., input materials and equipment required to support the low carbon transition).

Some of the regions in which the nab Group operates (e.g., NZ and Japan) face heightened geological risk associated with major earthquakes, which can, and have, resulted in damage to property and infrastructure, and in some cases loss of life.

Biodiversity loss and ecosystem degradation can arise from environmental factors such as:

- Climate change.
- Deforestation and illegal land clearing.
- Air and water pollution or soil contamination.
- Invasive species (e.g., the varroa mite and fire ant).

These factors may disrupt business activities and supply chains, and may cause adverse impacts which include:

- Declines in agricultural and fishing yields.
- Decline in bee populations providing pollination services to agriculture.
- Raw material and/or commodity price volatility.
- Loss of market access.
- Stranded assets.
- Changes in customer demand.
- Changes in the regulatory environment.

These risks may increase expected and actual levels of customer defaults, thereby increasing the credit risk facing the nab Group and adversely impacting the nab Group's financial performance and position, profitability and returns to investors.

The nab Group, its customers, or its suppliers may fail to comply with legal, regulatory, or voluntary standards or broader shareholder, community and stakeholder expectations concerning ESG risk performance

ESG issues have been subject to increasing legal, regulatory, voluntary, and prudential standards and increasing (and sometimes differing) community and stakeholder expectations. These include:

- Environmental issues – such as climate change, deforestation and illegal land clearing, biodiversity loss, ecosystem degradation, spread of invasive species, and pollution. Supervisory and regulatory guidance and requirements for banks are increasingly focusing on ESG risks, as regulators have increased expectations of companies' ESG-related capabilities and seek to understand and manage system-wide impacts such as those arising from climate-related risks. This focus is quickly evolving to broader environmental issues, such as nature-related risks, as the links between nature and economic prosperity and societal wellbeing are becoming better understood. This has been a particular focus of the Task Force on Nature-related Financial Disclosures, whose recommendations were released in

For personal use only

September 2023, and the development of which has been supported by the Australian and United Kingdom governments.

- Social issues – such as human rights (including modern slavery), compliance with recognised labour standards and fair working conditions, unfair and inequitable treatment of people including discrimination, product responsibility, appropriate remuneration, indigenous land rights and cultural heritage– including consideration of issues such as Free, Prior and Informed Consent, and animal welfare, including any such potential impacts on these matters from a customer's operations and/or projects.

- Governance issues – such as bribery and corruption, tax avoidance, greenwashing and greenhushing, and other false or misleading environmental or sustainability claims, cross industry collaboration practices, poor governance, lack of transparency, supply chain traceability, and not fulfilling accountabilities.

Performance against corporate ESG commitments are being more closely monitored by external stakeholders as their understanding of issues (and their associated risks) such as climate change, human rights, responsible supply chain management and due diligence increases.

Globally, including in Australia and NZ, regulators have strengthened their policy guidance in relation to sustainability-related disclosures and governance practices, with particular emphasis on greenwashing. Consumer and fair-trading issues in relation to environmental and sustainability claims are a 2024-2025 compliance and enforcement priority of the Australian Competition and Consumer Commission (**ACCC**), aimed at improving the integrity of environmental and sustainability claims and to protect consumers from greenwashing. Addressing financial system climate change risks is one of five strategic priorities in the 2024-2025 Corporate Plan of the Australian Securities and Investments Commission (**ASIC**). This includes focusing on climate-related disclosure, greenwashing, and integrity and fairness in energy and carbon credit markets. Australian regulators (ACCC and ASIC) have continued to increase enforcement activity in relation to greenwashing in sustainability-related markets and disclosures.

ESG due diligence requirements may become mandatory in some jurisdictions in which the nab Group operates, placing increasing demands on the nab Group's processes and capability to manage, monitor and address ESG risks. The impacts associated with climate change-related legislative and regulatory initiatives, customer requirements and the transition to a low carbon economy, including meeting new regulatory expectations, retrofitting of assets, energy efficient and low carbon investments, purchasing carbon credits or paying carbon taxes, may result in operational changes and additional expenditures that could adversely affect the nab Group and/or its customers.

The nab Group's reputation and business prospects may also be damaged if it does not, or is perceived not to, effectively prepare for the potential business and operational risks and opportunities associated with climate change, including through the development and marketing of effective and competitive products and services designed to address clients' climate risk-related needs. These impacts include negative market perception, reduced market share and regulatory and litigation consequences associated with greenwashing claims or driven by association with clients, industries or products that may be inconsistent with the nab Group's stated positions on climate change issues.

Failure by the nab Group to:

- comply with the ESG-related requirements or standards, including emerging ESG-related disclosure requirements arising from the release of the International Sustainability Standards Board’s sustainability and climate disclosure standards, enacted through amendments to the Corporations Act 2001 (Cth) and accounting standards in Australia and similar legislative updates in other jurisdictions;

For personal use only

- meet ESG-related voluntary commitments, goals and targets set by the nab Group or nab Group ESG-related policy requirements;
- meet community and stakeholder expectations in relation to ESG;
- apply appropriate ESG standards to its customers, or to entities in the nab Group's supply chain; or
- appropriately make representations about its ESG-related products, performance and data quality,

may adversely impact the nab Group's reputation, and shareholder, customer, and employee sentiment towards the nab Group, may increase the risk of ESG-related litigation against the nab Group, or may result in regulatory fines or penalties, including litigation or regulatory action related to greenwashing. Risk also exists due to well-funded and strategic private litigants actively seeking opportunities to take litigation action in Australia.

Certain products, services or industries may become subject to heightened public scrutiny, either generally or following a specific adverse event, or because of activism by shareholders, investors or special interest groups. This could result in a sudden and significant decrease in demand for these products or services and a negative impact on revenue and access to capital for some businesses and increasing litigation risk. Reputational damage to impacted suppliers, customers or customer sectors may give rise to associated reputational damage to the nab Group. In addition, levels of customer defaults in an impacted sector may increase, adversely impacting the nab Group's financial performance and position, profitability and returns to investors.

Conduct Risk

Conduct risk is the risk that any action (or inaction) of the nab Group, or those acting on behalf of the nab Group, will result in unfair outcomes for any of the nab Group's customers.

The nab Group is reliant on its employees, contractors and external suppliers acting in an appropriate and ethical way

Organisational culture can greatly influence individual and group behaviours. Poor culture can expose an organisation and lead to customer harm, financial loss and detriment. The behaviours that could expose the nab Group to conduct risk include:

- Failure to design products and services that are transparent, accessible, and easy for the nab Group's customers to understand.
- Unmanaged conflicts of interest that could influence behaviour that is not in the customer's best interest.
- Ineffective or non-adherence to applicable learning and competency training requirements.
- Selling, providing or unduly influencing customers to purchase or receive products or services that may not meet their existing needs or that place the customer at risk of future hardship.
- Use of AI that is inappropriate or inconsistent with community and customer expectations, or the overreliance on algorithmic outcomes without adequate human supervision.
- Making representations to customers about products or services of the nab Group which are inaccurate, misleading, or deceptive, including representations which may mislead customers on the extent to which the nab Group's practices are environmentally friendly, sustainable, or ethical.
- Being a party to fraud.

For personal use only

- Failure to identify and appropriately manage customer communications, hardship cases and debt collection.
- Failure to protect customers from fraud or scams when banking through digital channels or failure to respond adequately to customers impacted by external fraud or scams.
- Failure to anticipate and prevent malicious third-party actors from using product or service features in unintended ways that result in harm to the nab Group's customers (e.g., financial abuse or perpetrators of domestic violence).
- Non-adherence to applicable requirements or providing financial advice which is not appropriate or in a customer's interests.
- Delays in appropriately escalating regulatory and compliance issues.
- Failure to resolve issues and remediate customers in a timely manner and in accordance with community expectations.
- Failure to deliver on product and service commitments.
- Failure to remediate ineffective business processes and stop re-occurrence of issues in a timely manner.
- Failure to act in accordance with the nab Group's Code of Conduct or Financial Markets Conduct Policy.

If the nab Group's conduct-related controls were to fail significantly, be designed inappropriately, or not meet legal or regulatory requirements or community expectations, then the nab Group may be exposed to, among other things:

- Increased costs of compliance, fines, additional capital requirements, public censure, loss of customer confidence, class actions and other litigation, settlements, and restitution to customers or communities.
- Increased supervision, oversight, or enforcement by regulators or other stakeholders.
- Unenforceability of terms which are deemed to be in contravention of Unfair Contract Terms legislation within standard form contracts such as loans, guarantees, and other security documents, which could possibly result in civil and/or monetary penalties.
- Enforced suspension of operations, amendments to licence conditions, or loss of licence to operate, all or part of the nab Group's businesses.
- Other enforcement or administrative action or agreements, including legal proceedings.

A failure of the nab Group's conduct-related controls to accurately reflect relevant legal, regulatory or community expectations may adversely impact the nab Group's reputation, financial performance and position, profitability, operations and returns to investors and can result in customer harm, financial loss and detriment.

Compliance Risk

Compliance risk is the risk of failing to understand and comply with relevant laws, regulations, licence conditions, supervisory requirements, self-regulatory industry codes of conduct and voluntary initiatives, as well as the internal policies, standards, procedures and frameworks that support fair and equitable treatment of customers.

For personal use only

The nab Group may be involved in a breach or alleged breach of laws governing bribery, corruption and financial crime

Supervision and regulation of financial crime and enforcement of anti-bribery and corruption (**ABC**), and anti-money laundering and counter-terrorism financing (**AML/CTF**) laws have increased in recent years.

As a bank engaged in global finance and trade, the nab Group faces risks relating to compliance with AML/CTF, ABC and financial sanctions laws across multiple jurisdictions. Undetected failure of internal controls, or the ineffective remediation of compliance issues could lead to breaches of AML/CTF and/or ABC obligations or sanctions violations, resulting in potentially significant monetary and regulatory penalties, which, in turn, may adversely impact the nab Group's reputation, financial performance, and position.

The risks of sanctions violations are increased in the context of additional, wide ranging economic sanctions and export controls imposed as a result of the Russia-Ukraine conflict. This includes rising expectations from regulators concerning export control due diligence by financial institutions, an unprecedented rate of new designations/listings by global regulators, as well as the continued attempts by those subject to sanctions to evade and circumvent their impact.

On 29 April 2022, nab entered into an enforceable undertaking with the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) to address AUSTRAC's concerns with the nab Group's compliance with certain AML and CTF requirements. Under the terms of the enforceable undertaking, nab and the relevant members of the nab Group are required to:

- Complete a Remedial Action Plan (**RAP**) approved by AUSTRAC.
- Address, to AUSTRAC's satisfaction, any deficiencies or concerns with activities in the RAP identified by AUSTRAC.

In May 2022, nab appointed an external auditor (as required under the enforceable undertaking). nab obtains interim reports from the external auditor on a quarterly basis and an annual basis. The external auditor will provide a final report to nab for the period up to 31 March 2025.

nab has completed the delivery of its required activities under the RAP (some of which are yet to be reviewed by the external auditor). nab continues to oversee the enforceable undertaking through dedicated enforceable undertaking governance forums. The nab Group continues to investigate and remediate a number of known AML/CTF compliance issues and weaknesses. As this work progresses, further compliance issues may be identified and reported to AUSTRAC or equivalent foreign regulators, and additional enhancements of the nab Group's systems and processes may be required.

A negative outcome to any investigation or remediation process, or a failure to comply with the enforceable undertaking, may adversely impact the nab Group's reputation, business operations, financial position, and results.

Refer to "Notes to the Financial Statements – Note 31 – *Commitments and contingent liabilities*" on page 243 in the 2024 nab Annual Report, which is incorporated by reference in this Prospectus, under the heading "*Regulatory activity, compliance investigations and associated proceedings – Anti-Money Laundering and Counter-Terrorism Financing program uplift and compliance issues*" for more information.

The nab Group may fail to comply with applicable laws and regulations which may expose the nab Group to increased regulatory intervention, significant compliance and remediation costs, and regulatory enforcement action or litigation, including class actions

The nab Group is highly regulated and subject to various regulatory regimes which differ across the jurisdictions in which it operates, trades, and raises funds.

For personal use only

Ensuring compliance with all applicable laws is complex. There is a risk the nab Group will be unable to implement adequate compliance arrangements including processes and controls required by relevant laws and regulations in a timely manner, or that the nab Group's compliance arrangements will prove to be inadequate or ineffective in ensuring compliance. There is also a potential risk of misinterpreting new or existing regulations and, complying with detailed data requests from various regulators, specifically in respect of data collected from customers, which may be inaccurate or incomplete.

There is significant cost associated with the systems, processes, controls, and personnel required to comply with applicable laws and regulations. Such costs may negatively impact the nab Group's financial performance and position. Any failure to comply with relevant laws and regulations may have a negative impact on the nab Group's reputation and financial performance and position and may give rise to class actions, litigation, or regulatory enforcement, which may in turn result in the imposition of civil or criminal penalties, or additional regulatory capital requirements, on the nab Group.

Potential weaknesses in employment practices, including anti-discrimination, workplace health and safety and the "right to disconnect" are areas of increasing regulatory scrutiny and reputational risk. In addition, there are also risks associated with the nab Group's compliance with Australian workplace laws and its obligations to employees under those laws and contractual agreements with its employees. Any instances of non-compliance could result in remediation costs, reputational damage, enforcement or other legal action (including potential federal criminal penalties for "wage theft" introduced under the Fair Work Legislation Amendment (Closing Loopholes) Act 2023 (Cth) from 1 January 2025). Employment practices may become subject to heightened public scrutiny, either generally or following a specific adverse event, or because of activism by employees, unions, or special interest groups.

Entities within the nab Group have been, and may continue to be, involved from time to time in regulatory enforcement and other legal proceedings arising from the conduct of their business. There is inherent uncertainty regarding the possible outcome of any legal or regulatory proceedings involving the nab Group. It is also possible that further class actions, regulatory investigations, compliance reviews, civil or criminal proceedings, or the imposition of new licence conditions or regulatory capital requirements could arise in relation to known matters or other matters of which the nab Group is not yet aware. The aggregate potential liability and costs associated with legal proceedings cannot be estimated with any certainty.

A negative outcome to regulatory investigations or litigation involving the nab Group may impact the nab Group's reputation, divert management time from operations, and affect the nab Group's financial performance and position, profitability, and returns to investors. Refer to "Notes to the Consolidated Financial Statements – Note 31 – *Commitments and contingent liabilities*" on pages 241-244 in the 2024 nab Annual Report, which is incorporated by reference in this Prospectus, for details in relation to certain current legal and regulatory proceedings, compliance reviews and associated remediation, and other contingent liabilities which may impact the nab Group.

Extensive regulatory change poses a significant risk to the nab Group

Globally, the financial services and banking industries are subject to significant and increasing levels of regulatory change, reviews and political scrutiny, including in Australia, NZ and other countries where the nab Group has, or may establish, offshore operations.

Regulatory change may result in significant capital and compliance costs, changes to the nab Group's corporate structure, and increasing demands on management, employees and information technology systems. This may also impact the competitiveness of the nab Group in certain areas of its business, the viability of the nab Group's participation in certain markets or require the divestment of a part of the nab Group's business. The pace, volume, and complexity of change may also expose the nab Group to the increased risk of failure to adequately identify or comply with all applicable regulatory changes. Changes to laws and regulations or their interpretation and application can be unpredictable, are beyond the nab Group's control, and may not be harmonised across the jurisdictions in which the nab Group operates.

For personal use only

Operationalising large volumes of regulatory change presents ongoing risks for the nab Group. Extensive work is done to assess proposed design solutions and to test the design effectiveness of controls for each regulatory change before its effective date, however, the operating effectiveness of some controls cannot be fully tested until the relevant effective date has occurred. There are also inherent risks associated with the dependency on third parties for the effectiveness of some controls.

The nab Group is in the process of implementing key regulatory changes that have yet to take effect. These include Operational Risk Management (CPS 230 effective 1 July 2025), Public Disclosure (APS 330 effective 1 January 2025), Interest Rate Risk in the Banking Book (APS 117 effective 1 October 2025), Liquidity and Capital Requirements (APS 111 and 210 effective 1 July 2025) and the Australian Securities Exchange CHESS replacement system expected to commence in 2026. The other notable change, effective progressively from 9 July 2024, is Tranche one of the Treasury Laws Amendment (Delivering Better Financial Outcomes and Other Measures) Bill 2024 (Royal Assent received on 9 July 2024). These reforms make changes to the provision of financial products and services as well as supporting disclosure documentation. Tranche two of the reforms is expected to be developed in the second half of 2024.

The Australian Government is progressing its Strategic Plan for the Payments System (including the decommissioning of the Bulk Electronic Clearing System by June 2030), as well as its initial Data and Digital Government Strategy and the 2023-2030 Australian Cyber Security Strategy (which proposes to introduce Advanced Encryption Standards by 2025). The nab Group will be subject to significant regulatory and process changes as the Australian Government finalises and implements its strategic policy priorities and digitalisation agenda in the period ahead.

Ongoing and proposed regulatory changes, reviews and inquiries relevant to nab relate to:

- Prudential matters – including operational resilience, cyber security (CPS 234), market risk capital, liquidity, governance and the prudential treatment, licensing and custody of crypto assets;
- Conduct matters – including vulnerability (such as hardship, domestic violence, accessible and inclusive banking and regional branch closures), financial advice reforms, market abuse or conduct-related regulations, changes to financial benchmarks, derivatives reform (ASIC Derivative Transaction Rules (Reporting) 2024 taking effect from October 2024), consumer credit, responsible lending and disclosure laws; and
- A range of broader industry matters – including competition inquiries, CDR reforms (expansion to non-bank lenders, action initiation, and consent), payments, data quality, protection and privacy law reforms, financial crime legislation (including de-banking), accounting, disclosure and reporting requirements (financial, sustainability and climate risk, reportable situations, complaints and remuneration), personal property securities framework reform, bankruptcy and personal and corporate insolvency, human rights, modern slavery, tax reform and reviewing the clearing and settlements systems.

Ongoing and proposed regulatory changes, reviews and inquiries relevant to BNZ include:

- Prudential matters - modification of legislation applicable to deposit takers in New Zealand; and
- Industry matters - development of a CDR.

Examples of regulatory change in other jurisdictions that may directly or indirectly impact the nab Group's Australian operations include changes relating to the Group of 20 regulation of over-the-counter derivative products, potential updates to the Foreign Exchange Global Code, United Kingdom and European market abuse regulations, European Union directives relating to Corporate Sustainability Reporting and Corporate Sustainability Due Diligence and the French Duty of Vigilance legislation.

For personal use only

Current consumer-centric regulatory changes expected in 2024 and/or 2025 include regulation for Buy Now Pay Later products and the Mandatory Industry Code for scams. The revised Banking Code of Practice will also come into effect on 28 February 2025. In September 2024, the NZ Government released several policy decisions in connection with NZ's consumer credit, responsible lending, Buy Now Pay Later, and disclosure laws. Following further policy work, a bill to bring these decisions into effect is expected to be introduced to NZ Parliament in December 2024. Regulatory priorities may also direct or influence the manner in which the nab Group is currently meeting its obligations to customers.

With increasing evidence of consumers experiencing financial distress and difficulty due to cost-of-living pressures, ASIC expects lenders to work constructively with their customers to find a sustainable solution. ASIC released Report 782 in May 2024 after conducting an industry review on the approach to financial hardship in home lending, in which nab was a participant. The report found it was difficult for customers experiencing hardship to access appropriate support from lenders. ASIC initiated civil penalty proceedings against other financial institutions in relation to failures to respond to financial hardship notices within the time required by law. In accordance with ASIC's strategic priority to take action to address poor product design and distribution, ASIC recently initiated and was successful in civil penalty proceedings against distributors and issuers of financial products for failing to meet their design and distribution obligations and also issued stop orders restricting other products from sale.

Examples of other specific reviews and regulatory reforms currently relevant to the nab Group, and which present a potential material regulatory risk include those set out below:

- The Financial Markets (Conduct of Institutions) Amendment Act 2022 (**CoFI Act**) will create an oversight and licensing regime for regulating conduct in the banking, non-bank deposit taking and insurance sectors in NZ. The CoFI Act is set to commence on 31 March 2025.

- Legislation remains before Parliament to enable 'write access' or 'action initiation' within the CDR regime which may present additional cyber and fraud risks in the CDR ecosystem, if passed. Governance mechanisms including accountabilities, controls, and frameworks are still evolving and, under the Open Banking regime, customer data may be shared with, and received from, a broader range of stakeholders. Significant nab Group resources and management time have been, and will continue to be, utilised to implement and progress Open Banking (including supporting the CDR to mature in the banking sector). There are instances where the nab Group is not yet compliant with CDR requirements and is working to rectify these issues. The ACCC is kept informed of progress and publishes the status of these issues along with those of other financial institutions.

- The ACCC has completed its inquiry into the market for the supply of retail deposit products. The inquiry looked at matters including the interest rates paid by authorised deposit taking institutions for retail deposits, how the interest rates are set between retail deposit products and lending products (including home loans), decisions made in light of changes to the RBA target cash rate, the extent of competition in the market for retail deposit products and how deposit products are a source of funding for the supply of credit. The ACCC released its report on 15 December 2023. In June 2024, the Australian Government responded by announcing proposed changes to help Australians obtain information impacting existing mortgage arrangements and interest rates on savings accounts.

- In recent years the financial services industry has come under increasing pressure from governments, regulators, media and consumer groups to do more to protect customers from scams. The Australian Government has advised that legislation and mandatory codes will be implemented and has released the consultation draft of the legislation which will establish a Scams Prevention Framework for entities designated by the Australian Government. The legislation and mandatory codes will establish obligations that the nab Group must comply with in relation to governance, prevention, detection, response, disruption and reporting of scams. The draft legislation also establishes the framework for external dispute resolution of scam complaints which will include authority to make binding determinations of liability for scam losses against designated entities. Given the significant losses

For personal use only

associated with scams and the potential penalties available to regulators there may be a requirement for additional expenditure by the nab Group to ensure compliance with the Scams Prevention Framework.

- The Australian Attorney General's Department introduced a bill to amend the AML/CTF Act on 11 September 2024. The proposed changes include regulation for additional entities within Australia, some of whom will be customers of nab. Consultation on the accompanying AML/CTF rules will likely commence in the coming months. Until the proposed reforms are finalised, the impact of the revised legislation is uncertain.

- New Base Erosion and Profit Shifting rules (Pillar Two model rules) have been released by The Organisation for Economic Co-operation and Development that are designed to ensure that multinational enterprises pay a minimum tax of 15% on income arising in each jurisdiction. The rules will come into effect for nab globally commencing 2025. The rules are complex and will require global implementation resulting in increased compliance costs. Substantial changes will be required to existing tax operations with a focus on an increase in global data analytics capabilities.

- Regulation to increase diversity and inclusion in the financial services industry, led by the UK Financial Conduct Authority (FCA) and Prudential Regulation Authority.

- Proposed ESG-related regulatory regimes, including increasing obligations relating to modern slavery, human rights, sustainable finance, climate, and other sustainability risk-related prudential guidance, and regulatory and disclosure requirements. These include:
  - The climate-related disclosures regime under the Financial Markets Conduct Act 2013 in NZ, which requires mandatory climate-related reporting and similar requirements under (i) the Corporations Act 2001 (Cth) and the Australian Accounting Standards Board (**AASB**) Standards in Australia which are set to be applied from 1 January 2025, and (ii) the Corporate Sustainability Reporting Directive in the European Union. The potential for divergence in sustainability and climate-related disclosure requirements across jurisdictions as they nationalise international reporting standards may lead to complexity and give rise to risks associated with meeting compliance requirements. The emerging nature of these requirements, and the lack of robust and mature data, particularly in areas like nature and modern slavery-related disclosures, may also contribute to disclosure risks.
  - Regulatory guidance on green and sustainable product labelling and greenwashing published by the ACCC and ASIC in Australia, the FCA in the United Kingdom and similar regulators in other jurisdictions.
  - Guidelines and regulations related to managing various human rights obligations like discrimination, diversity, equity, inclusion, and modern slavery. For example, guidance provided by the Australian Human Rights Commission on how companies can meet the positive duty to eliminate sex discrimination in the workplace.
  - The final recommendations and guidance published by the Taskforce on Nature-related Financial Disclosures in 2023.
  - Expansion of modern slavery and sustainability due diligence requirements in Australia, the European Union and other jurisdictions.

The full scope, timeline and impact of current and potential inquiries and regulatory reforms such as those mentioned above, or how they will be implemented (if at all in some cases), is not known.

Depending on the specific nature of the regulatory change requirements and how and when they are implemented or enforced, they may have an adverse impact on the nab Group's business, operations, structure, compliance costs or capital requirements, and ultimately its competitiveness, reputation, financial performance, or financial position.

For personal use only

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

Preparation of the nab Group's financial statements requires management to make estimates and assumptions and to exercise judgement in applying relevant accounting policies, each of which may directly impact the reported amounts of assets, liabilities, income, expenses and the disclosure of contingent liabilities. A higher degree of judgement is required for the recognition and estimates used in the measurement of provisions (including for customer-related remediation and other regulatory matters), the determination of income tax, the valuation of financial assets and liabilities (including fair value and credit impairment of loans and advances), and the valuation of goodwill and intangible assets arising from business acquisitions.

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

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

There is limited recourse to the Covered Bond Guarantor.

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

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

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

Upon the Covered Bonds becoming immediately due and repayable against the Issuer, the Bond Trustee will forthwith serve a Notice to Pay on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee) and the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts when the same become Due for Payment in accordance with the terms of the Covered Bond Guarantee. The Covered Bond Guarantor will have no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee prior to receipt of an Issuer Acceleration Notice and Notice to Pay.

Following service of a Notice to Pay on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee) the Covered Bond Guarantor must pay or procure to be paid on each Scheduled Payment Date to or to the order of the Bond Trustee (for the benefit of Covered Bondholders) an amount equal to those Guaranteed Amounts which have become Due for Payment in accordance with the terms of the Bond Trust

For personal use only

Deed but which have not been paid by the Issuer provided that no Notice to Pay may be served on the Covered Bond Guarantor until an Issuer Acceleration Notice has been served by the Bond Trustee on the Issuer.

All payments of Guaranteed Amounts by the Covered Bond Guarantor will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Australia or any political sub-division thereof or by any authority therein or thereof having power to tax unless such withholding or deduction is required by law or regulation or administrative practice of any jurisdiction. In the event of a withholding or deduction being made by the Covered Bond Guarantor, the Covered Bond Guarantor will not be obliged to pay any additional amounts as a consequence. In addition, the Covered Bond Guarantor will not be obliged at any time to make any payments in respect of additional amounts which may, had the Issuer been making payments on the Covered Bonds, have become payable by the Issuer under Condition 7 of the Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable). Prior to service on the Covered Bond Guarantor of a Covered Bond Guarantee Acceleration Notice, the Covered Bond Guarantor will not be obliged to make payment in respect of any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums, default interest or interest upon interest which may accrue on or in respect of the Covered Bonds.

Subject to any grace period, if the Covered Bond Guarantor fails to make a payment when Due for Payment under the Covered Bond Guarantee or any other Covered Bond Guarantor Event of Default occurs and is continuing, then the Bond Trustee may, and if so requested in writing by the holders of at least 25 per cent. of the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding or if so directed by an Extraordinary Resolution of the Covered Bondholders will, subject to being indemnified and/or secured and/or prefunded to its satisfaction, accelerate the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee by service of a Covered Bond Guarantee Acceleration Notice, whereupon the Bond Trustee will have a claim under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount of each Covered Bond, together with accrued interest and all other amounts then due under the Covered Bonds (other than additional amounts payable under Condition 7 of the Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable)), although in such circumstances the Covered Bond Guarantor will not be obliged to gross up in respect of any withholding which may be required in respect of any payment. Following service of a Covered Bond Guarantee Acceleration Notice, the Security Trustee may enforce the Security over the Charged Property. The proceeds of enforcement and realisation of the Security will be applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments in the Security Deed, and Covered Bondholders will receive amounts from the Covered Bond Guarantor on an accelerated basis.

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

The obligations under the Covered Bond Guarantee may be extendable.

If the Applicable Final Terms for a Series of Covered Bonds provide that such Covered Bonds are subject to an Extended Due for Payment Date (**Extendable Maturity Covered Bonds**) then (subject to no Covered Bond Guarantor Event of Default having occurred) following the failure by the Issuer to pay, in full, the Final Redemption Amount of the relevant Series of Extendable Maturity Covered Bonds on their Final Maturity Date (subject to applicable grace periods) and if, following the service of a Notice to Pay on the Covered Bond Guarantor (by no later than the date which falls one Business Day prior to the Extension Determination Date), payment of the Guaranteed Amounts corresponding to the unpaid portion of such Final Redemption Amount in respect of the relevant Series of Extendable Maturity Covered Bonds are not paid in full by no later than the Extension Determination Date, then the payment of such Guaranteed Amounts will be automatically deferred to the Extended Due for Payment Date for the relevant Series of Extendable Maturity Covered Bonds. The

For personal use only

Trust Manager is required to notify the Covered Bondholders in accordance with Condition 13 of the Programme Conditions and/or Condition 13 of the N Covered Bond Conditions (if applicable) of such deferral (but failure to do so does not affect the validity or effectiveness of the extension).

To the extent that the Covered Bond Guarantor has received a Notice to Pay in sufficient time and has sufficient moneys available to pay in whole or in part the Guaranteed Amounts corresponding to the relevant unpaid portion of the Final Redemption Amount in respect of the relevant Series of Extendable Maturity Covered Bonds, the Covered Bond Guarantor will be required to make such payment in accordance with the Guarantee Priority of Payments and as described in Condition 6(a) of the Programme Conditions and/or the relevant Condition of the relevant N Covered Bond Conditions (if applicable) on any Interest Payment Date (from, and including, subject to applicable grace periods, the Final Maturity Date for such Covered Bonds) up to and including the relevant Extended Due for Payment Date. Payment of the unpaid amount will be deferred automatically until the applicable Extended Due for Payment Date. The Extended Due for Payment Date of the relevant Series of Covered Bonds will be specified in the Applicable Final Terms. Interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 4 of the Programme Conditions and/or Condition 4 of the N Covered Bond Conditions (if applicable) and the Covered Bond Guarantor will pay Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date. In these circumstances, except where the Covered Bond Guarantor has failed to apply money in accordance with the Guarantee Priority of Payments, failure by the Covered Bond Guarantor to make payment in respect of the Final Redemption Amount on the Final Maturity Date (or such later date within any applicable grace period) will not constitute a Covered Bond Guarantor Event of Default. However, failure by the Covered Bond Guarantor to pay Guaranteed Amounts corresponding to the Final Redemption Amount or the balance thereof, as the case may be, on the Extended Due for Payment Date and/or pay Guaranteed Amounts constituting Scheduled Interest on any Original Due for Payment Date up to and including the Extended Due for Payment Date will (subject to any applicable grace period) be a Covered Bond Guarantor Event of Default.

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

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

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

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

It is possible that payments by the Covered Bond Guarantor that relate to interest on the Covered Bonds would be treated as interest for Australian withholding tax purposes and therefore subject to withholding tax. Please refer to the section "*Taxation – Australian Taxation – Payments by the Covered Bond Guarantor*" in this

For personal use only

Prospectus. Investors should be aware that in the event that payments by the Covered Bond Guarantor are subject to any withholding or deduction for or on account of tax, the Covered Bond Guarantor will not be required to pay any additional amounts to Covered Bondholders.

Excess proceeds received by the Bond Trustee will be paid to the Covered Bond Guarantor following the occurrence of an Issuer Event of Default.

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

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

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

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

If a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer and the Security created by or pursuant to the Security Deed is enforced, the realisation of the Charged Property may not be sufficient to meet the claims of all the Secured Creditors, including the Covered Bondholders.

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

Covered Bondholders should note that the Asset Coverage Test has been structured to ensure that the Adjusted Aggregate Mortgage Loan Amount is at least equal to the Australian Dollar Equivalent of the aggregate

For personal use only

Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding (prior to service of a Notice to Pay or, if earlier, a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), which should reduce the risk of there ever being a shortfall in amounts to pay the Covered Bondholders (although there is no assurance of this – in particular, the sale of further Mortgage Loans and Related Security by the Seller to the Covered Bond Guarantor or other action may be required to avoid or remedy any non-satisfaction or breach of the Asset Coverage Test).

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

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

The Covered Bond Guarantor relies on third parties.

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

(a) the Servicer has been appointed to administer and service the Mortgage Loans in the Mortgage Loan Portfolio and to provide certain other administration and management services to the Covered Bond Guarantor pursuant to the provisions of the Servicing Agreement;

(b) the Trust Manager has been appointed to provide the administration, cash management and calculation services set out in the Programme Documents, including operating the Trust Accounts prior to the service of a Notice to Pay on the Covered Bond Guarantor, keeping and maintaining records, preparing annual accounts of the Trust and arranging for those to be audited, directing the Covered Bond Guarantor to invest moneys standing to the credit of the GIC Account in Substitution Assets or Authorised Investments, performing all calculations on each Calculation Date or other relevant date which are required to determine whether the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test or the Amortisation Test, as applicable, or to determine whether the Pre-Maturity Test has been satisfied, and providing information to the Cover Pool Monitor;

(c) the Cover Pool Monitor has been appointed to test and report on the accuracy of the Trust Manager's calculations in respect of the Asset Coverage Test or Amortisation Test, as the case may be, to assess whether the Trust Manager is keeping an accurate register of the assets of the Trust and examine and report on compliance of the Asset Pool with the requirements of the Australian Banking Act and the limits on investment in Substitution Assets in the Establishment Deed; and

(d) the Account Bank has been appointed to operate each of the Trust Accounts in accordance with the relevant Account Bank Mandate pursuant to the Account Bank Agreement.

For personal use only

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

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

If a Servicer Termination Event occurs and is continuing, then the Covered Bond Guarantor, acting on the direction of the Trust Manager, or the Security Trustee, acting on the directions of the Bond Trustee (while Covered Bonds are outstanding) or the Majority Secured Creditors (if there are no Covered Bonds outstanding), may terminate the appointment of the Servicer. Further, the Servicer may resign, following the expiry of not less than 12 months' notice (or 3 months' notice where the Substitute Servicer to be appointed is a Related Entity of nab). Following delivery of notice of termination of the appointment of the Servicer or notice of resignation of the Servicer, the Servicer (with the prior consent of the Covered Bond Guarantor and the Security Trustee) agrees to use its best endeavours to appoint a substitute servicer as soon as possible. Any termination of the appointment of the Servicer and the appointment of a substitute servicer is conditional upon the Issuer having delivered a Rating Affirmation Notice to the Covered Bond Guarantor, the Trust Manager, the Servicer, the substitute servicer and the Rating Agencies in respect of such termination and appointment. There can be no assurance that either (x) a substitute servicer with sufficient experience of administering mortgages of residential properties would be found who would be willing and able to service the Mortgage Loans in the Mortgage Loan Portfolio on the terms of the Servicing Agreement, or (y) a Rating Affirmation Notice could be delivered by the Issuer in respect of such substitute servicer. The ability of a replacement servicer to perform fully the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a replacement servicer may affect payments on the Mortgage Loans in the Mortgage Loan Portfolio, the realisable value of such Mortgage Loans and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

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

The Servicer is required to collect all payments (including Mortgage Loan Scheduled Payments) made by a Borrower. If the Servicer receives, during a Calculation Period, any money whatsoever arising from the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security which money belongs to the Covered Bond Guarantor and such money is to be credited to the GIC Account pursuant to the Servicing Agreement, the Servicer must hold such money on trust for the Covered Bond Guarantor. The Servicer is entitled to commingle such money with any other money held by it. In the event of an insolvency of the Servicer, the ability of the Covered Bond Guarantor to trace and recover any such commingled money may be impaired. The risk of the Servicer not making payment on each Calculation Date is mitigated by an obligation of the Servicer to transfer the collections into the GIC Account within two AU Business Days of receipt if the Servicer's short-term credit ratings are downgraded to below P-1 (by Moody's) or F1 (by Fitch) or long-term credit ratings are downgraded to below A by Fitch (or, if Fitch has placed the Servicer on ratings watch negative at the relevant time, F1+ and A+ from Fitch), respectively.

Neither the Security Trustee nor the Bond Trustee is obliged in any circumstances to act as a Servicer or to monitor the performance by the Servicer of its obligations.

For personal use only

If a Trust Manager Termination Event occurs and is continuing, then the Covered Bond Guarantor may remove the Trust Manager from office by giving the Trust Manager ninety AU Business Days' notice provided each Rating Agency has been notified of the proposed removal. The Trust Manager may retire on ninety AU Business Days' notice to the Covered Bond Guarantor and the Rating Agencies. The Trust Manager must retire if an Insolvency Event has occurred in relation to it or if required by law. The retiring Trust Manager will be required to use its reasonable endeavours to appoint a substitute trust manager as soon as possible and if a replacement is not appointed within ninety AU Business Days after notice of the Trust Manager's resignation or removal is given, the Covered Bond Guarantor may appoint a substitute Trust Manager. There can be no assurance that a replacement trust manager would be found who would be willing and able to provide such trust management services on the terms of the Management Agreement. None of the Covered Bond Guarantor, Security Trustee or the Bond Trustee will be obliged in any circumstances to act as a Trust Manager or to monitor or supervise the performance by the Trust Manager (or any replacement trust manager) of its obligations.

Any delay or inability to appoint a replacement trust manager may affect payments to and from the Trust Accounts in accordance with the terms of the Programme Documents, and/or the provision of the asset coverage reports and other information to, *inter alia*, the Rating Agencies, the Security Trustee and the Covered Bond Guarantor (and accordingly the ability of the Cover Pool Monitor to perform its obligations) and may ultimately affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

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

The Covered Bond Guarantor relies on Swap Providers.

In order to hedge certain interest rate, currency or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and from certain other assets in the Asset Pool, amounts payable by the Covered Bond Guarantor under the Intercompany Notes and the Demand Note and/or amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee to Covered Bondholders in respect of the Covered Bonds on issue, the Covered Bond Guarantor will enter into certain swap transactions with a number of swap providers (each, a **Swap Provider**).

If the Covered Bond Guarantor fails to make timely payments of amounts due under any Swap Agreement, then it will have defaulted under that Swap Agreement and such Swap Agreement may be terminated. Further, a Swap Provider is only obliged to make payments to the Covered Bond Guarantor if the Covered Bond Guarantor complies with its payment obligations under the relevant Swap Agreement. If a Swap Agreement (or one or more Swaps under such Swap Agreement) terminates or the relevant Swap Provider is not obliged to make payments or if it defaults in its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the Covered Bond Guarantor on the payment date under such Swap Agreements, the Covered Bond Guarantor will be exposed to changes in the relevant currency exchange rates to Australian Dollars (where relevant) and to any changes in the relevant rates of interest. Unless a replacement swap is entered into, the Covered Bond Guarantor may have insufficient funds to make payments under or in respect of the Intercompany Notes, the Demand Note or the Covered Bond Guarantee.

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

For personal use only

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

(i) (if the Interest Rate Swap Provider is not the Issuer or, if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has occurred or is likely to occur) any such termination payment in respect of the Interest Rate Swaps will rank ahead of amounts due on the Covered Bonds; and

(ii) any such termination payment in respect of the Covered Bond Swaps, and (if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has not occurred or is not likely to occur) any such termination payment in respect of the Interest Rate Swaps will rank *pari passu* and rateably with amounts due on the Covered Bonds,

except where default by, or downgrade of, the relevant Swap Provider has caused the relevant Swap Agreement to terminate. The obligation to pay a termination payment may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee (see further "*Risk Factors - Risks related to the Covered Bonds generally – There is uncertainty as to the validity and/or enforceability of Priority of Excluded Swap Termination Amounts*").

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

With respect to the Covered Bond Swaps, the Covered Bond Guarantor will pay a monthly amount, on each Trust Payment Date, to each Covered Bond Swap Provider based on the Bank Bill Rate (or such other rate as may be specified in the relevant confirmation). A Covered Bond Swap Provider may not be obliged to make corresponding swap payments to the Covered Bond Guarantor under a Covered Bond Swap for up to 12 months until amounts are due and payable by the Covered Bond Guarantor under the relevant Intercompany Note (prior to the service of a Notice to Pay or Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor) or are Due for Payment under the Covered Bond Guarantee (after the service of a Notice to Pay or Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor). If a Covered Bond Swap Provider does not meet its payment obligations to the Covered Bond Guarantor under the relevant Covered Bond Swap and such Covered Bond Swap Provider does not make a termination payment that has become due from it to the Covered Bond Guarantor, the Covered Bond Guarantor may have a larger shortfall in funds with which to make payments under the Covered Bond Guarantee with respect to the Covered Bonds than if the Covered Bond Swap Provider's payment obligations coincided with the Covered Bond Guarantor's payment obligations under the Covered Bond Guarantee. Hence, the difference in timing between the obligations of the Covered Bond Guarantor and the Covered Bond Swap Providers under the Covered Bond Swaps may affect the Covered Bond Guarantor's ability to make payments under the Covered Bond Guarantee with respect to the Covered Bonds.

Covered Bondholders receive a limited description of the Mortgage Loan Portfolio.

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

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

For personal use only

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

The credit and origination policies of the Seller may change and if any Mortgage Loans have been originated under revised policies and the Mortgage Loans are then sold to the Covered Bond Guarantor in accordance with and pursuant to the terms of the Mortgage Sale Agreement, the characteristics of the Mortgage Loan Portfolio could change. This could adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

Maintenance of Portfolio

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

The Asset Coverage Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds on a monthly basis (prior to the service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor). This is to ensure that the assets of the Trust do not fall below a certain threshold and are sufficient for the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee and senior expenses which rank in priority or *pari passu* and rateably with amounts due on the Covered Bonds (see "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" and "*Overview of the Principal Documents – Mortgage Sale Agreement*").

If the Asset Coverage Test is not satisfied on a Calculation Date and also on the next following Calculation Date, the Trust Manager will immediately notify the Covered Bond Guarantor, the Bond Trustee and the Security Trustee and the Bond Trustee must serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the non-satisfaction of the Asset Coverage Test). The Bond Trustee will be deemed to revoke an Asset Coverage Test Breach Notice if, on any Calculation Date falling on or prior to the third Calculation Date after the Asset Coverage Test was initially not satisfied, the Asset Coverage Test is subsequently satisfied and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If the Bond Trustee is deemed to revoke an Asset Coverage Test Breach Notice, the Trust Manager will immediately notify in writing the Bond Trustee of such revocation. If the Asset Coverage Test Breach Notice is not revoked by the Bond Trustee as described above, then an Issuer Event of Default will occur. The Bond Trustee will then be entitled to, and in certain circumstances required to, serve an Issuer Acceleration Notice on the Issuer. Following the service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor.

For personal use only

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

The Demand Noteholder is entitled to require repayment of any principal amount of the Demand Note at any time by notice in writing to the Covered Bond Guarantor (copied to the Trust Manager). Any amount so demanded must be repaid on an AU Business Day no later than the date which falls on the second Trust Payment Date after the demand is made by the Demand Noteholder, provided that the Asset Coverage Test will continue to be satisfied after giving effect to such repayment and that no Asset Coverage Test Breach Notice has been given on or prior to such day which has not been revoked.

Repayment of the Demand Note in those circumstances will be made in accordance with the applicable Priority of Payments. In the Pre-Acceleration Principal Priority of Payments, the Guarantee Priority of Payments and the Post-Enforcement Priority of Payments, repayment of the Demand Note in respect of the Senior Demand Note Component (such that the Asset Coverage Test continues to be met after such repayment) ranks senior to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee and to the Intercompany Noteholder under the Intercompany Notes. However, the amounts so due and payable in respect of the Senior Demand Note Component must only be satisfied by *in specie* distribution of the Mortgage Loans and Related Security to the Demand Noteholder. This means that the Covered Bondholders and Couponholders will not have the benefit of any voluntary over-collateralisation. This may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

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

The Amortisation Test is intended to ensure that, following service of an Issuer Acceleration Notice and a Notice to Pay (but prior to service of a Covered Bond Guarantee Acceleration Notice), the assets of the Covered Bond Guarantor do not fall below a certain threshold to ensure that the assets of the Covered Bond Guarantor are sufficient to meet its obligations under the Covered Bond Guarantee and senior expenses which rank in priority or *pari passu* and rateably with amounts due on the Covered Bonds (see "*Overview of the Principal Documents – Establishment Deed – Amortisation Test*").

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

None of the Covered Bond Guarantor, the Security Trustee or the Bond Trustee will be responsible for monitoring compliance with, or the monitoring of, the Asset Coverage Test or the Amortisation Test or any other test.

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

Following the service of an Asset Coverage Test Breach Notice on the Covered Bond Guarantor or a breach of the Pre-Maturity Test or the service of a Notice to Pay on the Covered Bond Guarantor, the Trust Manager must direct the Covered Bond Guarantor to sell Selected Mortgage Loans (selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole) and the Related Security,

For personal use only

unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio. The proceeds from any such sale must be deposited into the GIC Account and applied in accordance with the applicable Priority of Payments (see "*Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loans and Related Security if the Pre-Maturity Test is breached*", "*Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loans and Related Security following service of an Asset Coverage Test Breach Notice*" and "*Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loans and Related Security following service of a Notice to Pay*").

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

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

At any time after service of a Notice to Pay on the Covered Bond Guarantor (but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), on each Trust Payment Date the Covered Bond Guarantor will apply Available Revenue Receipts and Available Principal Receipts to redeem or repay in part the relevant Series of Covered Bonds, to the extent (a) due and payable and (b) that the Covered Bond Guarantor has sufficient moneys available to make such payments in accordance with the Guarantee Priority of Payments. Available Principal Receipts will include the sale proceeds of Selected Mortgage Loans (including any excess sale proceeds resulting from the sale of Selected Mortgage Loans sold in respect of another Series of Covered Bonds) and all principal repayments received on the Mortgage Loans in the Mortgage Loan Portfolio generally. This may adversely affect later maturing Series of Covered Bonds if the Selected Mortgage Loans sold to redeem or repay in part an earlier maturing Series of Covered Bonds are sold for less than the Adjusted Required Redemption Amount and accordingly the Covered Bond Guarantor is required to apply other assets in the Mortgage Loan Portfolio (such as Mortgage Loan Principal Receipts) to redeem that earlier maturing Series of Covered Bonds.

For the purposes hereof:

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

(a) the Australian Dollar Equivalent of the Required Redemption Amount; plus or minus

For personal use only

(b) the Australian Dollar Equivalent of any swap termination amounts payable under the Covered Bond Swaps corresponding to the Series to or by the Covered Bond Guarantor less (where applicable) amounts standing to the credit of (i) the Pre-Maturity Ledger; (ii) the GIC Account; and (iii) the principal balance of any Substitution Assets and Authorised Investments (excluding all amounts to be applied on the next following Trust Payment Date to repay higher ranking amounts in the relevant Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); plus or minus

(c) the Australian Dollar Equivalent of any swap termination amounts payable to or by the Covered Bond Guarantor under any Interest Rate Swap.

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

The Establishment Deed will provide for the sale of Selected Mortgage Loans and the Related Security in circumstances where the Pre-Maturity Test has been breached in relation to a Series of Hard Bullet Covered Bonds (see "*Overview of the Principal Documents – Establishment Deed – Sale of Selected Mortgage Loans and Related Security if the Pre-Maturity Test is breached*"). In the event that the Pre-Maturity Test is breached in respect of any Series of Hard Bullet Covered Bonds during the Pre-Maturity Test Period and the Covered Bond Guarantor is unable to sell sufficient Selected Mortgage Loans and the Related Security within a specified period of time, an Issuer Event of Default will occur.

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

Realisation of Charged Property may not be sufficient to repay all Secured Creditors following a Covered Bond Guarantor Event of Default

If a Covered Bond Guarantor Event of Default occurs and entitles the Security Trustee to enforce the Security created under and pursuant to the Security Deed, the proceeds from the realisation of the Charged Property will be applied by the Security Trustee towards payment of all secured obligations in accordance with the Post-Enforcement Priority of Payments described in "*Cashflows*" below.

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

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

A number of factors may affect the realisable value of the Mortgage Loan Portfolio or any part thereof or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

Following the occurrence of an Issuer Event of Default that is continuing, the service on the Issuer and the Covered Bond Guarantor of an Issuer Acceleration Notice and the service on the Covered Bond Guarantor (copied to the Trust Manager) of a Notice to Pay, the realisable value of Selected Mortgage Loans and the Related Security comprised in the Mortgage Loan Portfolio may be reduced (which may affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee) by:

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

For personal use only

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

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

No representations or warranties will be given by the Covered Bond Guarantor or the Seller if Selected Mortgage Loans and the Related Security are to be sold

Following a breach of the Pre-Maturity Test and/or the occurrence of an Issuer Event of Default, service on the Issuer and the Covered Bond Guarantor of an Issuer Acceleration Notice and service on the Covered Bond Guarantor (copied to the Trust Manager) of a Notice to Pay (but prior to the service of a Covered Bond Guarantee Acceleration Notice), the Covered Bond Guarantor will be obliged to sell Selected Mortgage Loans and the Related Security to third party purchasers, subject to a right of pre-emption enjoyed by the Seller pursuant to the terms of the Mortgage Sale Agreement (see "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loans*"). In respect of any sale of Selected Mortgage Loans and the Related Security to third parties, however, the Covered Bond Guarantor will not be permitted to give representations, warranties or indemnities in respect of those Selected Mortgage Loans and the Related Security (unless expressly permitted to do so by the Security Trustee). There is no assurance that the Seller would give any warranties or representations in respect of the Selected Mortgage Loans and the Related Security originated by it and sold to the Covered Bond Guarantor. Any Representations or Warranties previously given by the Seller in respect of the Mortgage Loans in the Mortgage Loan Portfolio may not have value for a third party purchaser if the Seller is then insolvent. Accordingly, there is a risk that the realisable value of the Selected Mortgage Loans and the Related Security could be adversely affected by the lack of representations and warranties, which in turn could adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

For personal use only

A deterioration in the Australian housing market could adversely affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee

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

There can be no assurance that the housing market in Australia will not deteriorate. An increase in household indebtedness or unemployment, a decline in house prices or an increase in interest rates could each have an adverse effect on the Australian housing market. The current Australian economic environment may affect the ability of Borrowers to service their Mortgage Loans, resulting in higher incidences of non-payment or default by Borrowers. The state of the housing market in Australia may also impact the rate at which the Seller originates new Mortgage Loans, and the quality of those Mortgage Loans. In addition, changes to the government policies and regulatory requirements could impact the supply and demand of housing in Australia.

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

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

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

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

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

In addition, the ability of a Borrower to sell a property charged by a Mortgage which secures a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number

For personal use only

of factors, including the availability of buyers for that property, the value of that property and property values and the property market in general at the time of such proposed sale.

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

If the timing and payment of the Mortgage Loans is adversely affected by any of the risks described above, the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee could be reduced or delayed.

The Current Principal Balance of any Defaulted Mortgage Loans in the Mortgage Loan Portfolio will be given no value for the purposes of any calculation of the Asset Coverage Test and the Amortisation Test.

The value of the Mortgage Loan Portfolio may decline, which may result in losses to the Covered Bondholders

The guarantee granted by Covered Bond Guarantor in respect of the Covered Bonds, will, *inter alia*, be backed by the Covered Bond Guarantor's interest in the Mortgage Loan Portfolio (through its right of indemnity from the assets of the Trust). Since the economic value of the Mortgage Loan Portfolio may increase or decrease, the value of the Trust's assets may decrease (for example if there is a general decline in property values). Neither the Issuer nor the Covered Bond Guarantor makes any representation, warranty or guarantee that the value of a Property will remain at the same level as it was on the date of the origination of the related Mortgage Loan or at any other time. The value of the Mortgage Loan Portfolio may be significantly reduced by a decline in property values in the residential property market in Australia. This, ultimately, may result in losses to the Covered Bondholders if such security is required to be enforced.

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

Each of the Mortgage Loans in the Mortgage Portfolio originated by the Seller will have been originated in accordance with the Seller's credit and origination policies applicable at the time of origination. The Seller's credit and origination policies consider a variety of factors such as a potential Borrower's credit history, employment history and status and repayment ability, as well as the value of the Property to be mortgaged. The Seller retains the right to revise its credit and origination policies from time to time.

If any new Mortgage Loans which have been originated under revised credit and origination policies are then sold to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement, notwithstanding that such Mortgage Loans would need to be Qualifying Mortgage Loans and the subject of Representations and Warranties given in the Mortgage Sale Agreement by the Seller, the characteristics of the Mortgage Loan Portfolio could at such time change. This could lead to a delay or reduction in the payments received by the Covered Bondholders under the Covered Bond Guarantee.

The Servicer may initiate certain changes to the Mortgage Conditions, which could impact the rates of principal repayment on the Mortgage Loans

Most frequently, the Servicer will change the interest rate applying to a Mortgage Loan. In addition, subject to certain conditions, the Servicer may from time to time offer additional features and/or products with respect to the Mortgage Loans.

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

For personal use only

The Seller will initially retain legal title to the Mortgage Loans and Related Securities, which may affect the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee

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

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

(a) first, if the Seller wrongly sells a Mortgage Loan and the Related Security to another person when that Mortgage Loan and the Related Security have already been sold to the Covered Bond Guarantor, that other person would acquire an interest in such Mortgage Loans and Related Security either:

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

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

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

(b) second, until notice of the transfer to the Covered Bond Guarantor has been provided to the relevant Borrowers, the rights of the Covered Bond Guarantor may be subject to the rights of the Borrowers against the Seller, as applicable, such as rights of set-off, which occur in relation to transactions made between Borrowers and the Seller, and the rights of Borrowers to redeem their Mortgages by repaying the Mortgage Loans directly to the Seller. In addition, section 80(7) of the PPSA provides that an obligor in relation to a receivable will be entitled to make payments to, and obtain a good discharge

For personal use only

from, the seller of a receivable rather than directly to, and from, the purchaser of the receivable, until such time as the obligor receives a notice of the assignment of the relevant receivable that complies with the requirements of section 80(7)(a) of the PPSA (including a statement that payment is to be made to the purchaser of the receivable). If, however, an obligor receives a notice that complies with the requirements of section 80(7)(a) of the PPSA from any person other than the seller of the receivable, the obligor requests the purchaser of the receivable to provide proof of the assignment and the purchaser of the receivable fails to provide that proof within 5 business days of the request, the obligor may continue to make payments to the seller. Accordingly, after a Title Perfection Event has occurred and legal title to the Mortgage Loans and Related Security has been transferred to the Covered Bond Guarantor, a Borrower in relation to any Mortgage Loan may in certain circumstances nevertheless make payments to the Seller and obtain a good discharge from the Seller notwithstanding the legal assignment of the relevant Mortgage Loans and Related Security to the Covered Bond Guarantor, if the Covered Bond Guarantor fails to comply with these notice requirements. However, this risk is mitigated by the fact that the Seller has provided the Covered Bond Guarantor with powers of attorney to permit it to give notice of such an assignment of the Mortgage Loans and Related Security to the relevant Borrower in the name of the Seller; and

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

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

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

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

In the event of a material breach of any of the Representations and Warranties made by the Seller or if any of the Representations and Warranties proves to be materially untrue, in each case, in respect of any Mortgage Loan in the Mortgage Loan Portfolio and/or the Related Security as at the Transfer Date of that Mortgage Loan (having regard in determining materiality to, among other things, whether a loss is likely to be incurred in respect of the Mortgage Loan to which the breach relates after taking into account the likelihood of recoverability or otherwise of any sums under any applicable Insurance Policies), and further provided that (a) the Covered Bond Guarantor (at the direction of the Trust Manager and with the consent of the Security Trustee) or the Security Trustee has given the Seller notice of the above in writing, and (b) such breach or untruth, where capable of remedy, is not remedied to the satisfaction of, or waived by, the Covered Bond Guarantor (acting at the direction of the Trust Manager and with the consent of the Security Trustee) or the Security Trustee (within 30 AU Business Days from the date the notice referred to in (a) is served on the Seller or such longer period as may be agreed), then the Seller must serve on the Covered Bond Guarantor (copied to the Trust Manager) a Mortgage Loan Extinguishment Notice and pay an amount equal to the Current Principal Balance of the Mortgage Loan plus all Accrued Interest and Arrears of Interest within 30 AU Business Days from the date of the notice referred to in paragraph (a) above, thereby extinguishing the Covered Bond Guarantor's interest in the relevant Mortgage Loan and Related Security unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio.

There can be no assurance that the Seller, in the future, will have the financial resources to extinguish the Covered Bond Guarantor's interest in a Mortgage Loan or Mortgage Loans and the Related Security. However,

For personal use only

if the Seller does not extinguish the Covered Bond Guarantor's interest in those Mortgage Loans and the Related Security which are in material breach of the Representations and Warranties, then the Current Principal Balance of those Mortgage Loans will be excluded from the calculation of the Asset Coverage Test. There is no further recourse to the Seller in respect of a material breach of a Representation or Warranty. The sole remedy is as described above.

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

nab is subject to certain provisions of the Volcker Rule, which prohibits banks and their affiliates from engaging in certain "proprietary trading" and limits the sponsorship of, and investment in, "covered funds" (which include private equity funds and hedge funds) subject to certain important exceptions and exemptions.

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

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

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

RISK FACTORS RELATED TO THE COVERED BONDS

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

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

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

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

For personal use only

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

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

All Covered Bonds issued from time to time will rank *pari passu* with each other in all respects (save as set out in the Guarantee Priority of Payments) and will share in the security granted by the Covered Bond Guarantor under the Security Deed. Prior to the occurrence of a Covered Bond Guarantor Event of Default, if an Issuer Event of Default occurs in respect of a particular Series of Covered Bonds, then, following the service of an Issuer Acceleration Notice on the Issuer (copied to the Covered Bond Guarantor) and service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bonds of all Series then outstanding will accelerate at the same time as against the Issuer but will be subject to, and have the benefit of, payments made by the Covered Bond Guarantor under the Covered Bond Guarantee. If a Covered Bond Guarantor Event of Default occurs in respect of a particular Series of Covered Bonds, then, following the service of a Covered Bond Guarantee Acceleration Notice, the Covered Bonds of all Series outstanding will accelerate as against the Issuer (if not already accelerated following the occurrence of an Issuer Event of Default and the service on the Issuer and the Covered Bond Guarantor of an Issuer Acceleration Notice) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will accelerate.

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

- the Issuer (as Intercompany Note Subscriber) will be obliged to subscribe for an Intercompany Note issued by the Covered Bond Guarantor in an amount equal to either: (i) the Principal Amount Outstanding of such further issue of Covered Bonds; or (ii) the Australian Dollar Equivalent of the nominal value of such further issue of Covered Bonds, and for a matching term. The Covered Bond Guarantor will use the proceeds of such issue (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Non-Forward Starting Covered Bond Swap) only: (i) to fund (in whole or in part) the Purchase Price of a New Mortgage Loan Portfolio (consisting of Mortgage Loans and the Related Security) purchased from the Seller in accordance with the terms of the Mortgage Sale Agreement; and/or (ii) to invest in Substitution Assets in an amount not exceeding the prescribed limits (as specified in the Establishment Deed), in each case, to the extent required to meet the Asset Coverage Test and thereafter the Covered Bond Guarantor may use such proceeds (subject to compliance with the Asset Coverage Test) only:

  (a) to redeem the Demand Note in respect of the Senior Demand Note Component, provided that the Trust Manager has determined that the Asset Coverage Test will continue to be met after giving effect to such repayment; and/or

  (b) if an existing Series or Tranche, or part of an existing Series or Tranche, of Covered Bonds is being refinanced (by the issue of a further Series or Tranche of Covered Bonds to which the Intercompany Note relates), to repay the Intercompany Note(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Intercompany Note being repaid (if necessary)); and/or

  (c) to make a deposit of all or part of the proceeds in the GIC Account (including to fund the Reserve Fund up to an amount equal to the Reserve Fund Required Amount); and

- the Asset Coverage Test will be required to be met both before and immediately after any further issue of Covered Bonds.

For personal use only

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

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

If an Issuer Call is specified in the Applicable Final Terms, the Issuer may elect to redeem all or some of the Covered Bonds at the Optional Redemption Amount (specified in the Applicable Final Terms) plus Accrued Interest. An optional redemption feature of Covered Bonds is likely to limit the market value of such Covered Bonds. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Covered Bonds when its cost of borrowing is lower than the interest rate on the Covered Bonds. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Covered Bonds being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments that are likely to be available at that time.

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

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

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

The Issuer may issue Covered Bonds which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Covered Bonds as the change of interest basis may result in a lower return for Covered Bondholders. Where the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Covered Bonds may be less favourable than the prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. Where the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than the then prevailing rates on its Covered Bonds.

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

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

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

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

For personal use only

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

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

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

The credit ratings assigned to a Series of Covered Bonds to be issued under the Programme by Fitch address the probability of default and of the recovery given a default of the Covered Bonds. The credit ratings assigned to the Covered Bonds by Moody's address the probability of default, the loss given by default and the expected loss posed to potential investors.

The expected credit ratings of a Series of the Covered Bonds will be set out in the Applicable Final Terms for such Series of Covered Bonds. In addition, the Final Terms will specify which Rating Agencies are giving a credit rating to the relevant Series of Covered Bonds. A relevant Series of Covered Bonds may be rated by one or more Rating Agencies as set out therein. Any Rating Agency may lower its credit rating or withdraw its rating if, in the sole judgement of the Rating Agency, the credit quality of the Covered Bonds has declined or is in question. In the event that a credit rating assigned to the Covered Bonds or the Issuer is subsequently lowered or withdrawn or qualified for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Covered Bonds, the Issuer may be adversely affected, the market value of the Covered Bonds is likely to be adversely affected and the ability of the Issuer to make payment under the Covered Bonds may be adversely affected.

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

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

Neither of the Rating Agencies is established in the EU and neither of the Rating Agencies has applied for registration under the CRA Regulation. However, their credit ratings with respect to certain Series or Tranches

For personal use only

of Covered Bonds have been, and are expected to continue to be, endorsed by Moody's and Fitch, respectively, pursuant to, and in accordance with, the CRA Regulation. Moody's and Fitch are established in the EU and registered under the CRA Regulation. References in this Prospectus to Moody's and/or Fitch shall be construed accordingly.

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

Each Series or Tranche of Covered Bonds to be issued under the Programme will, unless otherwise specified in the Applicable Final Terms, be rated "Aaa" by Moody's and "AAA" by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.

The terms of certain of the Programme Documents provide that, if certain events or circumstances occur, the Issuer must deliver a Rating Affirmation Notice to the Covered Bond Guarantor (and copied to the Trust Manager and each Rating Agency) confirming that it has notified each Rating Agency of the events or circumstances and that the Issuer is satisfied, for the purposes of the Programme Documents, following discussions with each Rating Agency, that the events or circumstances, as applicable, will not result in a reduction, qualification or withdrawal of the credit ratings then assigned by such Rating Agency (a **Rating Affirmation Notice**). Any Rating Affirmation Notice, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction of which the securities form part since the issuance closing date. A Rating Affirmation Notice is given on the basis that it will not be construed as advice for the benefit of any parties to the transaction. If a Rating Agency confirmation is required for the purposes of the Programme Documents and the Rating Agency does not consider such confirmation necessary, does not respond to a written request for a discussion by the Issuer or does not provide a confirmation in writing in connection with a Rating Affirmation Notice to be given by the Issuer in respect of any event or circumstance, the Issuer will be entitled to assume that the then-current credit rating of the Covered Bonds from that Rating Agency will not be downgraded, qualified or withdrawn by such Rating Agency as a result of such event or circumstance. However, such non-response or co-operation will not be interpreted to mean that such Rating Agency has given any deemed confirmation or affirmation of credit rating or other response in respect of such action or step. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a confirmation, affirmation or response in the time available or at all, and the Rating Agency will not be responsible for the consequences thereof. Such confirmation, affirmation or response, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time, and in the context of cumulative changes to the transaction, of which the securities form part since the issuance closing date.

By acquiring the Covered Bonds, investors will be deemed to have acknowledged and agreed that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevance to Covered Bondholders including, without limitation, in the case of discussions undertaken by a Rating Agency in the context of a Rating Affirmation Notice to be issued by the Issuer, whether any action proposed to be taken by the Issuer, the Covered Bond Guarantor, the Seller, the Servicer, the Trust Manager, the Bond Trustee, the Security Trustee or any other party to a Programme Document is either (i) permitted by the terms of the relevant Programme Document, or (ii) in the best interests of, or not materially prejudicial to, some or all of the Covered Bondholders. The fact that the Rating Agencies have not advised that the then-current credit ratings of the Covered Bonds would not be adversely affected or withdrawn does not impose or extend any actual or contingent liability on a Rating Agency to the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person or create any legal relations between the Rating Agencies and the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person whether by way of contract or otherwise.

For personal use only

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

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

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

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

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

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

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

In relation to any issue of Covered Bonds that have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Covered Bonds may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a Covered Bondholder who, as a result of trading such amounts, holds an amount which (after deducting integral multiples of such minimum Specified Denomination) is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Covered Bond in respect of such holding

For personal use only

(should definitive Covered Bonds be printed or issued) and would need to purchase a principal amount of Covered Bonds such that its holding amounts to a Specified Denomination.

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

There are restrictions on the transfer of the Covered Bonds

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

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

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

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

In Australia, examples of reforms that are already effective include changes to the methodology for calculation of BBSW, and amendments to the Corporations Act made by the Treasury Laws Amendment (2017 Measures No 5) Act 2018 of Australia which, among other things, enable ASIC to make rules relating to the generation and administration of financial benchmarks. On 6 June 2018, ASIC designated BBSW as a "significant financial benchmark" and made the ASIC Financial Benchmark (Administration) Rules 2018 and the ASIC Financial Benchmarks (Compelled) Rules 2018. On 27 June 2019, ASIC granted ASX Benchmarks Pty Limited a licence to administer BBSW from 1 July 2019.

The RBA has also recently amended its criteria for securities to be accepted as being eligible collateral for the purposes of any repurchase agreements to be entered into with the RBA. These include a requirement that floating rate bonds issued on or after 1 December 2022 referencing BBSW must contain at least one "robust" and "reasonable and fair" fallback rate for BBSW in the event that it permanently ceases to exist. The Australian Financial Markets Association (**AFMA**) published the "AFMA Fallback Language Template For Floating Rate Notes" on 1 November 2022 which was subsequently revised in June 2024 (the **AFMA Market Guidelines**) for voluntary use in contracts that reference BBSW to assist market participants to meet the requirements of the RBA's updated criteria, with a view to these becoming standardised provisions for BBSW-linked floating rate bond issuances. However, market participants are not required to adopt the AFMA Market Guidelines approach where the underlying securities are not intended to be repo-eligible, which has resulted in inconsistent application. Further, reference to a specific risk-free rate (such as AONIA) as a fallback for the BBSW Rate has not yet been settled at an industry level in Australia or adopted. There is therefore risk of inconsistency in the application of potential risk-free fallback rates across different products. However, the RBA is actively promoting a co-ordinated industry-agreed position on the relevant fallback rate to use. The fallback provisions relating to the BBSW Rate included in the Conditions of the Covered Bonds are based on the AFMA Market Guidelines.

In NZ, the New Zealand Financial Benchmark Facility recently closed a consultation on potential reform of BKBM. The consultation proposed four potential options for reform, either retaining BKBM, retaining a

For personal use only

reformed version of BKBM, transitioning from BKBM to the RBNZ's official cash rate which is a risk-free overnight rate (with a reformed BKBM for certain financial products), or transitioning from BKBM to the RBNZ's official cash rate (with a new risk-free term forward-looking benchmark for certain financial products). A summary of the consultation and proposed next steps were expected in July 2024, but are yet to be released as at the date of this Prospectus.

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

In the UK, Regulation (EU) No 2016/1011 as it forms part of domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK-supervised entities of benchmarks of administrators that are not authorised by the Financial Conduct Authority (the **FCA**) or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

These reforms (including the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable) could have a material impact on any Covered Bonds linked to or referencing a benchmark, in particular, if the methodology or other terms of the "relevant benchmark" are changed in order to comply with the requirements imposed thereunder. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

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

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

It is not possible to predict with certainty whether, and to what extent, EURIBOR, BBSW, BKBM, SONIA, SOFR, CORRA, €STR or any other benchmark will continue to be supported going forwards. This may cause EURIBOR, BBSW, BKBM, SONIA, SOFR, CORRA, €STR or any other such benchmark to perform differently than they have done in the past and may have other consequences which cannot be predicted. The transition from the London inter-bank offered rate (**LIBOR**) to SONIA or SOFR, as applicable, from the Canadian Dollar Offered Rate (**CDOR**) to CORRA, from EURIBOR to €STR, from BBSW to AONIA, or from the inter-bank offered rate (**IBOR**) for any other currency to a new risk-free rate, or the elimination of EURIBOR, BBSW, BKBM, SONIA, SOFR, CORRA, €STR or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Conditions of the Covered Bonds, or result in other consequences, in respect of any Covered Bonds referencing such benchmark. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark; and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms, or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark. In addition, if the benchmarks are discontinued, there can be no assurance that the applicable fallback provisions under the

For personal use only

Swap Agreements would operate to allow the transactions under the Swap Agreements to effectively mitigate interest rate risk in respect of the Covered Bonds. It should also be noted that broadly divergent interest rate calculation methodologies may develop and apply as between the Covered Bonds and/or the Swap Agreements due to applicable fallback provisions or other matters. The consequences of this are uncertain but could include a reduction in the amounts available to the Issuer to meet its payment obligations in respect of the Covered Bonds.

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

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

Further, although the provisions of the Conditions of the Covered Bonds for determining the Rate of Interest by reference to the SONIA Compounded Index are based upon the guidance published by the Bank of England for calculating compounded SONIA rates by reference to the SONIA Compounded Index, there can be no assurance that the Bank of England's methodology for determining the SONIA Compounded Index, or its guidance for calculating compounded SONIA rates by reference to such index, will not change over time.

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

Further, although the provisions of the Conditions of the Covered Bonds for determining the Rate of Interest by reference to the compounded €STR index are based upon the guidance published by the European Central

For personal use only

Bank for calculating compounded €STR rates by reference to the compounded €STR index, there can be no assurance that the European Central Bank's methodology for determining the compounded €STR index, or its guidance for calculating compounded €STR rates by reference to such index, will not change over time.

Similarly, the Bank of Canada has only been the administrator of CORRA since June 2020. The Bank of Canada may make methodological or other changes that could change the value of CORRA, including changes related to the method by which CORRA is calculated, eligibility criteria applicable to the transactions used to calculate CORRA or timing related to the publication of CORRA. In addition, CORRA is published by the Bank of Canada based on data received from sources other than the Issuer, and the Issuer has no control over the methods of calculation, publication schedule, rate revision practices or availability of CORRA. If interest payable during a floating rate period of any CORRA-referenced Covered Bonds and the manner in which CORRA is calculated is changed, that change may result in a reduction of the amount of interest payable on such Covered Bonds during such period, which may adversely affect the trading prices on such Covered Bonds. The administrator of CORRA may withdraw, modify, amend, suspend or discontinue the calculation or dissemination of CORRA in its sole discretion and without notice and has no obligation to consider the interests of holders of the Floating Rate Covered Bonds in calculating, withdrawing, modifying, amending, suspending or discontinuing CORRA.

Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Covered Bonds linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark. Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark discontinuation or benchmark replacement provisions of the Covered Bonds in making any investment decision with respect to any Covered Bonds referencing a benchmark.

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

Investors should be aware that in the case of certain Floating Rate Covered Bonds, the Conditions of the Covered Bonds provide for certain fallback arrangements in the event that a published benchmark, including an inter-bank offered rate (such as EURIBOR) or another relevant reference rate (such as the BKBM Rate) ceases to exist or be published or another Benchmark Event, Benchmark Transition Event (where the original benchmark is SOFR) or Temporary Disruption Trigger or Permanent Discontinuation Trigger (where the original benchmark is the BBSW Rate) (each as defined in the Conditions of the Covered Bonds), occurs. Where the original benchmark is other than SOFR or the BBSW Rate, these fallback arrangements include the possibility that the Rate of Interest could be determined by reference to a Successor Rate or an Alternative Rate and that an Adjustment Spread may be applied to such Successor Rate or Alternative Rate as a result of the replacement of the relevant benchmark or screen rate (as applicable) originally specified with the Successor Rate or the Alternative Rate (as the case may be), together with the making of certain Benchmark Amendments to the Conditions of such Covered Bonds (without the consent of the Covered Bondholders, as further described under Condition 4(d)(iii) "*Benchmark Discontinuation – Benchmark Amendments*" of the Conditions of the Covered Bonds, which in the case of any Alternative Rate, any Adjustment Spread (unless formally recommended or provided for) and any Benchmark Amendments shall be determined by the Issuer (acting in good faith and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser). An Adjustment Spread that is applied could be positive, negative or zero and may not be effective in reducing or eliminating any economic prejudice to investors arising out of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be). Where the original benchmark is SOFR, these fallback arrangements include the possibility that the Rate of Interest could be determined by reference to a Benchmark Replacement, together with the making of certain Benchmark Replacement Conforming Changes to the Conditions of the Covered Bonds (without the consent of the Covered Bondholders or Couponholders, as further described under Condition 4(d)(iii) of the Conditions of

For personal use only

the Covered Bonds). Where the original benchmark is the BBSW Rate, these fallback arrangements include the possibility that the Rate of Interest could be determined by reference to a Fallback Rate (or any other replacement rate determined in accordance with Condition 4(b)(ii)(F)(2)) (without the consent of the Covered Bondholders or Couponholders, as further described under Condition 4(b)(ii)(F) of the Conditions of the Covered Bonds). The Rate of Interest on the Covered Bonds may therefore cease to be determined by reference to the original Reference Rate, and instead be determined by reference to the Successor Rate, Alternative Rate, Benchmark Replacement or Fallback Rate (or other replacement rate), as applicable, even if the original Reference Rate continues to be published. Such Rate of Interest may be lower than that which would result from the original Reference Rate for so long as the original reference rate continues to be published, and the value of and return on the Covered Bonds may be adversely affected. The use of a Successor Rate or Alternative Rate (including with the application of an Adjustment Spread), a Benchmark Replacement (including with the application of Benchmark Replacement Conforming Changes) or Fallback Rate (or other replacement rate) will still result in any Covered Bonds referencing an original benchmark performing differently (which may include payment of a lower Rate of Interest) than they would if the original benchmark were to continue to apply in its current form.

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

In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Covered Bonds based on the rate which was last observed on the Relevant Screen Page or the initial Rate of Interest applicable to such Covered Bonds on the Interest Commencement Date. In addition, due to the uncertainty concerning the availability of any Successor Rate or Alternative Rate, any determinations that may need to be made by the Issuer and the involvement of any Independent Adviser, the relevant fallback provisions may not operate as expected or as intended at the relevant time.

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

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

Interest on Covered Bonds may be determined by reference to a risk-free rate, such as SONIA, SOFR, CORRA, €STR or (in certain circumstances) AONIA. SONIA, SOFR, CORRA, €STR and AONIA, whether determined on a compounded daily basis or as a weighted average rate (as applicable) for a specified period, differ from term rates such as LIBOR, EURIBOR, CDOR, any other IBOR and BBSW in a number of material respects, including (without limitation) that SONIA, SOFR, CORRA, €STR and AONIA are backwards-looking, risk-free overnight rates, whereas such term rates are expressed on the basis of a forward-looking term and include a risk-element based on inter-bank lending. While forward-looking term rates based on certain risk-free rates have been or are being developed, it is uncertain whether the capital markets will move to referencing those term rates for public bond issues, or whether regulators would be content to allow such adoption. As such, investors should be aware that risk-free rates such as SONIA, SOFR, CORRA, €STR and AONIA may behave materially differently as interest reference rates, in contrast to an IBOR and/or BBSW, for Covered

For personal use only

Bonds issued under the Programme. The use of SONIA, SOFR, CORRA, €STR and AONIA, whether on a compounded daily or a weighted average basis (as applicable), as a reference rate for bonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA, SOFR, CORRA, €STR or AONIA.

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

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

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

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

For personal use only

Also, as a rate based on transactions secured by Government of Canada treasury bills and bonds, CORRA does not measure unsecured corporate credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of corporations. This may mean that market participants would not consider CORRA a suitable substitute or successor for CDOR, which may, in turn, lead to lessened market acceptance of CORRA. To the extent market acceptance for CORRA as a benchmark for floating-rate debt securities is not robust or declines, the return on and value of the CORRA-referenced Covered Bonds and the price at which investors can sell CORRA-referenced Covered Bonds in the secondary market could be adversely affected. In addition, investors in CORRA-referenced Covered Bonds may not be able to sell such CORRA-referenced Covered Bonds at all or may not be able to sell such CORRA-referenced Covered Bonds at prices that will provide them with a yield comparable to similar investments that continue to have a developed secondary market and may consequently suffer from increased pricing volatility and market risk. Further, multiple market conventions with respect to the implementation of CORRA as a base rate for floating rate Instruments or other securities may develop. The manner of calculation and related conventions with respect to the determination of interest rates based on CORRA in floating rate bond markets may differ materially compared with the manner of calculation and related conventions with respect to the determination of interest rates based on CORRA in other markets, such as the derivatives and loan markets. Uncertainty with respect to market conventions related to the implementation of CORRA and whether CORRA is a suitable replacement or successor for CDOR may adversely affect the value of, return on and trading market for any Covered Bonds referencing CORRA.

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

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

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

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

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

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

Since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in other benchmark or market rates. Although changes in compounded SOFR generally are not expected to be as volatile as changes in daily levels of SOFR, the return on and value of SOFR-referenced

For personal use only

Covered Bonds may fluctuate more than floating rate securities that are linked to less volatile rates. In addition, the volatility of SOFR has reflected the underlying volatility of the overnight U.S. Treasury repo market. The New York Federal Reserve has at times conducted operations in the overnight U.S. Treasury repo market in order to help maintain the federal funds rate within a target range. There can be no assurance that the New York Federal Reserve will continue to conduct such operations in the future, and the duration and extent of any such operations is inherently uncertain. The effect of any such operations, or of the cessation of such operations to the extent they are commenced, is uncertain and could be materially adverse to investors in SOFR-referenced Covered Bonds. The future performance of SOFR is impossible to predict, and therefore no future performance of SOFR should be inferred from any hypothetical or historical data or trends.

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

The Rate of Interest on Covered Bonds which reference SONIA, SOFR, CORRA or €STR is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Covered Bonds which reference SONIA, SOFR, CORRA or €STR to estimate reliably the amount of interest which will be payable on such Covered Bonds, and some investors may be unable or unwilling to trade such Covered Bonds without changes to their IT systems, both of which factors could adversely impact the liquidity of such Covered Bonds. Because of the delay between the final day on which SONIA, SOFR, CORRA or €STR, as applicable, is observed in connection with any interest determination and the related Interest Payment Date, increases in the level of SONIA, SOFR, CORRA or €STR, as the case may be, which occur during such period will not be reflected in the interest payable on such Interest Payment Date, and any such increase will (if "Lag", "Lookback" or "Observation Shift" is specified as being the "Observation Method" in the Applicable Final Terms) instead be reflected in the following Interest Period. Further, in contrast to IBOR-based Covered Bonds, if Covered Bonds referencing SONIA, SOFR, CORRA or €STR become due and payable as a result of an Event of Default under Condition 9, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Covered Bonds shall only be determined immediately prior to the date on which the Covered Bonds become due and payable, and shall not be reset thereafter.

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

Under the *Treasury Laws Amendment (2017 Enterprise Incentives No 2) Act 2017* (Cth) (the **Act**), any right under a contract, agreement or arrangement (such as a right entitling a creditor to terminate a contract or to accelerate a payment under a contract), arising merely because a company, among other circumstances, is under administration, has appointed a managing controller or is the subject of an application under section 411 of the Corporations Act (i.e. **ipso facto rights**), will not be enforceable during a prescribed moratorium period.

The Act applies to ipso facto rights arising under contracts, agreements or arrangements, subject to certain exclusions. The Corporations Amendment (Stay on Enforcing Certain Rights) Regulations 2018 (the **Regulations**) sets out the types of contracts that are excluded from the operation of the stay on the enforcement of "ipso facto" rights.

The Regulations provide that a contract, agreement or arrangement that is, or governs securities, financial products, bonds or promissory notes is exempt from the "ipso facto" moratorium. Furthermore, a contract, agreement or arrangement under which a party is or may be liable to subscribe for, or to procure subscribers for, securities, financial products, bonds or promissory notes is also excluded from the stay. Accordingly, the Regulations should exclude the Covered Bonds and certain other arrangements under the Programme from the stay. However, since their commencement in 2018, the Act and the Regulations have not been the subject of judicial interpretation. If the Regulations are determined not to exclude the Covered Bonds or any other arrangements under the Programme, from their operation under the exclusions mentioned above or any other exclusion under the Regulations, this may render provisions of the Covered Bonds or Programme unenforceable in Australia where those provisions are conditioned solely on the occurrence of events giving

For personal use only

rise to "ipso facto" rights. Investors should seek independent advice on the implications (if any) of these laws and regulations on their investment in the Covered Bonds.

Risks related to the Covered Bonds generally

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

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

The Issuer and the Covered Bond Guarantor have agreed to submit to the exclusive jurisdiction of the courts of England in any action arising out of the Bond Trust Deed, the Principal Agency Agreement, the Programme Agreement, and the Covered Bonds (but, in each case, excluding the A$ Registered Covered Bonds) and the non-exclusive jurisdiction of the courts of New South Wales, Australia, in any action arising out of the documents governed by Australian law. However, neither the Issuer nor the Covered Bond Guarantor have expressly agreed to submit to the jurisdiction of New York federal or state courts or appointed an agent for service of process with respect thereto. In the limited instances where a Covered Bondholder or Couponholder may proceed directly against the Issuer or Covered Bond Guarantor due to a failure to act by the Bond Trustee or the Security Trustee, as the case may be, as described herein, it may be necessary for such Covered Bondholder or Couponholder to bring a suit in the courts of England or New South Wales, Australia (as applicable), to enforce its rights against the Issuer or the Covered Bond Guarantor, as the case may be, with respect to the Bond Trust Deed or any other Programme Document (excluding the Programme Documents to the extent that they refer only to the A$ Registered Covered Bonds), the Covered Bonds (but excluding the A$ Registered Covered Bonds), the Coupons or the Security.

An active secondary market in respect of an individual Tranche of Covered Bonds may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Covered Bonds

An individual Tranche of Covered Bonds may have no established trading market when issued, and one may never develop. The Covered Bonds have not been, and will not be, registered under the Securities Act or any other applicable securities laws and are subject to certain restrictions on the resale and other transfer thereof as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*". If a secondary market does develop, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment. Further, if a Tranche of Covered Bonds is issued to a single investor or a limited number of investors, this may result in an even more illiquid or volatile market in such Covered Bonds. Any of the foregoing may result in a Covered Bondholder not being able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Covered Bondholder to realise a desired yield. Consequently, a Covered Bondholder must be able to bear the economic risk of an investment in a Covered Bond for an indefinite period of time.

Furthermore, the ability of investors and other market participants to make a market in the Covered Bonds may be impacted by changes in regulatory requirements applicable to the marketing, holding and trading of, and issuing quotations with respect to, the Covered Bonds.

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

Except where expressly provided otherwise in the Security Deed, the Security Trustee may exercise, or refrain from exercising, all of its rights, powers, authorities, discretions and remedies under the Security Deed and the other Programme Documents, and may form opinions, and give consents, approvals and waivers under the Security Deed and the other Programme Documents, in accordance with the direction or instructions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee (acting pursuant to and in accordance with the terms of the Bond Trust Deed) or (where no Covered Bonds are outstanding) the Majority Senior Creditors. If there is at any time a conflict between a duty owed by the Security Trustee to the Covered Bondholders and a duty owed by the Security Trustee to any other Secured Creditor or class of Secured Creditor, then the Security Trustee must have regard only to the interests of the Covered Bondholders while any of the Covered Bonds remain outstanding and will not be required to have regard to the interests of any other Secured Creditor

For personal use only

or any other person or to act upon or comply with any direction or request of any other Secured Creditor or any other person while any amount remains owing to any Covered Bondholders.

Where the Security Trustee is required to have regard to the Covered Bondholders (or any Series thereof), it must have regard to the general interests of the Covered Bondholders (or any Series thereof) as a class and will not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular country, territory or any political sub-division thereof and the Security Trustee will not be entitled to require, nor will any Covered Bondholder or Couponholder be entitled to claim from, the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders or Couponholders, except to the extent already provided for in Condition 7 of the Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable).

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

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

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

Pursuant to and subject to the terms of the Security Deed, the Security Trustee may, without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent or sanction of the other Secured Creditors (other than any Secured Creditor who is a party to the relevant document) at any time and from time to time concur with the Issuer and the Covered Bond Guarantor (acting at the direction of the Trust Manager) and any other party in making any modification to the Covered Bonds of one or more Series, the related Coupons or to the Security Deed or the other Programme Documents if: (a) so directed by the Bond Trustee (if there are Covered Bonds outstanding) or the Majority Secured Creditors (if there are no Covered Bonds outstanding); or (b) the modification is: (1) of a formal, minor or technical nature; (2) made to correct a manifest or proven error or an error established as such to the satisfaction of the Security Trustee; or (3) made to ensure compliance with mandatory provisions of law; and, in each case, the Bond Trustee (if any Covered Bonds are outstanding) has approved of the modification.

The Bond Trustee may, without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent or sanction of any other Secured Creditors (other than any Secured Creditor who is a party to the relevant document) at any time and from time to time concur with, and/or direct the Security Trustee to concur with, the Issuer, and the Covered Bond Guarantor (acting at the direction of the Trust Manager) and any other party in making: (a) any modification to the Covered Bonds of one or more Series, the related Coupons or to any Programme Document which does not relate to a Series Reserved Matter and which, in the opinion of the Bond Trustee, is not materially prejudicial to the interests of the Covered Bondholders of any Series; or (b) any modification to the Covered Bonds of one or more Series, the related Coupons or to the Security Deed or any Programme Document which is, in the opinion of the Bond Trustee, of a formal, minor or technical nature or is, in the opinion of the Bond Trustee, made to correct a manifest error or comply with mandatory provisions of law (and for these purposes, the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter); or (c) any modification referred

For personal use only

to in the following paragraph. In forming its opinion as to whether the Covered Bonds or any one or more Series, the related Coupons or any Programme Document is subject to a manifest error, the Bond Trustee may have regard to any evidence which it considers reasonably to rely on (including a certificate from the Issuer as to certain matters) and it must have regard to a Rating Affirmation Notice issued by the Issuer.

The Security Trustee and the Bond Trustee will be obliged to concur in and to effect modifications to the Programme Documents requested by the Trust Manager to: (a) accommodate accession of a new Servicer, new Swap Provider, new Trust Manager, new Account Bank, new Cover Pool Monitor or New Agent if certain conditions are met; (b) take into account any new covered bonds ratings criteria of the Rating Agencies or any changes or updates to, or any replacement of, the covered bonds ratings criteria of the Rating Agencies (including, without limitation, any manner in which a Rating Agency applies or construes any then existing covered bonds ratings criteria); (c) allow a Swap Provider to transfer securities as Swap Collateral under a relevant Swap Agreement Credit Support Document, including to appoint a custodian to hold such securities in a custody agreement; (d) in relation to the Security Trustee only, enable the issuance of Zero Coupon Covered Bonds and any required amendments to the Asset Coverage Test and the Amortisation Test; or (e) ensure compliance of the Programme, the Issuer or a Swap Provider (as applicable) with, or ensure that the Programme, the Issuer or a Swap Provider, as applicable, may benefit from, any existing, new or amended legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including, without limitation, the Australian Prudential Regulation Authority (**APRA**)) in relation to covered bonds or a Swap, provided that the Trust Manager has certified to the Security Trustee and the Bond Trustee in writing that such modifications are required in order to comply with or benefit from such legislation, regulation, directive, prudential standard or prudential guidance note, as the case may be. In addition, the Bond Trustee shall be obliged to concur, and shall be obliged to direct the Security Trustee to concur, with the Issuer, in effecting any BBSW Rate Amendments in the circumstances and as otherwise set out in Condition 4(b)(ii)(F)(3) without the consent of the Covered Bondholders.

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

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

Certain decisions of the Covered Bondholders must be taken at Programme level

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

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

For personal use only

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

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

The English Supreme Court has held that such a subordination provision as described above is valid under English law. Contrary to the determination of the English Supreme Court, the U.S. Bankruptcy Court for the Southern District of New York held that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision would violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty. However, in a subsequent decision in relation to a similar matter, the U.S. Bankruptcy Court for the Southern District of New York held that such a subordination provision can be enforceable in certain circumstances. The implications of the conflict in the findings of the English courts and the U.S. Bankruptcy Court remain unresolved at this time. Furthermore, Australia has recently introduced legislation that makes ipso facto clauses unenforceable, see "*Risks related to the structure of a particular issue of Covered Bonds – Covered Bondholders' ability to enforce certain rights in connection with the Covered Bonds may be limited or affected by reforms to Australian insolvency legislation relating to "ipso facto" rights*" above.

If a Swap Provider becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or Australia (including, but not limited to, the U.S.), and it is owed a payment by the Covered Bond Guarantor, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of the provisions of the relevant Priority of Payments which refer to the ranking of the Swap Providers' payment rights in respect of Excluded Swap Termination Amounts. In particular, based on the decision of the U.S. Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under U.S. Bankruptcy laws. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as Swap Provider, including U.S. established entities and certain non-U.S. established entities with assets or operations in the U.S. (although the scope of any such proceedings may be limited if the relevant non-U.S. entity is a bank with a licensed branch in a U.S. state). As at the date of this Prospectus, the Issuer is the only Swap Provider.

If a subordination provision included in the Programme Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside Australia and any relevant foreign judgment or order was recognised by the Australian courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the Issuer to satisfy its obligations under the Covered Bonds.

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

For personal use only

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

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

Specifically, APRA has the power to direct the Covered Bond Guarantor to return to the Issuer an Asset of the Trust which is held by the Covered Bond Guarantor to the extent that, at the time the direction is given, that Asset of the Trust does not secure "covered bond liabilities". A "covered bond liability" (as defined in the Australian Banking Act) is a liability of the Issuer or the Covered Bond Guarantor to covered bondholders and any other liability which is secured by assets beneficially owned by the Covered Bond Guarantor. A liability of the Covered Bond Guarantor to the Issuer (other than a liability relating to derivatives or the provision of services) which is secured in priority to any liability to the covered bondholders is not a "covered bond liability". Accordingly, APRA may direct the Covered Bond Guarantor to return assets owned by it which secure such senior-ranking liabilities of the Covered Bond Guarantor to the Issuer. In the context of the Programme, if a Regulatory Event has occurred or will occur, this means that APRA will have the power to direct the Covered Bond Guarantor to return to the Issuer any Assets of the Trust which secure the repayment of the Demand Note in respect of the Senior Demand Note Component as such amounts will, at that point in time, rank senior to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders, and Couponholders under the applicable Priority of Payments.

Under the Australian Prudential Standard APS 121 (Covered Bonds), the Issuer is required to maintain an accurate and up-to-date register of the Assets of the Trust which secure "covered bond liabilities".

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

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

Under the Banking Act, APRA has powers to facilitate the orderly resolution of the entities it regulates (and their subsidiaries) in times of distress. Powers given to APRA under the Banking Act, which could impact the nab Group and potentially the position of Covered Bondholders, include oversight, management and directions powers in relation to nab and the nab Group entities and statutory management powers over regulated entities within the nab Group. The Banking Act also contains provisions which are designed to give statutory recognition to the conversion or write-off of regulatory capital instruments (the **Statutory Conversion and Write-Off Provisions**).

The Statutory Conversion and Write-Off Provisions apply in relation to regulatory capital instruments issued by certain financial sector entities (including ADIs, of which nab is one) that contain provisions for conversion or write-off for the purposes of APRA's prudential standards. Where the Statutory Conversion and Write-Off Provisions apply to an instrument, that instrument may be converted in accordance with its terms. This is so despite any law (other than specified laws, currently those relating to the ability of a person to acquire interests in an Australian corporation or financial sector entity), the constitution of the issuer, any contract to which the issuer is a party, and any listing rules, operating rules or clearing and settlement rules applicable to the instrument. In addition, the Banking Act includes a moratorium on the taking of certain actions on grounds relating to the operation of the Statutory Conversion and Write-Off Provisions.

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

The Australian Banking Act permits APRA to direct the Issuer, in certain circumstances, not to transfer any asset to the Covered Bond Guarantor (that is, to prevent the Issuer "topping up" the Asset Pool). Those

For personal use only

circumstances include where APRA has reason to believe that the Issuer is unable to meet its liabilities, there has been a material deterioration in the Issuer's financial condition, the Issuer is conducting its affairs in an improper or financially unsound way, the failure to issue a direction would materially prejudice the interests of the Issuer's depositors or the Issuer is conducting its affairs in a way that may cause or promote instability of the Australian financial system. This exercise of this power could potentially lead to the depletion of the Asset Pool which may adversely affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

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

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

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

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

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

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

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

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

Under the terms of the Credit Code, each of the Seller and, following a perfection of title by the Covered Bond Guarantor in respect of any Mortgage Loans, the Covered Bond Guarantor would have the obligations of a "credit provider" with respect to regulated loans, and as such is exposed to civil and criminal liability for certain violations. These include violations caused in fact by the Servicer. The Servicer has indemnified the Covered Bond Guarantor for any civil or criminal penalties in respect of Credit Code violations caused by the Servicer (except to the extent such penalties arise as a result of the fraud, negligence or wilful default of the Covered Bond Guarantor). There is no guarantee that the Covered Bond Guarantor will have the financial capability to pay any civil or criminal penalties which arise from Credit Code violations.

For personal use only

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

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

(a) vary the Mortgage Conditions applicable to that Mortgage Loan on the grounds of hardship or that it is an unjust contract;

(b) reduce or cancel any interest rate payable on the Mortgage Loan which is unconscionable;

(c) have certain provisions of the Mortgage Loan or Related Security which are in breach of the legislation declared unenforceable; or

(d) obtain restitution or compensation in relation to any breach of the Credit Code.

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

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

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

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

The Covered Bond Trust could be considered a "commodity pool" under the U.S. Commodity Exchange Act, which could result in a requirement to comply with certain regulatory requirements

The Dodd-Frank Act, by extending the jurisdiction of the U.S. Commodity Exchange Act (the **CEA**) and the U.S. Commodity Futures Trading Commission (the **CFTC**) to include swaps and other over-the-counter derivatives, expanded the definition of a "commodity pool" to include any form of investment vehicle that trades in "commodity interests", a term that includes futures, certain types of options and swaps, even if such instruments are used only for hedging purposes. In addition, the definition of "swaps" under the Dodd-Frank Act is broad, and expressly includes interest rate swaps, cross-currency swaps, total return swaps and similar

For personal use only

instruments. The CFTC has taken an expansive interpretation of these definitions and has expressed the view that an investment vehicle entering into a single swap (even if the swap is used solely for hedging purposes) could be considered a "commodity pool" subject to regulation under the CEA. In addition, the definition of the term "commodity trading advisor" (**CTA**) under the CEA includes any person advising on futures, options or swaps for compensation or profit. Under these definitions and interpretations, the Trust could potentially be considered a "commodity pool" and, consequently, the person or entity responsible for operation and management of the Trust could be required to register, respectively, as a "Commodity Pool Operator" (a **CPO**) and CTA with the CFTC and the National Futures Association unless an exemption applies.

In October and December 2012, the CFTC issued no-action letters granting relief to certain securitisation vehicles from the requirements applicable to CPOs. Among the structures granted relief were certain covered bonds structures. In order for the person or entity responsible for the operation and management of the Trust to ensure that it is not required to register as a CPO in connection with the operation of the Trust, the Trust must contain no commodity interests other than swaps which are used only for purposes permitted by Regulation AB under the Securities Act and Covered Bondholders must only be entitled to receive payment of accrued interest and principal on the Covered Bonds without any condition to payment based upon any swap exposure. In April 2014, the CFTC also issued related no-action relief from CTA registration with respect to certain advisory activities provided to such securitisation vehicles. The limits imposed by operating under the relief described above may prevent the Trust from entering into hedging transactions which the Issuer believes would be advisable or result in the Trust incurring financial risks that would have been hedged absent such limits.

While there are also certain limited exemptions from CPO and CTA registration under CFTC rules, it is unclear whether and to what extent any of these exemptions would be available to avoid registration with respect to the Trust.

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

If no exemption or relief is available, or the Trust does not meet the requirements of any applicable exemption or relief, the operator and manager could be subject to enforcement actions or related proceedings, which could result in the Trust being subject to restrictions on its activities. This could in turn have an adverse effect on the ability of the Trust to make payments on the Covered Bonds.

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

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

The Personal Property Securities Act 2009 (**PPSA**) established a national system for the registration of security interests in personal property, together with new rules for the creation, priority and enforcement of security interests in personal property. The PPSA took effect on 30 January 2012 (**PPSA Start Date**).

Security interests for the purposes of the PPSA include traditional securities such as charges and mortgages. However, they also include transactions that, in substance, secure payment or performance of an obligation

For personal use only

but may not be legally classified as securities. Further, certain other interests are deemed to be security interests whether or not they secure payment or performance of an obligation – these deemed security interests include assignments of certain property.

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

(a) another security interest may take priority;

(b) another person may acquire an interest in the assets which are subject to the security interest free of their security interest; and

(c) they may not be able to enforce the security interest against a grantor who becomes insolvent.

Security interests which were not migrated, or which were not registered on any existing registers as at the PPSA Start Date, were required to have been registered on the PPSR (or otherwise perfected) prior to the conclusion of the two-year transitional period to preserve priority. This means that transactions which were not regarded as security interests under the law prior to the commencement of the PPSA but are security interests under the PPSA, either because they are "in substance" security interests or deemed security interests, need to be registered. The Programme Documents contain such security interests. The Trust Manager has arranged for security interests arising under the Programme Documents (or a transaction in connection with them other than the Mortgage Loans or the Mortgages themselves) to be perfected under the PPSA.

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

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

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

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

The regime under the ASIC Act and/or the Fair Trading Act may apply to a Mortgage Loan or a related mortgage or guarantee depending on when it was entered into; however, given that the unfair contract terms provisions in the Fair Trading Act were repealed in favour of the ACL, a Mortgage Loan or a related mortgage or guarantee entered into after 1 January 2011 will only be subject to the ASIC Act. Mortgage Loans or a related mortgage or guarantee entered into become subject to the ASIC Act regime going forward if those contracts are renewed or a term is varied (although where a term is varied, the regime only applies to the varied term).

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

For personal use only

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

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

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

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

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

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

Changes to the regulatory frameworks may have an adverse impact on the regulatory treatment associated with a holding of the Covered Bonds for certain investors

The BCBS implemented significant changes to the Basel Framework with Basel III. Basel III provided for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio for financial institutions and certain minimum liquidity standards (referred to as the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio (**NSFR**)). Basel Committee member countries, including, but not limited to, the Commonwealth of Australia, agreed to implement Basel III from 1 January 2013, subject to

For personal use only

transitional and phase-in arrangements for certain requirements. For example, the LCR required implementation from 1 January 2015, with full implementation by January 2019. The NSFR required implementation from 1 January 2018. APRA completed the implementation of Basel III for Australian entities with the implementation of LCR rules from 1 January 2015 and NSFR rules from 1 January 2018.

The treatment of covered bonds as LCR eligible assets (or not) is subject to some level of variation between national regulators. None of the Issuer, the Covered Bond Guarantor, the Lead Manager (if applicable), the Arrangers or any Dealer makes any representation to any prospective investor or purchaser of the Covered Bonds regarding the treatment of their investment on the relevant Issue Date or at any time in the future. Prospective investors should consult their own advisers as to the regulatory capital requirements or liquidity characteristics (and any corresponding implementing rules of their regulator) to the extent such regulatory capital requirements or liquidity characteristics are applicable to them, in addition to any other applicable regulatory requirements with respect to their investment in the Covered Bonds and as to the consequences for and effect on them of any changes to the Basel framework and the relevant implementing measures to any other applicable regulatory requirements. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Insolvency and similar proceedings will be subject to Australian law

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

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

For personal use only

For personal use only

PRINCIPAL CHARACTERISTICS OF THE PROGRAMME

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

Issuer:	National Australia Bank Limited (ABN 12 004 044 937) is a public limited company incorporated in the Commonwealth of Australia and its registered office is Level 28, 395 Bourke Street, Melbourne, Victoria 3000, Australia (**nab**).
Covered Bond Guarantor:	Perpetual Corporate Trust Limited (ABN 99 000 341 533), incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 18, 123 Pitt Street, Sydney, NSW 2000, as trustee of the nab Covered Bond Trust.
Nature of eligible property:	Residential Mortgage Loans and the Related Security, Substitution Assets and Authorised Investments.
Location of eligible residential property securing Mortgage Loans:	Australia.
Maximum Asset Percentage:	95 per cent.
Asset Coverage Test:	Yes, see "*Credit Structure*" and "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*".
Amortisation Test:	Yes, see "*Credit Structure*" and "*Overview of the Principal Documents – Establishment Deed – Amortisation Test*".
Legislated Collateralisation Test:	Yes, see "*Structure Overview – Structure Overview – Legislated Minimum Over-Collateralisation*".
Pre-Maturity Test:	Yes, see "*Credit Structure – Pre-Maturity Test*".
Reserve Fund:	A Reserve Fund of an amount up to the Reserve Fund Required Amount will be established to trap a specified amount of Available Revenue Receipts or the proceeds of the issue of Intercompany Notes if nab's credit ratings fall below the Moody's Specified Rating and/or the Fitch Specified Rating.
Extendable Maturities:	Available.
Hard Bullet Maturities:	Available.
Cover Pool Monitor:	Ernst & Young, having an office at 8 Exhibition Street, Melbourne VIC 3000, Australia.
Asset Segregation:	Yes.
Terms:	As set out in the Applicable Final Terms for the relevant Series or Tranche of Covered Bonds.

Clearing Systems:	Covered Bonds (other than A$ Registered Covered Bonds) may be traded on the settlement system operated by Euroclear, the settlement system operated by Clearstream, Luxembourg, DTC and/or any other clearing system outside Australia specified in the Applicable Final Terms. The Issuer may apply to Austraclear Limited (ABN 94 002 060 773) (**Austraclear**) for approval for the A$ Registered Covered Bonds to be traded on the settlement system operated by Austraclear (**Austraclear System**). Such approval of the A$ Registered Covered Bonds by Austraclear is not a recommendation or endorsement by Austraclear of the A$ Registered Covered Bonds. N Covered Bonds will not be traded on any clearing system.
Listing and admission to trading:	Application has been made by the Issuer to admit Covered Bonds issued under the Programme to the Official List and to admit Covered Bonds to trading on the Regulated Market of the Luxembourg Stock Exchange. Covered Bonds issued under the Programme may be unlisted or may be listed on such other or further stock exchanges or regulated or unregulated markets, as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee and the relevant Dealer(s). Any A$ Registered Covered Bonds issued under the Programme may be unlisted. Perpetual Corporate Trust Limited and P.T. Limited have not made or authorised the application to admit Covered Bonds issued under the Programme to the official list of the Luxembourg Stock Exchange or to admit the Covered Bonds to trading on the Regulated Market of the Luxembourg Stock Exchange. N Covered Bonds will not be listed and/or admitted to trading.

For personal use only

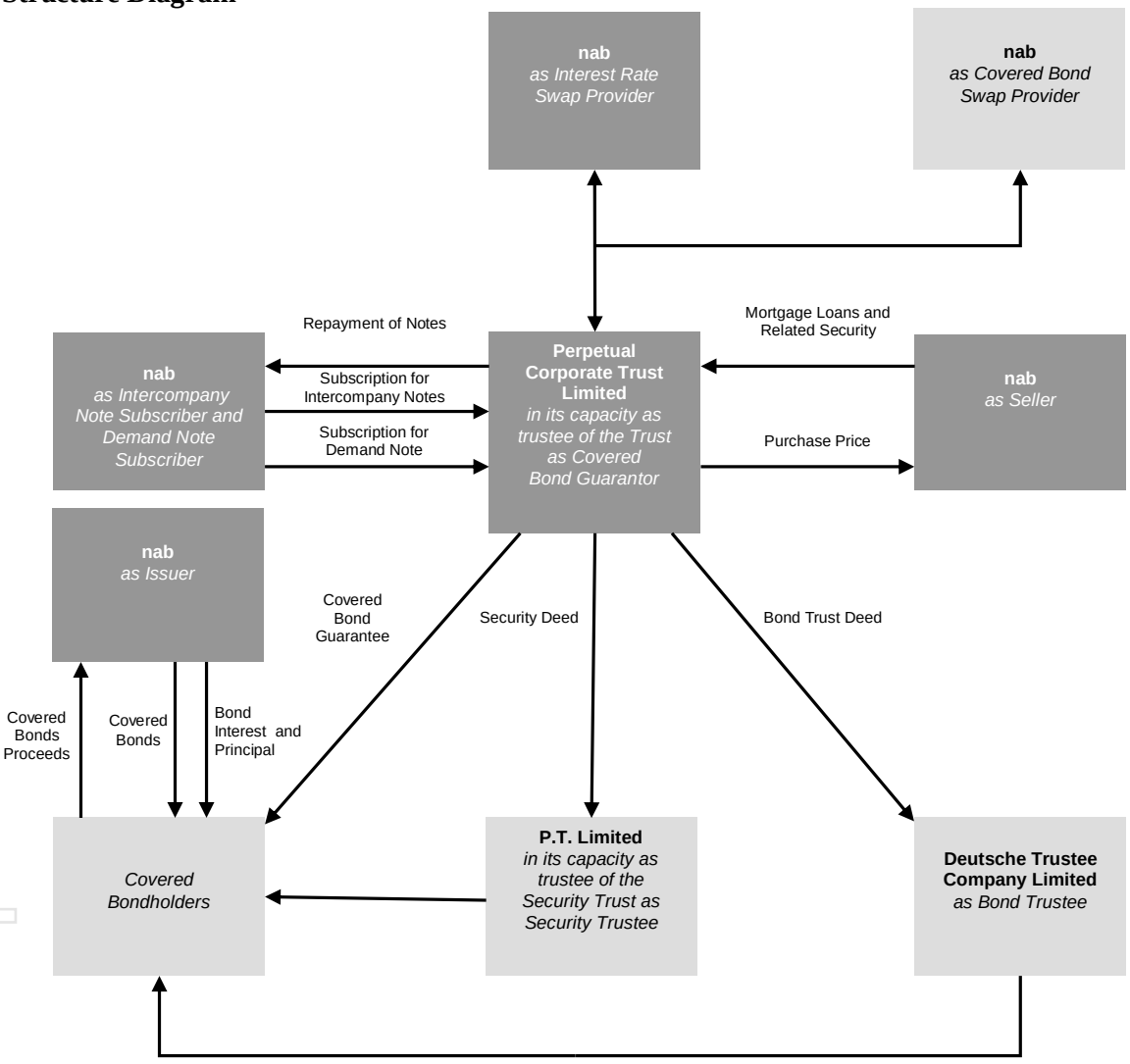
For personal use only

STRUCTURE OVERVIEW

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

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

Structure Diagram



Structure Overview

Programme

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

The Issuer's indebtedness under the Covered Bonds will not be a protected account for the purposes of the Financial Claims Scheme in Division 2AA of Part II of the Australian Banking Act, will not be a deposit liability of the Issuer for the purposes of Division 2 of Part II of the Australian Banking Act and is not

guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction. If the Issuer becomes unable to meet its obligations or suspends payment, its assets in Australia are to be available to meet its indebtedness evidenced by the Covered Bonds only after the liabilities referred to in Sections 13A(3)(a)-(e) of the Australian Banking Act have been met. The Australian Banking Act provides that the Issuer's assets in Australia for these purposes do not include the assets in the Cover Pool.

Covered Bond Guarantee

Pursuant to the terms of the Bond Trust Deed, the Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds issued by the Issuer. The Covered Bond Guarantor has agreed to pay an amount equal to the Guaranteed Amounts which would otherwise be unpaid by the Issuer. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute direct, absolute and (following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice) unconditional obligations of the Covered Bond Guarantor, secured as provided in the Security Deed and limited in recourse against the Covered Bond Guarantor. The Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor following the occurrence of an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer (whereupon the Covered Bonds will become immediately due and payable as against the Issuer but not at such time as against the Covered Bond Guarantor).

A Covered Bond Guarantee Acceleration Notice may be served by the Bond Trustee on the Issuer and the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee) following the occurrence of a Covered Bond Guarantor Event of Default. If a Covered Bond Guarantee Acceleration Notice is served, the Covered Bonds will become immediately due and payable as against the Issuer (if they have not already become due and payable) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee to pay Guaranteed Amounts will be accelerated and the Security Trustee will be entitled to enforce the Security. Payments made by the Covered Bond Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the Guarantee Priority of Payments. Payments made by the Security Trustee will be made subject to, and in accordance with, the Post-Enforcement Priority of Payments, as applicable.

Intercompany Note Subscription Agreement

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

The proceeds of issue of Intercompany Notes

The Covered Bond Guarantor will use the proceeds of issue of Intercompany Notes to nab under the Intercompany Note Subscription Agreement from time to time (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Covered Bond Swap): (i) to fund (in whole or part) the Purchase Price of a New Mortgage Loan Portfolio (consisting of Mortgage Loans and the Related Security originated by the Seller) from the Seller in accordance with the terms of the Mortgage Sale Agreement; (ii) if a New Mortgage Loan Portfolio is purchased from the Seller in advance of a Series or Tranche of Covered Bonds using the proceeds from the issue or an Increase of the Demand Note, to make a repayment of the Demand Note in an amount equal to the Series or Tranche of Covered Bonds issued which relate to those Intercompany Notes and/or (iii) to invest in Substitution Assets in an amount not exceeding the prescribed limits (as described in "*Overview of the Principal Documents – Establishment Deed – Limit on Investing in*

For personal use only

Substitution Assets and Authorised Investments") to the extent required to meet the Asset Coverage Test; and thereafter the Covered Bond Guarantor may use such proceeds (subject to compliance with the Asset Coverage Test): (A) if an existing Series or Tranche or part of an existing Series or Tranche of Covered Bonds is being refinanced by the issue of a further Series or Tranche of Covered Bonds to which the Intercompany Note being issued relates, to repay the Intercompany Note(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Intercompany Note(s) being repaid, if necessary); and/or (B) to make a repayment of the Demand Note; and/or (C) to make a deposit of all or part of the proceeds into the GIC Account (including, without limitation, to fund the Reserve Fund to an amount not exceeding the Reserve Fund Required Amount).

Demand Note Subscription Agreement

Pursuant to the Demand Note Subscription Agreement, nab as Demand Note Subscriber will subscribe for a Demand Note to be issued by the Covered Bond Guarantor and will subscribe for further increases in the principal amount of the Demand Note, as requested by the Covered Bond Guarantor from time to time in accordance with the Demand Note Subscription Agreement. The Demand Note will be denominated in Australian Dollars. The proceeds of the issue of, and increase in the principal amount of, the Demand Note may only be used by, or on behalf of, the Covered Bond Guarantor: (i) as consideration (in whole or in part) for the acquisition of Mortgage Loans and the Related Security from the Seller on a Transfer Date; (ii) to prevent or rectify a failure to meet the Asset Coverage Test; (iii) to rectify a breach of the Pre-Maturity Test; (iv) to rectify an Interest Rate Shortfall; (v) to fund repayment by the Covered Bond Guarantor of any outstanding Intercompany Note; or (vi) for any purpose whatsoever (other than any purpose contemplated by any of the preceding paragraphs (i) to (v)) as may be agreed from time to time between the Covered Bond Guarantor (acting at the direction of the Trust Manager) and the Demand Note Subscriber.

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

- if a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in respect of the Senior Demand Note Component only:
  - by way of set-off by application of the proceeds of the issue of Intercompany Notes as described in "*Intercompany Note Subscription Agreement – The proceeds of issue of Intercompany Notes*" above; or
  - *in specie* distribution of Mortgage Loans and the Related Security (the value of which will be determined by reference to the Current Principal Balance plus Accrued Interest and Arrears of Interest in respect of the corresponding Mortgage Loans calculated as at the date of the in specie distribution) to the Demand Noteholder;
- in respect of the Junior Demand Note Component, be subordinated to amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee and to the Intercompany Noteholder under the Intercompany Notes, as applicable, under the Priorities of Payments. Such amounts may be satisfied by *in specie* distribution, at the discretion of the Trust Manager.

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

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

For personal use only

Security

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

Cashflows

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

Prior to service of a Notice to Pay on the Covered Bond Guarantor and/or service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will:

(a) apply Available Revenue Receipts: (i) to pay interest due and payable on the Intercompany Notes; and/or (ii) to pay interest due and payable on the Demand Note. However, these payments will only be made after payment of certain items ranking higher in the Pre-Acceleration Revenue Priority of Payments; and

(b) apply Available Principal Receipts towards repayment of the Demand Note and the Intercompany Notes but only after payment of certain items ranking higher in the Pre-Acceleration Principal Priority of Payments (including funding any liquidity that may be required in respect of any Series of Hard Bullet Covered Bonds following any breach of the Pre-Maturity Test).

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

At any time after service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked), but prior to service of an Issuer Acceleration Notice (or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), all Available Revenue Receipts and all Available Principal Receipts will continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments or Pre-Acceleration Principal Priority of Payments, as applicable, save that, while any Covered Bonds remain outstanding, no moneys will be applied to (i) acquire New Mortgage Loans and the Related Security to ensure compliance with the Asset Coverage Test, (ii) redeem or pay interest on the Intercompany Notes or (except in limited circumstances) the Demand Note, (iii) pay the purchase price for New Mortgage Loans and the Related Security sold to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement (see further "*Overview of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Mortgage Loans and Related Security*"), (iv) reimburse the Seller for funding Further Advances and/or Cash Redraws, or (v) pay distributions to the Residual Income Unitholder or the Residual Capital Unitholders, and the remainder (if any) will be deposited into the GIC Account and applied as Available Revenue Receipts or Available Principal Receipts, as the case may be, on the next succeeding Trust Payment Date.

Application of moneys following service of a Notice to Pay

Following service on the Covered Bond Guarantor of a Notice to Pay (but prior to a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Covered Bond Guarantor will use all moneys (other than certain amounts due to third parties and Swap Collateral Excluded Amounts) to pay Guaranteed Amounts in respect of the Covered Bonds when the same become Due for Payment, subject to paying certain higher ranking obligations of the Covered Bond Guarantor in the Guarantee Priority of Payments (including, if the Issuer has determined and notified to the Trust Manager and the Covered Bond Guarantor that a Regulatory Event has occurred or is likely to occur, in respect of the Senior Demand Note Component). In such circumstances, the Intercompany

For personal use only

Noteholders, the Demand Noteholder (except as specified above) and nab as the Residual Income Unitholder and the Residual Capital Unitholder will only be entitled to receive any remaining income of the Trust after all amounts referred to above have been paid or have otherwise been provided for in full.

Acceleration of the Covered Bonds

Following the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Covered Bonds will become immediately due and repayable (if not already due and payable as against the Issuer) and the Bond Trustee will then have a claim against the Covered Bond Guarantor under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with accrued interest and any other amounts due under the Covered Bonds (other than additional amounts payable by the Issuer under Condition 7 of the Programme Conditions and/or Condition 7 of the N Covered Bond Conditions (if applicable)) and the Security created by the Covered Bond Guarantor over the Charged Property will become enforceable. Any moneys received or recovered by the Security Trustee following enforcement of the Security granted by the Covered Bond Guarantor over the Charged Property will be distributed according to the Post-Enforcement Priority of Payments (other than any Swap Collateral Excluded Amounts).

Asset Coverage Test

To protect the value of the Mortgage Loan Portfolio, the Establishment Deed provides that, for so long as any Covered Bonds remain outstanding, the Trust Manager must ensure that on each Calculation Date prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Asset Coverage Test is satisfied. Accordingly, for so long as Covered Bonds remain outstanding, the Trust Manager must ensure that, on each Calculation Date prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Adjusted Aggregate Mortgage Loan Amount will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date.

If the Adjusted Aggregate Mortgage Loan Amount is less than the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds on two consecutive Calculation Dates, the Bond Trustee must serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the non-satisfaction of the Asset Coverage Test). The Bond Trustee will be deemed to revoke an Asset Coverage Test Breach Notice if, on any Calculation Date falling on or prior to the third consecutive Calculation Date, the Asset Coverage Test is subsequently satisfied and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If the Asset Coverage Test Breach Notice is not revoked, as described above, an Issuer Event of Default will occur.

Amortisation Test

In addition, on each Calculation Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) and, for so long as Covered Bonds remain outstanding, the Trust Manager must ensure that the Amortisation Test Aggregate Mortgage Loan Amount, as calculated on such Calculation Date, will be in an amount at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds on such Calculation Date. A breach of the Amortisation Test will constitute a Covered Bond Guarantor Event of Default and the Bond Trustee will be entitled (and, in certain circumstances, may be required) to serve a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer declaring the Covered Bonds immediately due and repayable and the Security Trustee will be entitled (and, in certain circumstances, may be required) to enforce the Security.

For personal use only

Legislated Minimum Over-Collateralisation

In addition to the Asset Coverage Test and the Amortisation Test, the Programme benefits from the Issuer's obligation to comply with the minimum over-collateralisation requirements set out in the Australian Banking Act (the **Legislated Collateralisation Test**), as described in "*Description of the Covered Bond Provisions of the Australian Banking Act*" in this Prospectus. As the Legislative Collateralisation Test is a minimum requirement, the Issuer expects that its obligation in respect of this legal requirement will be satisfied in all circumstances in which the Asset Coverage Test or the Amortisation Test, as applicable, is satisfied.

Pre-Maturity Test

Each Series of Hard Bullet Covered Bonds is subject to a Pre-Maturity Test on each AU Business Day during the Pre-Maturity Test Period prior to the occurrence of an Issuer Event of Default and/or a Covered Bond Guarantor Event of Default. The Pre-Maturity Test is intended to ensure that the Covered Bond Guarantor has sufficient liquidity for such Covered Bonds when the Issuer's credit ratings fall to a certain level within a specified period prior to the maturity of such Covered Bonds. If the Pre-Maturity Test is breached within such specified period and certain actions are not taken, an Issuer Event of Default will occur.

Reserve Fund

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

Mortgage Sale Agreement

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

Servicing Agreement

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

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

Following the occurrence of an Issuer Event of Default that is continuing, the Bond Trustee may serve an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the Covered Bond Guarantor.

Following service of an Issuer Acceleration Notice and a Notice to Pay, any moneys received by the Bond Trustee from the Issuer (or any administrator, receiver, receiver and manager, liquidator, statutory manager or other similar official appointed in relation to the Issuer) will be paid by the Bond Trustee to the Covered Bond Guarantor and will be used by the Covered Bond Guarantor in the same manner as all other moneys available to it from time to time.

Following service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor will, subject to the terms of the Bond Trust Deed, pay or procure to be paid on each Scheduled Payment Date to or

For personal use only

to the order of the Bond Trustee (for the benefit of the Covered Bondholders) an amount equal to those Guaranteed Amounts which have become Due for Payment, but which have not been paid by the Issuer.

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

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

For personal use only

For personal use only

DOCUMENTS INCORPORATED BY REFERENCE AND CREDIT RATINGS

(A) *Documents Incorporated by Reference*

Pursuant to Article 19 of the Prospectus Regulation, the following documents, which have previously been published or are published simultaneously with this Prospectus shall be incorporated by reference, and form part of, this Prospectus:

(a) (i) the information set out on the following pages of nab's Annual Report for the financial year ended 30 September 2023, including the audit report and the consolidated audited financial statements of the nab Group and the non-consolidated audited financial statements of nab for the financial year ended 30 September 2023 (the **2023 nab Annual Report**), which is published on the website of nab (*www.nabcapital.com.au*) and is available via https://www.nabcapital.com.au/content/dam/nab-capital/documents-required-for-10-yrs/2023_NAB_Annual_Report.pdf:

The section entitled "Group balance sheet review"	page 108
The section entitled "Capital management and funding review"	pages 110 to 112
Income Statements	page 160
Statements of Comprehensive Income	page 161
Balance Sheets	page 162
Statements of Cash Flows	pages 163 to 164
Statements of Changes in Equity	pages 165 to 166
Notes to the Financial Statements	pages 167 to 254
Directors' Declaration	page 255
Independent Auditor's Report	pages 256 to 262
Glossary	pages 271 to 274

(ii) the information set out on the following pages of nab's Annual Report for the financial year ended 30 September 2024, including the audit report and the consolidated audited financial statements of the nab Group and the non-consolidated audited financial statements of nab for the financial year ended 30 September 2024 (the **2024 nab Annual Report**), which is published on the website of nab (*www.nabcapital.com.au*) and is available via https://www.nabcapital.com.au/content/dam/nab-capital/documents-required-for-10-yrs/2024-NAB-annual-report.pdf:

The section entitled “Group balance sheet review”	page 112
The section entitled “Capital management and funding review”	pages 114 to 116
Income Statements	page 168
Statements of Comprehensive Income	page 169
Balance Sheets	page 170

Statements of Cash Flows	pages 171 to 172
Statements of Changes in Equity	pages 173 to 174
Notes to the Financial Statements	pages 175 to 261
Directors' Declaration	page 264
Independent Auditor's Report	pages 265 to 271
Glossary	pages 282 to 285

(b) (i) the information set out on the following pages of the audited financial statements of the Trust (including the auditor's report and notes thereto) for the financial year ended 30 September 2022 (the **2022 Trust Financial Statements**) which is published on the website of nab (*www.nabcapital.com.au*) and is available via https://nabcapital.com.au/content/dam/nab-capital/documents-required-for-10-yrs/2022_Trust_Financial_Statements.pdf:

Statement of Financial Position	page 7
Statements of Comprehensive Income	page 6
Statement of Changes in Net Assets Attributable to Unitholders	page 8
Statement of Cash Flows	page 9
Notes to the Financial Statements	pages 10 to 18
Independent Audit Report[1]	pages 20 to 22

(ii) the information set out on the following pages of the audited financial statements of the Trust (including the auditor's report and notes thereto) for the financial year ended 30 September 2023 (the **2023 Trust Financial Statements**) which is published on the website of nab (*www.nabcapital.com.au*) and is available via https://capital.nab.com.au/content/dam/nab-capital/documents/funding-programmes/Covered-Bond-Trust-Financials-FY23.pdf:

Statement of Financial Position	page 7
Statements of Comprehensive Income	page 6
Statement of Changes in Net Assets Attributable to Unitholders	page 8
Statement of Cash Flows	page 9
Notes to the Financial Statements	pages 10 to 18
Independent Audit Report[2]	pages 20 to 22

(c) for the purposes of an issue of Covered Bonds when the first tranche of Covered Bonds which is being increased was issued under a Prospectus with an earlier date, the Conditions of the Covered Bonds contained within such Prospectus, each of which is published on the website of nab (*www.nabcapital.com.au*), as set out on the following pages:

[1] These page numbers refer to the page numbers of the PDF and not the page numbers indicated in the footer of the 2022 Trust Financial Statements
[2] These page numbers refer to the page numbers of the PDF and not the page numbers indicated in the footer of the 2023 Trust Financial Statements

For personal use only

For personal use only

Prospectus dated 23 November 2012 (available via https://capital.nab.com.au/content/dam/nab-capital/documents/funding-programmes/Base-Prospectus-dated-2012-11-23.pdf)	pages 95 to 146
Prospectus dated 20 November 2013 (available via https://www.nabcapital.com.au/content/dam/nab-capital/documents-required-for-10-yrs/Prospectus_dated_20_November_2013.pdf)	pages 99 to 150
Prospectus dated 19 November 2014 (available via https://www.nabcapital.com.au/content/dam/nab-capital/documents-required-for-10-yrs/Prospectus_dated_19_November_2014.pdf)	pages 97 to 148
Prospectus dated 17 November 2017 (available via https://www.nabcapital.com.au/content/dam/nab-capital/documents-required-for-10-yrs/Prospectus_dated_17_November_2017.pdf)	pages 103 to 155
Prospectus dated 21 November 2018 (available via https://www.nabcapital.com.au/content/dam/nab-capital/documents-required-for-10-yrs/Prospectus_dated_21_November_2018.pdf)	pages 108 to 170
Prospectus dated 20 November 2019 (available via https://www.nabcapital.com.au/content/dam/nab-capital/documents-required-for-10-yrs/Prospectus_dated_20_November_2019.pdf)	pages 109 to 172
Prospectus dated 16 November 2020 (available via https://www.nabcapital.com.au/content/dam/nab-capital/documents-required-for-10-yrs/Prospectus_dated_16_November_2020.pdf)	pages 117 to 192
Prospectus dated 15 November 2021 (available via https://www.nabcapital.com.au/content/dam/nab-capital/documents-required-for-10-yrs/Prospectus_dated_15_November_2021.pdf)	pages 119 to 195
Prospectus dated 15 November 2022 (available via https://www.nabcapital.com.au/content/dam/nab-capital/documents/funding-programmes/nab-CB-Programme-2022-Update--Base-Prospectus--FINAL-15-November-2022.pdf)	pages 125 to 206
Prospectus dated 15 November 2023 (available via https://capital.nab.com.au/content/dam/nab-capital/documents-required-for-10-yrs/nab%20CB%20Programme%202023%20Update%20-%20Base%20Prospectus.pdf)	pages 128 to 220

(d) the cover pool information as set out on pages 1 to 4 of nab's October 2024 interim investor report which is published on the website of nab (*www.nabcapital.com.au*) and is available via

https://www.nabcapital.com.au/content/dam/nab-capital/documents-required-for-10-yrs/October-2024-Interim-Investor-Report.pdf.

Copies of all documents incorporated by reference will also be made available on the website of the Luxembourg Stock Exchange (*www.luxse.com*).

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

Any non-incorporated parts of a document referred to herein (which, for the avoidance of doubt, means any parts not listed in the cross-reference lists above) are either (i) not considered by the Issuer to be relevant for prospective investors in the Covered Bonds to be issued under the Programme or (ii) covered elsewhere in the Prospectus.

Following the publication of this Prospectus, a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

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

(B) *Credit Ratings*

As at the date of this Prospectus, the Issuer's credit rating (long-term / short-term) is as follows:

- S&P Global Ratings Australia Pty Ltd: AA- / A-1+;
- Moody's Investors Service Pty Limited: Aa2 / Prime-1;
- Fitch Australia Pty Ltd: AA- / F1+.

S&P Global Ratings Australia Pty Ltd is not established in the EU or in the UK and has not applied for registration under the CRA Regulation or the UK CRA Regulation.

The Covered Bonds issued under the Programme are expected on issue to be assigned an "Aaa" credit rating by Moody's Investors Service Pty Ltd (**Moody's**) and an "AAA" credit rating by Fitch Australia Pty Ltd (**Fitch** and, together with Moody's, the **Rating Agencies**). The credit rating of certain Series or Tranches of Covered Bonds to be issued under the Programme may be specified in the Applicable Final Terms (as defined in the Conditions of the Covered Bonds).

Moody's has, in its publication entitled "Rating Symbols and Definitions" dated 16 October 2024, described a credit rating of 'Aaa' in the following terms: "*Obligations rated Aaa are judged to be of the highest quality, subject to the lowest level of credit risk… Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa … the modifier 2 indicates a mid-range ranking.*"

Fitch has, in its publication entitled "Rating Definitions" dated 11 June 2024, described a credit rating of AAA in the following terms: "*'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events*." Further, "*Within rating categories, Fitch may use modifiers. The modifiers "+" or "–" may be appended to a rating to denote relative status within major rating categories."*

For personal use only

FORM OF THE COVERED BONDS

The Covered Bonds of each Series will be in either bearer form, with or without interest coupons and/or talons attached, or registered form, without interest coupons and/or talons attached. A$ Registered Covered Bonds and Registered Covered Bonds will be issued outside the United States to non-U.S. persons in reliance on Regulation S and within the United States in reliance on Rule 144A or Regulation D under the Securities Act. Bearer Covered Bonds will be issued outside the United States to non-U.S. persons in reliance on Regulation S.

Bearer Covered Bonds

Each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond without interest coupons attached (a **Temporary Global Covered Bond**) which will be delivered on or prior to the issue date of the relevant Tranche to a common depositary (the **Common Depositary**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).

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

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

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Covered Bond is issued, interests in such Temporary Global Covered Bond will be exchangeable (free of charge) in whole or in part for, as specified in the Applicable Final Terms, either (a) interests in a permanent global covered bond without interest coupons attached (a **Permanent Global Covered Bond** and, together with the Temporary Global Covered Bonds, the **Bearer Global Covered Bonds** and each a **Bearer Global Covered Bond**) of the same Series or (b) security printed Bearer Definitive Covered Bonds of the same Series with, where applicable, interest coupons and/or talons attached (on the basis that all the appropriate details have been included on the face of such Bearer Definitive Covered Bonds and, where applicable, interest coupons and/or talons and the relevant information supplementing, replacing or modifying the Conditions appearing in the Applicable Final Terms has been endorsed or attached to such Bearer Definitive Covered Bonds), in each case, upon notice being given by a relevant Clearing System acting on the instruction of any holder of an interest in the Temporary Global Covered Bond and subject, in the case of Bearer Definitive Covered Bonds, to such notice to persons as specified in the Applicable Final Terms. Purchasers in the United States and certain U.S. persons will not be able to receive Bearer Definitive Covered Bonds or interests in the Permanent Global Covered Bond. The holder of a Temporary Global Covered Bond will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond or for Bearer Definitive Covered Bonds is improperly withheld or refused. Bearer Covered Bonds will be subject to certain restrictions on transfer set forth therein or will bear a legend regarding such restrictions.

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

For personal use only

For personal use only

Interests in a Permanent Global Covered Bond will be exchanged (free of charge) by the Issuer, in whole but not in part only at the option of the holder of such Permanent Global Covered Bond, for Definitive Covered Bonds and/or (in the case of a Series comprising both Bearer Covered Bonds and Registered Covered Bonds and if so specified in the Applicable Final Terms) Registered Covered Bonds: (a) upon not less than 60 days' written notice being given to the Principal Paying Agent by Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in this Permanent Bearer Global Covered Bond); or (b) upon the occurrence of an Exchange Event. An **Exchange Event** means the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available.

The Issuer will promptly give notice to Covered Bondholders of each Series of Permanent Global Covered Bond in accordance with Condition 13 of the Programme Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear, Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Covered Bond) or the Bond Trustee may give notice to the Principal Paying Agent requesting exchange. Any such exchange must occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

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

The following legend will appear on all Bearer Covered Bonds (other than Temporary Global Covered Bonds) that have an original maturity of more than one year and where TEFRA D is specified in the Applicable Final Terms, and on all talons and interest coupons relating to such Bearer Covered Bonds:

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

The Sections referred to provide that U.S. persons (as defined under the Code), with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds, talons or interest coupons and will not be entitled to capital gains treatment of any gain on any redemption, payment of principal, sale or other disposition in respect of Bearer Covered Bonds, talons or interest coupons.

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

Registered Covered Bonds (other than N Covered Bonds)

Registered Covered Bonds will be issued in the form of global covered bonds in registered form. The Registered Covered Bonds of each Tranche offered and sold in reliance on Regulation S will initially be represented by one or more global covered bonds in registered form (each, a **Regulation S Global Covered Bond**).

The Registered Covered Bonds of each Tranche sold in the United States or to U.S. persons in private transactions to QIBs will be represented by one or more global covered bonds in registered form (each, a **Rule 144A Global Covered Bond** and, together with a Regulation S Global Covered Bond, the **Registered Global Covered Bonds**).

Registered Global Covered Bonds will: (i) when represented by a Regulation S Global Covered Bond, be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg; or (ii) when represented by a Rule 144A Global Covered Bond or a Regulation S Global Covered Bond, be deposited with a custodian for, and registered in the name of a nominee of, DTC, as specified in the Applicable Final Terms. A holder of a

beneficial interest in a Registered Global Covered Bond must rely on the procedures of the relevant clearing system and its participants to receive payments under such Covered Bonds, which may change from time to time.

Persons holding beneficial interests in Registered Global Covered Bonds will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Definitive Covered Bonds in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Covered Bonds will, in the absence of any provision to the contrary, be made to the person shown on the Register as the registered holder of the Registered Global Covered Bonds. None of the Issuer, the Covered Bond Guarantor, the Bond Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Covered Bonds in definitive form will, in the absence of any provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5(d) of the Programme Conditions and/or Condition 5.1 of the N Covered Bond Conditions (if applicable)) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Covered Bond will be exchangeable (free of charge), in whole but not in part, for Registered Definitive Covered Bonds without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that: (i) in the case of Covered Bonds registered in the name of DTC or a nominee for DTC, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act; or (ii) in the case of Covered Bonds registered in the name a common depositary for Euroclear and Clearstream, Luxembourg, as specified in the Applicable Final Terms, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg, or its nominee, have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Issuer will promptly give notice to Covered Bondholders of each Series of Registered Global Covered Bonds in accordance with Condition 13 of the Programme Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg and/or DTC (acting on the instructions of any registered holder of an interest in such Registered Global Covered Bond) or the Bond Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange must occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

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

A$ Registered Covered Bonds

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

Entry of the name of the holder in the A$ Register in respect of an A$ Registered Covered Bond constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered holder of the A$ Registered Covered Bonds. A$ Registered Covered Bonds which are held in the Austraclear System will be registered in the name of Austraclear Ltd (ABN 94 002 060 773). No certificate or other evidence of

For personal use only

title will be issued to holders of the A$ Registered Covered Bonds unless the Issuer determines that certificates should be available or it is required to do so pursuant to any applicable law or regulation.

Registered Covered Bonds – N Covered Bonds

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

Transfer of Interests

Interests in a Registered Global Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Covered Bond. No beneficial owner of an interest in a Registered Global Covered Bond will be able to transfer such interest, except in accordance with the applicable procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream, Luxembourg), Euroclear and Clearstream, Luxembourg, in each case, to the extent applicable.

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

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

General

Pursuant to the Principal Agency Agreement (as defined under "*Conditions of the Covered Bonds*"), the Principal Paying Agent will arrange that, where a further Tranche of Covered Bonds is issued which is intended to form a single Series with an existing Tranche of Covered Bonds, the Covered Bonds of such further Tranche will be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to Covered Bonds of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Covered Bonds of such Tranche.

Any reference herein to DTC, Euroclear, Clearstream, Luxembourg and/or the Austraclear System will, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or additional or alternative clearing system specified in the Applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent and the Bond Trustee.

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

For personal use only

For personal use only

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

Set out below is the form of Final Terms for the purposes of Article 8(2)(a) of the Prospectus Regulation which will be completed for each Tranche of Covered Bonds issued under the Programme (other than N Covered Bonds).

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation (where **Prospectus Regulation** means Regulation (EU) No 2017/1129). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and, therefore, offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][3]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the **UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the **EUWA**); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement [Directive (EU) 2016/97/the Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) No 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.][4]

PROHIBITION OF SALES TO CONSUMERS IN BELGIUM – The Covered Bonds are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique/Wetboek van economisch recht*), as amended.

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

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

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

responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][5]

[**UK MIFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the [European Union (Withdrawal) Act 2018/EUWA] (**UK MiFIR**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **UK distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.][6]

[Date]

National Australia Bank Limited (ABN 12 004 044 937)

Legal Entity Identifier (LEI): F8SB4JFBSYQFRQEH3Z21

Issue of [Aggregate Nominal Amount of Tranche]
under the U.S.$40 billion nab Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments of interest and principal by
Perpetual Corporate Trust Limited
as trustee of the nab Covered Bond Trust and Covered Bond Guarantor

PART A – CONTRACTUAL TERMS

[Terms used herein will be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 13 November 2024 [and the supplement to the Prospectus dated [*insert date*]] ([together,] the **Prospectus**), which constitute[s] a base prospectus for the purposes of the Prospectus Regulation. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with the Prospectus [as so supplemented] in order to obtain all the relevant information. The Prospectus is available on the website of the Luxembourg Stock Exchange (*www.luxse.com*).]

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

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Prospectus dated [*23 November 2012/20 November 2013/19 November 2014/17 November 2017/21 November 2018/20 November 2019/16 November 2020/15 November 2021/15 November 2022/15 November 2023*] which are incorporated by reference in the Prospectus dated 13 November 2024 [and the supplement to the Prospectus dated [*insert date*]] ([together,] the **Prospectus**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 8 of the Prospectus Regulation

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

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

For personal use only

and must be read in conjunction with the Prospectus [and the supplements to the Prospectus] which together constitute a base prospectus for the purposes of the Prospectus Regulation in order to obtain all the relevant information. The Prospectus [and supplement to the Prospectus[s]] and Final Terms are available for viewing on the website of the Luxembourg Stock Exchange (*www.luxse.com*).]

1.	(a)	Series Number:	[●]
	(b)	Tranche Number:	[●]
	(c)	Date on which Covered Bonds will be consolidated and form a single Series: (As referred to under Condition 16)	[The Covered Bonds will be consolidated and form a single Series with [●] on [the Issue Date/the date that is 40 days after the Issue Date]/[exchange of the Temporary Global Covered Bond for interests in the Permanent Global Covered Bond, as referred to in paragraph [●] below], which is expected to occur on or about [●]]/[Not Applicable]
2.	Specified Currency or Currencies:		[●]
3.	Aggregate Nominal Amount of Covered Bonds admitted to trading:		
	(a)	Series:	[●] (**Aggregate Nominal Amount**)
	(b)	Tranche:	[●]
4.	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]] (*include in the case of fungible issues only, if applicable*)
5.	(a)	Specified Denominations:	[●]/[€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Covered Bonds in definitive form will be issued with a denomination above €199,000]
	(As referred to under Condition 1)		(*N.B. For so long as the Covered Bonds are represented by a Global Covered Bond and the relevant clearing systems so permit, the Covered Bonds will be tradeable only in the minimum Specified Denominations of €100,000 and higher integral multiples of €1,000, notwithstanding that no definitive Covered Bonds will be issued with a denomination above €199,000*)
	(b)	Calculation Amount (in relation to calculation of interest for Covered Bonds in global form or in the form of Registered Definitive Covered Bonds see Conditions):	[●]
6.	(a)	Trade Date:	[●]
	(b)	Issue Date:	[●]

For personal use only

For personal use only

	(c) Interest Commencement Date:	[●/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Covered Bonds, for example Zero Coupon Covered Bonds*)
	(d) A$ Record Date:	[●/Not Applicable]
7.	Final Maturity Date:	[●/Interest Payment Date falling in or nearest to [●]]
8.	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:	[●/Interest Payment Date falling in or nearest to [●]] [If an Extended Due for Payment Date is specified and the Final Redemption Amount is not paid in full on the Final Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Due for Payment Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Due for Payment Date. See Condition [6(a)]]
9.	Interest Basis: (As referred to under Condition 4)	[[●] per cent. per annum Fixed Rate] [payable [annually] in arrear from (and including) the Interest Commencement Date to (but excluding) the Final Maturity Date] [[EURIBOR/HIBOR/NIBOR] [Compounded Daily [SONIA/SOFR/CORRA/€STR]] [Average [SONIA/SOFR/CORRA/€STR]] [[SONIA/SOFR/CORRA/€STR] Index Determination] +/- [●] per cent. per annum Floating Rate] [payable [monthly] in arrear from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date] [[BBSW Rate/BKBM Rate] +/- [●] per cent. per annum Floating Rate] [payable [monthly] in arrear from (and including) the Final Maturity Date to (but excluding) the Extended Due for Payment Date] [Zero Coupon] (further particulars specified below) (*N.B. It is expected that BBSW Rate or BKBM Rate will only be selected where "BBSW Determination" or "BKBM Determination", respectively, are marked as "Applicable" below*)
10.	Redemption/Payment Basis: (As referred to under Condition 6)	Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on

For personal use only

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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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

For personal use only

		(As referred to under Condition 4(a))	
	(e)	Day Count Fraction: (As referred to under Condition 4(a))	[30/360 or Actual/Actual (ICMA) or [RBA Bond Basis]/[Australian Bond Basis] or Actual/Actual Canadian Compound Method]
	(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
		(i) Adjusted:	[Applicable/Not Applicable]
		(ii) Non-Adjusted:	[Applicable/Not Applicable]
	(g)	Additional Business Centres:	[[●]/Not Applicable]
	(h)	Determination Date(s): (As referred to under Condition 4(a))	[●] in each year
16.	Floating Rate Covered Bond Provisions: (As referred to under Condition 4(b))		[Applicable/Not Applicable/Applicable from the Final Maturity Date to the Extended Due for Payment Date] (*If not applicable, delete the remaining subparagraphs of this Paragraph 16*)
	(a)	Specified Period(s)/Specified Interest Payment Dates: (As referred to under Condition 4(b))	[[●] in each year from (and including) [●] up to (and including) the Final Maturity Date subject to adjustment in accordance with the Business Day Convention set out below] [**Specified Period** means the period from (and including) each Specified Interest Payment Date up to (but excluding) the next following Specified Interest Payment Date provided that the first Specified Period shall be from (and including) the Final Maturity Date to (but excluding) the next following Specified Interest Payment Date, subject to adjustment in accordance with the Business Day Convention set out below. The **Specified Interest Payment Dates** are the [●] day of each month from (but excluding) the Final Maturity Date to (and including) the Extended Due for Payment Date (or, if earlier, the date on which the Covered Bonds are redeemed in full), subject to adjustment in accordance with the Business Day Convention set out below.]) / [specify other]
	(b)	Business Day Convention: (As referred to under Condition 4(b))	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(c)	Additional Business Centre(s):	[●]/[Not Applicable]

For personal use only

	(As referred to under Condition 4(b))		
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined: (As referred to under Condition 4(b))		[Screen Rate Determination – Term Rate/Screen Rate Determination – SOFR/Screen Rate Determination – SONIA/Screen Rate Determination – CORRA/Screen Rate Determination – €STR/BBSW Determination/BKBM Determination]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): (As referred to under Condition 4(b))		[[●]/Not Applicable]
(f)	Screen Rate Determination:		[Applicable – Term Rate/Applicable – SOFR/Applicable – SONIA/Applicable – CORRA/Applicable – €STR/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this Paragraph 16(f)*)
	(i)	Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: [[●] month [●] [EURIBOR/HIBOR/NIBOR]] [SONIA][SOFR][CORRA][€STR] Relevant Time: [●]/[Not Applicable] (*Where (i) Reference Rate is SONIA and Calculation Method is <u>not</u> SONIA Index Determination, (ii) Reference Rate is CORRA and Calculation Method is <u>not</u> CORRA Index Determination (iii) Reference Rate is €STR and Calculation Method is <u>not</u> €STR Index Determination, or (iv) Reference Rate is SOFR, Relevant Time will be "Not Applicable"*) Relevant Financial Centre: [New York/Brussels/Hong Kong/Oslo/*Specify other Relevant Financial Centre*]/[Not Applicable] (*Where Reference Rate is SONIA, SOFR, CORRA or €STR, Relevant Financial Centre will be "Not Applicable"*)
	(ii)	Interest Determination Date(s): (As referred to under Condition 4(b))	[First day of each Interest Period] [Second day on which T2 is open prior to the start of each Interest Period] [The [first/[●]] [U.S. Government Securities Business Day/London Banking Day/Toronto Business Day/T2 Business Day] falling after the last day of the relevant Observation Period] [The day falling [●] [U.S. Government Securities Business Day[s]/London Banking Day[s]/Toronto

For personal use only

Business Day[s]/T2 Business Day[s]] prior to each Interest Payment Date (or the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date)]
[Second Oslo business day prior to the start of each Interest Period]
[[●] days prior to the start of each Interest Period]

(iii) Relevant Screen Page: [●][Not Applicable]

(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately. Where Reference Rate is SOFR, CORRA or €STR, Relevant Screen Page will be 'Not Applicable'*)

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

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

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

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

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

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

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

(Not applicable unless Calculation Method is SOFR Index Determination)

(N.B. When setting the Relevant Number, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of

For personal use only

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

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

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

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

(C) Lag Lookback Period (*p*): [5/[*specify other*] London Banking Days][Not Applicable]

(D) Observation Shift Period: [5/[*specify other*] London Banking Days][Not Applicable]

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

(E) Relevant Number: [5/[*specify other*] London Banking Days][Not Applicable]

(*Not applicable unless Calculation Method is SONIA Index Determination*)

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

the Applicable Final Terms, in relation to the relevant issuance)

(vi) CORRA Provisions: [Applicable/Not Applicable]

(*If not applicable, delete the remaining subparagraphs of this Paragraph 16(f)(vi)*)

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

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

(C) Lag Lookback Period (*p*): [5/[*specify other*] Toronto Business Days][Not Applicable]

(D) Observation Shift Period: [5/[*specify other*] Toronto Business Days][Not Applicable]

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

(E) Relevant Number: [5/[*specify other*] Toronto Business Days][Not Applicable]

(*Not applicable unless Calculation Method is CORRA Index Determination*)

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

For personal use only

For personal use only

(vii)	€STR Provisions:		[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this Paragraph 16(f)(vii))
	(A)	Calculation Method:	[Compounded Daily €STR Formula/€STR Index Determination/Average €STR]
	(B)	Observation Method:	[Lag/Observation Shift/Not Applicable]
	(C)	Lag Lookback Period (*p*):	[5/[*specify other*] T2 Business Days][Not Applicable]
	(D)	Observation Shift Period:	[5/[*specify other*] T2 Business Days][Not Applicable] (*N.B. When setting the Lag Lookback Period (p) or the Observation Shift Period, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms. It is anticipated that '(p)' will be no fewer than 5 T2 Business Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, in relation to the relevant issuance*)
	(E)	Relevant Number:	[5/[*specify other*] T2 Business Days][Not Applicable] (*Not applicable unless Calculation Method is €STR Index Determination*) (*N.B. When setting the Relevant Number, the practicalities of this period should be discussed with the Principal Paying Agent or, if applicable, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms. It is anticipated that the Relevant Number will be no fewer than 5 T2 Business Days unless otherwise agreed with the Principal Paying Agent or, if applicable/required, such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, in relation to the relevant issuance.*) (*It is anticipated that Screen Rate Determination will be used on an issue-by-issue basis, unless otherwise agreed between the Issuer and the relevant dealer or the relevant managers on the launch of a particular issue*)
(g)	BBSW Determination:		[Applicable/Not Applicable]

For personal use only

	(i)	Interest Determination Date(s) for BBSW Rate:	[As specified in Condition 4(b)(ii)(F)(4)/*specify other*]
	(ii)	Interest Determination Date(s) for Fallback Rates:	[As specified in Condition 4(b)(ii)(F)(4)/*specify other*]
(h)	BKBM Determination:		[Applicable/Not Applicable]
	(i)	Relevant Financial Centre:	[Auckland and Wellington] [●]
	(ii)	Interest Determination Date(s):	
(i)	Linear Interpolation:		[Not Applicable][Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(j)	Margin(s): (As referred to under Condition 4(b))		[+/-] [●] per cent. per annum
(k)	Minimum Rate of Interest: (As referred to under Condition 4(b))		[●] per cent. per annum/[Not Applicable]
(l)	Maximum Rate of Interest: (As referred to under Condition 4(b))		[●] per cent. per annum/[Not Applicable]
(m)	Day Count Fraction: (As referred to under Condition 4(b))		[[Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]]
(n)	Interest Amounts Non-Adjusted:		[Applicable/Not Applicable]
17.	Zero Coupon Covered Bond Provisions: (As referred to under Condition 6(f)(iii))		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this Paragraph 17*)
(a)	Accrual Yield:		[●] per cent. per annum
(b)	Reference Price:		[●]
(c)	Day Count Fraction in relation to Early Redemption Amounts and late payment:		[30/360][Actual/365]

For personal use only

PROVISIONS RELATING TO REDEMPTION

18.	Notice periods for Condition 6(b) (Redemption for taxation reasons) or Condition 6(e) (Redemption due to illegality):		Minimum Period: [30] days Maximum Period: [60] days
19.	Issuer Call:		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount:	[[●] per Calculation Amount]
	(c)	If redeemable in part:	[Applicable/Not Applicable]
		(i) Minimum Redemption Amount:	[●]
		(ii) Maximum Redemption Amount:	[●]
	(d)	Notice period (if other than as set out in the Conditions):	[Not Applicable] [Not less than [[5] and not more than [30]] [*insert Business Centres*] Business Days' notice to the Bond Trustee, Principal Paying Agent and Covered Bondholders prior to the Optional Redemption Date in accordance with Condition 6. Any notice given to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or Austraclear in accordance with Condition 13 shall be deemed to have been given to the Covered Bondholders on the day on which that notice is given to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or Austraclear] [[●] **Business Day** means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in [●]] (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Bond Trustee.*)
20.	Issuer Clean-Up Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this Paragraph 20*)

For personal use only

	(a)	Issuer Clean-Up Call Threshold:	[As per Condition 6(c)(B)]/[*specify other*]
	(b)	Residual Redemption Amount:	[●] per Calculation Amount
	(c)	Notice periods:	Minimum period: [10/[ ]] days Maximum period: [30/[ ]] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Bond Trustee*)
	(d)	Earliest Possible Date for Redemption:	[*insert date*][Not Applicable] (*N.B. In accordance with Condition 6(c)(B), this sub-paragraph 20(d) can be specified as "Not Applicable" if no earliest possible date for redemption is to apply to the Issuer Clean-Up Call*)
21.	Investor Put: (As referred to under Condition 6(d))		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount:	[[●] per Calculation Amount]
	(c)	Notice period (if other than as set out in the Conditions):	Minimum Period: [30] Business Days Maximum Period: [60] Business Days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 clearing system business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Bond Trustee.*)
22.	Final Redemption Amount: (As referred to under Condition 6(a))		[[●] per Calculation Amount]
23.	Early Redemption Amount payable on redemption for taxation reasons or illegality of the Intercompany Note Subscription Agreement or the Demand Note Subscription Agreement or on event of default and/or the method of calculating the same (if required or if		[Condition 6(f) is applicable [●] per Calculation Amount]

For personal use only

different from that set out in Condition 6(f)):
(As referred to under Condition 6(f))

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

24.	Principal Paying Agent (if not Deutsche Bank AG, London Branch):	[Deutsche Bank Trust Company Americas/Not Applicable]
25.	Tax gross-up by Issuer in accordance with Condition 7:	[Applicable/Not applicable] [If not applicable: If any payments of principal and interest (if any) in respect of the Covered Bonds and Coupons by or on behalf of the Issuer are or become subject to any withholding or deduction, on account of any taxes, duties or other charges of whatever nature, imposed or levied by or on behalf of Australia or by any other authority having power to tax, the Issuer will not be obliged to pay any additional amount as a consequence. For the avoidance of doubt, any amounts to be paid on the Covered Bonds will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and no additional amounts will be required to be paid on account of any such deduction or withholding]
26.	Form of Covered Bonds:	Bearer Covered Bonds: [Temporary Bearer Global Covered Bond exchangeable for a Permanent Bearer Global Covered Bond which is exchangeable for Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event]. The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with Article 4 of the Belgian Law of 14 December 2005] [Temporary Bearer Global Covered Bond exchangeable for Definitive Covered Bonds on and after the Exchange Date. The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with Article 4 of the Belgian Law of 14 December 2005]

		[Permanent Bearer Global Covered Bond exchangeable for Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event]. The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depositary or other institution for the purpose of their immobilisation in accordance with Article 4 of the Belgian Law of 14 December 2005] Registered Covered Bonds: [Regulation S Global Covered Bond (U.S.$[ ] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Covered Bond (U.S.$[●] nominal amount) registered in the name of a nominee for [DTC/a common depositary for Euroclear and Clearstream, Luxembourg] (*specify nominal amounts*)] [A$ Registered Covered Bond registered in the name of Austraclear in the Austraclear System]
27.	Additional Financial Centre(s) or other special provisions relating to Payment Days: (As referred to under Condition 5(g))	[[●]/Not Applicable]
28.	Talons for future Coupons to be attached to Definitive Bearer Covered Bonds: (As referred to under the Introduction to the Conditions of the Covered Bonds)	[No/Yes]

[THIRD PARTY INFORMATION

[*Relevant third party information in relation to the Covered Bonds (for example: "The description[s] of the ['AAA'] and ['Aaa'] credit rating[s] in Item [2] of Part B of these Final Terms")*] [has/have] been extracted from [*specify source(s)*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading].]

For personal use only

For personal use only

PART B—OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

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

2. RATINGS

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

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

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

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

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

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

For personal use only

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

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

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

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(i)	Reasons for the offer:	[See "*Use of Proceeds*" in the Prospectus/*Give details*] (*See "Use of Proceeds" wording in the Prospectus – if reasons for offer different from what is disclosed in the Prospectus, give details.*)
(ii)	Estimated net proceeds:	[●]

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

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

6. OPERATIONAL INFORMATION

(i)	ISIN:	[●]
(ii)	Common Code: (insert here any other relevant codes such as CUSIP and CINS codes and renumber accordingly)	[●]
(iii)	CFI:	[[*include code*], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]

(iv)	FISN:	[[*include code*], as updated, as set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(v)	[Any clearing system(s) other than Euroclear Bank SA/NV, Clearstream Banking S.A. and the relevant address(es) and identification number(s):]	[Not Applicable/Austraclear Services Limited, Level 4, 20 Bridge St, Sydney NSW 2000/The Depository Trust Company, 570 Washington Boulevard, Jersey City, NJ 07310, U.S.A./[●][*insert address*]]
(vi)	Delivery:	Delivery [against/free of] payment
(vii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(viii)	Name(s) and address(es) of initial Paying Agent(s) in relation to the Covered Bonds (other than the A$ Registered Covered Bonds):	[[●]/Not Applicable]
(ix)	Name(s) and address(es) of additional Paying Agent(s) (if any) in relation to the Covered Bonds (other than the A$ Registered Covered Bonds):	[[●]/Not Applicable]
(x)	Name(s) and address(es) of additional Calculation Agent(s) (if any) in relation to the Covered Bonds:	[[●]/Not Applicable]
(xi)	Name(s) and address(es) of A$ Registrar in relation the A$ Registered Covered Bonds:	[●]

7. SELLING RESTRICTIONS

(i)	U.S. Selling Restrictions:	[Reg S Compliance Category [1][2][3]; TEFRA C/TEFRA D/TEFRA not applicable]
(ii)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*N.B. If the Covered Bonds clearly do not constitute "packaged" products or the Covered Bonds do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no key information document will be prepared in the EEA, "Applicable" should be specified.*)

For personal use only

For personal use only

(iii)	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] (*N.B. If the Covered Bonds clearly do not constitute "packaged" products or the Covered Bonds do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no key information document will be prepared in the UK, "Applicable" should be specified.*)
(iv)	[The Republic of Korea [(**Korea**)] Selling Restrictions:	The Covered Bonds have not been and will not be registered for public offering under the Financial Investments Services and Capital Markets Act of Korea (the **FSCMA**). Accordingly, (i) the number of residents in Korea (as defined in the Foreign Exchange Transactions Law of Korea (**FETL**) and its Enforcement Decree) and persons in Korea to whom the Covered Bonds have been and will be offered shall be fewer than 50 (as calculated in accordance with the Enforcement Decree of the FSCMA), and (ii) the number of Covered Bonds (where, for this purpose, the minimum Specified Denomination specified in these Final Terms shall constitute one Covered Bond) offered in Korea or to a resident in Korea shall be fewer than 50. Furthermore, the Covered Bonds shall not be divided or redenominated within 1 year from the issuance. Except for the Covered Bonds offered in Korea or to a resident in Korea in accordance with the aforementioned restriction, none of the Covered Bonds may be offered, sold and delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea within 1 year from the issuance of the Covered Bonds, except pursuant to the applicable laws and regulations of Korea. Furthermore, by purchasing the Covered Bonds, each Covered Bondholder will be deemed to represent, warrant and agree that it shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Covered Bonds] (*N.B. Only applicable for Covered Bonds offered into Korea. If no Covered Bonds are offered into Korea, this sub-paragraph 7(iv) should be deleted in its entirety.*)
(v)	[Japanese QII Private Placement Exemption:	In respect of the solicitation relating to the Covered Bonds in Japan, no securities registration statement under Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No 25 of 1948 of Japan, as amended, the **FIEL**) has been or will

be filed, since the solicitation constitutes a "Solicitation Targeting QIIs" as defined in Article 23-13, Paragraph 1 of the FIEL. By purchasing the Covered Bonds, each Covered Bondholder will be deemed to represent, warrant and agree that it will not Transfer the Covered Bonds to any other person in Japan unless such person is a QII. As used herein, **QII** means a qualified institutional investor as defined in the Cabinet Ordinance Concerning Definitions under Article 2 of the Financial Instruments and Exchange Law of Japan (Ordinance No 14 of 1993 of the Ministry of Finance of Japan, as amended) and **Transfer** means a sale, exchange, transfer, assignment, pledge, hypothecation, encumbrance or other disposition of all or any portion of Covered Bonds, either directly or indirectly, to another person.]

(*N.B. It is expected that this sub-paragraph 7(v) will be applicable where any of the Covered Bonds may be offered into Japan or to any resident of Japan. Checks should be made with the Issuer and the relevant Dealer or the relevant managers before removing this sub-paragraph 7(v). If no Covered Bonds are offered into Japan or to any resident of Japan, this sub-paragraph 7(v) should be deleted in its entirety*)

For personal use only

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

By:

Duly authorised

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

By: .....

Duly authorised

For personal use only

For personal use only

CONDITIONS OF THE COVERED BONDS

The following are the Conditions of the Covered Bonds (other than N Covered Bonds) which will be incorporated by reference into, and (as completed by the Applicable Final Terms in relation to a Tranche of Covered Bonds) apply to each A$ Registered Covered Bond, Global Covered Bond (as defined below) and each Definitive Covered Bond, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such Definitive Covered Bond will have endorsed thereon or attached thereto such Conditions. The Applicable Final Terms (or the relevant provisions thereof) will be entered in the Register in respect of each A$ Registered Covered Bond or endorsed upon, or attached to, each Global Covered Bond and Definitive Covered Bond. References to the ***Applicable Final Terms*** *are to the Final Terms (or the relevant provisions thereof) entered in the Register or the A$ Register, as the case may be, in respect of, or attached to, or endorsed on this Covered Bond.*

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by National Australia Bank Limited (ABN 12 004 044 937) (**nab** and the **Issuer**) constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) dated on or about 15 November 2011 (the **Programme Date**) made between, among others, the Issuer, Perpetual Corporate Trust Limited ABN 99 000 341 533 as covered bond guarantor (the **Covered Bond Guarantor**), nab as trust manager (the **Trust Manager**) and Deutsche Trustee Company Limited as bond trustee (in such capacity, the **Bond Trustee**, which expression will include any successor as Bond Trustee).

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

(a) in relation to any Covered Bonds represented by a global covered bond (a **Global Covered Bond**), units of the lowest Specified Denomination in the Specified Currency;

(b) any Global Covered Bond;

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

(d) any Definitive Covered Bonds in registered form (**Registered Definitive Covered Bonds**) (whether or not issued in exchange for a Global Covered Bond in registered form); and

(e) any A$ Registered Covered Bonds.

The Covered Bonds (other than the A$ Registered Covered Bonds) and the Coupons (as defined below) have the benefit of a principal agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Principal Agency Agreement**) dated the Programme Date and made between the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee and Deutsche Bank AG, London Branch, as issuing and principal paying agent (except as otherwise described below, the **Principal Paying Agent**, which expression will include any successor Principal Paying Agent), Deutsche Bank Trust Company Americas as issuing and principal paying agent with respect to certain Series of Covered Bonds where specified as "Principal Paying Agent" in the Applicable Final Terms and the other paying agents appointed pursuant to the Principal Agency Agreement (together with Deutsche Bank Trust Company Americas and the Principal Paying Agent, the **Paying Agents**, which expression will include any additional or successor paying agents), Deutsche Bank AG, London Branch as exchange agent (in such capacity, the **Exchange Agent**, which expression will include any additional or successor exchange agent), Deutsche Bank Trust Company Americas as registrar (in such capacity, the **Registrar**, which expression will include any successor registrar), Deutsche Bank Trust Company Americas as transfer agent (in such capacity, a **Transfer Agent** and together with the Registrar, the **Transfer Agents**, which expression will include any additional or successor transfer agents), Deutsche Bank Trust Company Americas as U.S. paying agent (in such capacity, the **U.S. Paying Agent**, which expression will include any additional or successor U.S. Paying Agents).

For the purposes of these Conditions, all references to the Principal Paying Agent shall, with respect to a Series of Covered Bonds where Deutsche Bank Trust Company Americas is specified as "Principal Paying Agent" in the Applicable Final Terms, be deemed to be references to Deutsche Bank Trust Company Americas (or its successors under the Agency Agreement).

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

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

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

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

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

For personal use only

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

The security for the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee and the other Programme Documents to which it is a party has been created in and pursuant to, and on the terms set out in, a security agreement governed by the law applying in the State of New South Wales, Australia (such security as amended and/or supplemented and/or restated from time to time, the **Security Deed**), dated 10 November 2011 and made between the Covered Bond Guarantor, the Issuer, the Bond Trustee, P.T. Limited ABN 67 004 454 666 (the **Security Trustee**) and certain other Secured Creditors.

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

Copies of the Bond Trust Deed, the Security Deed, the Definitions Schedule (as defined below), the Agency Agreements and each of the other Programme Documents (i) are available for inspection free of charge by appointment during normal business hours at the specified office of the Principal Paying Agent, the Registrar and the Transfer Agent, or (ii) may be provided to a Covered Bondholder for inspection by electronic means following their prior written request to the Bond Trustee or the Principal Paying Agent, as the case may be, and provision of proof of holding and identity (in a form satisfactory to the Bond Trustee or the Principal Paying Agent, as the case may be). Copies of the Applicable Final Terms for all Covered Bonds of each Series (including in relation to unlisted Covered Bonds of any Series) are obtainable during normal business hours at the specified office of the Paying Agents, the Registrar and Transfer Agent and any Covered Bondholder must produce evidence satisfactory to the relevant Agent as to its holding of Covered Bonds and identity. The Covered Bondholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of, and definitions contained in, the Bond Trust Deed, the Security Deed, the Definitions Schedule (as defined below), the relevant Agency Agreements, each of the other Programme Documents and the Applicable Final Terms which are applicable to them and to have notice of each set of Final Terms relating to each other Series.

Except where the context otherwise requires, capitalised terms used and not otherwise defined in these Conditions will bear the meanings given to them in the Bond Trust Deed, the Applicable Final Terms and/or the nab Covered Bond Trust Definitions Schedule made between the parties to the Programme Documents on 10 November 2011 (as the same may be amended and/or supplemented and/or restated from time to time, the **Definitions Schedule**), a copy of each of which may be obtained as described above. In the event of inconsistency between the Bond Trust Deed and the Definitions Schedule, the Bond Trust Deed will prevail and in the event of inconsistency between the Bond Trust Deed and the Applicable Final Terms, the Applicable Final Terms will prevail.

1. Form, Denomination and Title

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

This Covered Bond may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond or a Zero Coupon Covered Bond, depending upon the Interest Basis shown in the Applicable Final Terms, and

For personal use only

For personal use only

subject, in each case, to confirmation from the Rating Agencies that the then-current ratings of any outstanding Series of Covered Bonds will not be adversely affected by the issuance of this Covered Bond.

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

Subject as set out below, title to the Bearer Covered Bonds and Coupons will pass by delivery, title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Principal Agency Agreement and title to the A$ Registered Covered Bonds will pass upon registration of transfers in accordance with these Conditions.

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

For so long as any of the Covered Bonds is represented by a Global Covered Bond held on behalf of, or, as the case may be, registered in the name of a common depositary for Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**) or The Depository Trust Company (**DTC**), each person (other than Euroclear, Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or DTC as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or DTC as to the nominal amount of such Covered Bonds standing to the account of any person will be conclusive and binding for all purposes, save in the case of manifest error and any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EasyWay or Clearstream's Xact on-line system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Covered Bonds is clearly identified with the amount of such holding) will be treated by the Issuer, the Covered Bond Guarantor, the Paying Agents and the Bond Trustee as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Covered Bonds, and, in the case of DTC or its nominee, voting, giving consents and making requests, for which purpose the bearer of the relevant Global Covered Bond or the registered holder of the relevant Registered Global Covered Bond will be treated by the Issuer, the Covered Bond Guarantor, any Paying Agent and the Bond Trustee as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expression **Covered Bondholder** and related expressions will be construed accordingly. Covered Bonds which are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of DTC or Euroclear and Clearstream, Luxembourg, as the case may be.

For so long as any of the A$ Registered Covered Bonds are lodged in the clearance and settlement system operated by Austraclear Ltd ABN 94 002 060 773 (**Austraclear**, and such system being the **Austraclear System**) in accordance with the regulations and procedures established by Austraclear to govern the use of the Austraclear System (such regulations and procedures being the **Austraclear Regulations**) each person (other than Austraclear Ltd) who is for the time being shown in the records of Austraclear as the holder of such A$ Registered Covered Bonds (in which regard any certificate or other document issued by the Austraclear System or the A$ Registrar as to such A$ Registered

Covered Bonds standing to the account of any person will be conclusive and binding for all purposes save in the case of manifest error and any such certificate or other document may comprise any form of statement or print out of electronic records provided by Austraclear or the A$ Registrar in accordance with its usual procedures and in which the holder of the A$ Registered Covered Bonds is clearly identified with the amount of such holding) will (except as otherwise permitted in the Bond Trust Deed and these Conditions or as ordered by a court of a competent jurisdiction or as required by applicable law or regulations) be treated by the Issuer, the Covered Bond Guarantor and the Bond Trustee as the holder of such A$ Registered Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts of such Covered Bonds and for the purpose of voting, giving consents and making requests in relation to such A$ Registered Covered Bonds and the expression **Covered Bondholder** and related expressions will be construed accordingly. For so long as any of the A$ Registered Covered Bonds are lodged in the Austraclear System, beneficial interests in A$ Registered Covered Bonds will be transferable only in accordance with the Austraclear Regulations. Where Austraclear Ltd is recorded in the A$ Register as the holder of an A$ Registered Covered Bond, each person in whose Security Record (as defined in the Austraclear Regulations) an A$ Registered Covered Bond is recorded is deemed to acknowledge in favour of the A$ Registrar, the Issuer and Austraclear Ltd that:

(a) the A$ Registrar's decision to act as the registrar of that A$ Registered Covered Bond is not a recommendation or endorsement by the A$ Registrar or Austraclear Ltd in relation to that A$ Registered Covered Bond, but only indicates that the A$ Registrar considers that the holding of the A$ Registered Covered Bonds is compatible with the performance by it of its obligations as A$ Registrar under the A$ Registry Agreement; and

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

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

References to DTC, the Austraclear System, Euroclear and/or Clearstream, Luxembourg will, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the Applicable Final Terms or as may otherwise be approved by the Issuer, the Principal Paying Agent (other than in respect of any A$ Registered Covered Bonds) and the Bond Trustee.

2. Transfers of Registered Covered Bonds and A$ Registered Covered Bonds

(a) Transfers of interests in Registered Global Covered Bonds

Transfers of beneficial interests in Rule 144A Global Covered Bonds (as defined below) and Regulation S Global Covered Bonds (as defined below) (together, the **Registered Global Covered Bonds**) will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Covered Bond will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Covered Bonds in definitive form or for a beneficial interest in another Registered Global Covered Bond only in the Specified Denominations set out in the Applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC and its direct and indirect participants (including, if applicable, Euroclear and Clearstream, Luxembourg), Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Principal Agency Agreement. Transfers of a Registered Global Covered Bond

For personal use only

registered in the name of a nominee for DTC will be limited to transfers of such Registered Global Covered Bond, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(b) Transfers of Registered Covered Bonds in definitive form

Subject as provided in Conditions 2(d), 2(f) and 2(g) below, upon the terms and subject to the conditions set forth in the Principal Agency Agreement, a Registered Covered Bond in definitive form may be transferred in whole or in part (in the Specified Denominations set out in the Applicable Final Terms). In order to effect any such transfer: (i) the holder or holders must: (A) surrender the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of the relevant Registrar or the relevant Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and (B) complete and deposit such other certifications as may be required by the relevant Registrar or, as the case may be, the relevant Transfer Agent; and (ii) the relevant Registrar or, as the case may be, the relevant Transfer Agent must be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the relevant Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 5 to the Principal Agency Agreement). Subject as provided above, the relevant Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Covered Bond in definitive form of a like aggregate nominal amount to the Registered Covered Bond (or the relevant part of the Registered Covered Bond) transferred. In the case of the transfer of part only of a Registered Covered Bond in definitive form, a new Registered Covered Bond in definitive form in respect of the balance of the Registered Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the address specified by the transferor.

(c) Transfers of A$ Registered Covered Bonds

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

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

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

For personal use only

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

(d) Registration of transfer upon partial redemption

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

(e) Costs of registration

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

(f) Transfers of interests in Regulation S Global Covered Bonds

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

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

(g) Transfers of interests in Legended Covered Bonds

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

(i) to a transferee who takes delivery of such interest through a Regulation S Global Covered Bond, upon receipt by the Registrar or the Transfer Agent of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, in the case of a Regulation S Global Covered Bond registered in the name of a nominee for DTC, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Covered Bonds being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or

For personal use only

(ii) to a transferee who takes delivery of such interest through a Legended Covered Bond where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other applicable jurisdiction.

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

(h) Definitions

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

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

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

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

Regulation S means Regulation S under the Securities Act;

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

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

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

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

For personal use only

For personal use only

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

(a) Status of the Covered Bonds

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

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

*(i) first, the ADI's liabilities (if any) to the Australian Prudential Regulation Authority (**APRA**) in respect of the rights APRA has against the ADI to be paid amounts equal to the amount which the holder of a protected account is entitled to receive from APRA under Division 2AA of Part II of the Australian Banking Act (the **Financial Claims Scheme**);*

(ii) second, the ADI's debts (if any) to APRA in respect of APRA's costs incurred in relation to the exercise of its powers and the performance of its functions relating to the ADI in connection with the Financial Claims Scheme;

(iii) third, the ADI's liabilities (if any) in Australia in relation to protected accounts that accountholders keep with the ADI;

*(iv) fourth, the ADI's debts (if any) to the Reserve Bank of Australia (the **RBA**);*

(v) fifth, the ADI's liabilities (if any) under an industry support contract that is certified under section 11CB of the Australian Banking Act; and

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

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

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

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

(b) Status of the Covered Bond Guarantee

For personal use only

The payment of Guaranteed Amounts in respect of the Covered Bonds when the same become Due for Payment has been unconditionally and irrevocably guaranteed by the Covered Bond Guarantor (the **Covered Bond Guarantee**) as set out in the Bond Trust Deed. However, the Covered Bond Guarantor will have no obligation under the Covered Bond Guarantee to pay any Guaranteed Amounts until the service of a Notice to Pay by the Bond Trustee on the Covered Bond Guarantor which the Bond Trustee is required to serve following the occurrence of an Issuer Event of Default and service by the Bond Trustee on the Issuer of an Issuer Acceleration Notice or, if earlier, following the occurrence of a Covered Bond Guarantor Event of Default and service by the Bond Trustee of a Covered Bond Guarantee Acceleration Notice. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are direct, absolute and (following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice) unconditional obligations of the Covered Bond Guarantor, which are secured as provided in the Security Deed and limited recourse to the Covered Bond Guarantor as described in Condition 17.

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

4. Interest

(a) Interest on Fixed Rate Covered Bonds

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the **Interest Commencement Date** at the rate(s) per annum equal to the Rate(s) of Interest payable, subject as provided in these Conditions, in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date. If a Notice to Pay is served on the Covered Bond Guarantor, the Covered Bond Guarantor will pay Guaranteed Amounts in equivalent amounts to those described in the preceding sentence under the Covered Bond Guarantee in respect of the Covered Bonds on the Original Due for Payment Dates or, if applicable, the Extended Due for Payment Date.

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

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

Except in the case of Bearer Covered Bonds in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the Applicable Final Terms, interest will be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate Covered Bonds which are A$ Registered Covered Bonds, the Principal Amount Outstanding of the A$ Registered Covered Bond;

(ii) in the case of Fixed Rate Covered Bonds which are (A) represented by a Global Covered Bond or (B) Registered Covered Bonds in definitive form, the aggregate outstanding nominal amount of (I) the Fixed Rate Covered Bonds represented by such Global Covered Bond or (II) such Registered Covered Bonds; or

(iii) in the case of Fixed Rate Covered Bonds which are Bearer Covered Bonds in definitive form, the Calculation Amount,

and in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the Calculation Amount in the case of Fixed Rate Covered Bonds which are Bearer Covered Bonds in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, with half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Covered Bond which is a Bearer Covered Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond will be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4(a):

(i) if "Actual/Actual (ICMA)" is specified in the Applicable Final Terms:

(A) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the Applicable Final Terms) that would occur in one calendar year; or

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

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;

(ii) if "30/360" is specified in the Applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

(iii) if "RBA Bond Basis" or "Australian Bond Basis" is specified in the Applicable Final Terms:

(A) for amounts paid and/or calculated in respect of Interest Payment Dates, one, divided by the number of Interest Payment Dates in a year; and

For personal use only

(B) for amounts paid and/or calculated in respect of dates other than Interest Payment Dates, Actual/Actual (ICMA); and

(iv) if "Actual/Actual Canadian Compound Method" is specified in the Applicable Final Terms: (x) where the relevant calculation relates to a full semi-annual Interest Period, if applicable, 30/360 as described in paragraph (ii) above and (y) in respect of an Interest Period other than where (x) applies, the actual number of days in such Interest Period divided by 365 (fixed).

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

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

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

sub-unit means, with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, Euro 0.01.

(b) Interest on Floating Rate Covered Bonds

(i) Interest Payment Dates

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

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

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

Such interest will be payable in respect of each Interest Period. In these Conditions, the expression **Interest Period** will mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Covered Bonds become payable on a date other than an Interest Payment Date.

For personal use only

For personal use only

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

(I) in any case where Specified Periods are specified in accordance with Condition 4(b)(i)(B) above, the **Floating Rate Convention**, such Interest Payment Date: (i) in the case of (x) above, will be the last day that is a Business Day in the relevant month and the provisions of paragraph (II) below will apply *mutatis mutandis*; or (ii) in the case of (y) above, will be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date will be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date will be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred;

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

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

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

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

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Sydney and, if the Covered Bonds are not A$ Registered Covered Bonds, in London and any Additional Business Centre specified in the Applicable Final Terms; and

(B) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) and which if the Specified Currency is Australian Dollars will be Sydney, or (2) in relation to any Covered Bonds denominated or payable in Euro, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor to or replacement for that system (**T2**) is open.

(ii) Rate of Interest

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

(A) Screen Rate Determination for Floating Rate Covered Bonds referencing a Term Rate

(1) Where "Screen Rate Determination – Term Rate" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be

For personal use only

determined, the Rate of Interest for each Interest Period will, subject to Condition 4(d) and subject as provided below, be either:

(I) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

(II) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards or, in the case of A$ Registered Covered Bonds only, rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (Brussels time, in the case of the Euro-zone inter-bank offered rate (**EURIBOR**), or Hong Kong time, in the case of the Hong Kong inter-bank offered rate (**HIBOR**)) or as at 12.00 p.m. Oslo time in the case of the Oslo inter-bank offered rate (**NIBOR**) on the Interest Determination Date in question plus or minus the Margin (if any), all as determined by the Principal Paying Agent or other party responsible for the calculation of the Rate of Interest as specified in the Applicable Final Terms (and references in this Condition 4(b)(ii)(A) to "Principal Paying Agent" shall be construed accordingly). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) will be disregarded by the Calculation Agent or the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

(3) If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent with such an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded as provided above) of the rates, as communicated to (at the request of the Issuer) the Principal Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period

For personal use only

equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Hong Kong inter-bank market (if the Reference Rate is HIBOR) or the Oslo inter-bank market (if the Reference Rate is NIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent with such offered rates, either (as directed by the Issuer) the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Hong Kong inter-bank market (if the Reference Rate is HIBOR) or the Oslo inter-bank market (if the Reference Rate is NIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 4(b)(ii)(A), the Rate of Interest shall be that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period).

For the purposes of this Condition 4(b)(ii)(A):

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

(i) if the Reference Rate is HIBOR, the first day of each Interest Period;

(ii) if the Reference Rate is EURIBOR, the second day on which T2 is open prior to the start of each Interest Period; or

(iii) if the Reference Rate is NIBOR, the second Oslo business day prior to the start of each Interest Period.

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

Reference Rate means (i) EURIBOR, (ii) HIBOR, or (iii) NIBOR, as specified in the Applicable Final Terms, in each case, for the relevant period or in respect of the relevant date.

For personal use only

Relevant Financial Centre shall mean Brussels, in the case of a determination of EURIBOR, Hong Kong, in the case of a determination of HIBOR, and Oslo, in the case of a determination of NIBOR, as specified in the Applicable Final Terms.

Relevant Time shall mean (i) in the case of EURIBOR, 11.00 a.m., (ii) in the case of HIBOR, 11.00 a.m., and (iii) in the case of NIBOR, 12.00 noon, each as specified in the Applicable Final Terms.

(B) Screen Rate Determination for Floating Rate Covered Bonds referencing SOFR

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

Compounded Daily SOFR Formula Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in U.S. dollars (with the Secured Overnight Financing Rate as the reference rate for the calculation of interest) as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

where:

d is the number of calendar days in:

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

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

d_o is the number of U.S. Government Securities Business Days in:

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

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

i is a series of whole numbers from one to d_o, each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

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

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

n_i, for any U.S. Government Securities Business Day "i", means the number of calendar days from (and including) such U.S. Government Securities Business Day "i" up to (but excluding) the following U.S. Government Securities Business Day;

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

p means:

(a) where "Lookback" is specified as the Observation Method in the Applicable Final Terms, the number of U.S. Government Securities Business Days included in the "Lookback Period (*p*)" in the Applicable Final Terms (or, if no such number is so specified, five U.S. Government Securities Business Days); or

(b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the number of U.S. Government Securities Business Days included in the "Observation Shift Period" in the Applicable Final Terms (or, if no such number is so specified, five U.S. Government Securities Business Days);

SOFR means, in respect of any U.S. Government Securities Business Day, a rate determined in accordance with the following provisions:

(I) the Secured Overnight Financing Rate published for such U.S. Government Securities Business Day that appears on the SOFR Administrator's Website at or about 3.00 p.m. (New York City time) on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day; and

(II) if the rate specified in paragraph (I) above does not so appear, unless both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred, then the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) shall use the Secured Overnight Financing Rate published on the SOFR Administrator's Website for the first preceding U.S. Government Securities Business Day on which the Secured Overnight Financing Rate was published on the SOFR Administrator's Website;

$SOFR_i$ means, in respect of any U.S. Government Securities Business Day "i":

For personal use only

For personal use only

(a) where "Lookback" is specified as the Observation Method in the Applicable Final Terms, SOFR in respect of the U.S. Government Securities Business Day falling "*p*" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i"; or

(b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, SOFR in respect of such U.S. Government Securities Business Day "i"; and

U.S. Government Securities Business Day means any day, except for a Saturday, a Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for the purposes of trading in U.S. government securities.

Certain other capitalised terms used in the foregoing terms and provisions relating to determination of the Compounded Daily SOFR Formula Rate have the meanings set forth under Condition 4(b)(ii)(B)(5) below.

Notwithstanding anything to the contrary, if both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to determining the Compounded Daily SOFR Formula Rate, the benchmark replacement provisions set forth in Condition 4(b)(ii)(B)(5) below shall apply for the purposes of all determinations of the Rate of Interest in respect of the Covered Bonds.

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

Compounded SOFR Index Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in U.S. dollars as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \frac{360}{d}$$

where:

d is the number of calendar days from (and including) the day in relation to which "SOFR $Index_{Start}$" is determined to (but excluding) the day in relation to which "SOFR $Index_{End}$" is determined (being the number of calendar days in the applicable reference period);

Relevant Number is as specified in the Applicable Final Terms;

For personal use only

SOFR Index$_{End}$ means the SOFR Index value relating to the U.S. Government Securities Business Day falling the Relevant Number of U.S. Government Securities Business Days prior to (I) the Interest Payment Date for the relevant Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

SOFR Index$_{Start}$ means the SOFR Index value relating to the U.S. Government Securities Business Day falling the Relevant Number of U.S. Government Securities Business Days prior to preceding the first date of the relevant Interest Period;

the **SOFR Index** means, with respect to any U.S. Government Securities Business Day, prior to a Benchmark Replacement Date:

(I) the SOFR Index published for such U.S. Government Securities Business Day as such value appears on the SOFR Administrator's Website at 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day; provided that

if the SOFR Index$_{Start}$ or the SOFR Index$_{End}$ does not appear on the SOFR Administrator's Website on the relevant Interest Determination Date and a Benchmark Transition Event and its related Benchmark Replacement Date have not occurred with respect to the Compounded SOFR Index Rate, the Compounded SOFR Index Rate for the applicable Interest Period for which such SOFR Index is not available shall be the "Compounded Daily SOFR Formula Rate" determined in accordance with Condition 4(b)(ii)(B)(1) above as if the Calculation Method specified in the Applicable Final Terms were "Compounded Daily SOFR Formula" (and not "SOFR Index Determination"), and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift", and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of U.S. Government Securities Business Days, as if those alternative elections had been made in the Applicable Final Terms; and

U.S. Government Securities Business Day has the meaning set out in Condition 4(b)(ii)(B)(1) above.

Certain other capitalised terms used in the foregoing terms and provisions relating to determination of the Compounded SOFR Index Rate have the meanings set forth under Condition 4(b)(ii)(B)(5) below.

Notwithstanding anything to the contrary, if both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to determining the Compounded SOFR Index Rate, the benchmark replacement provisions set forth in Condition 4(b)(ii)(B)(5) below shall apply for the purposes of all determinations of the Rate of Interest in respect of the Covered Bonds.

(3) Where "Screen Rate Determination – SOFR" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the Applicable Final Terms as being "Average SOFR", the Rate of Interest for an Interest Period will, subject as provided below, be the Average SOFR Rate with respect to such Interest

Period plus or minus (as indicated in the Applicable Final Terms) the Margin (if any).

Average SOFR Rate means, with respect to an Interest Period, the arithmetic mean of SOFR in effect during such Interest Period as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\frac{\sum_{i=1}^{d_o} SOFR_i \times n_i}{d}$$

where **d**, **d_o**, **i**, **n_i** **SOFR** and **$SOFR_i$** have the meanings set out in Condition 4(b)(ii)(B)(1) above.

Notwithstanding anything to the contrary, if both a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to determining the Average SOFR Rate, the benchmark replacement provisions set forth in Condition 4(b)(ii)(B)(5) below shall apply for the purposes of all determinations of the Rate of Interest in respect of the Covered Bonds.

(4) If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 9, the final Rate of Interest shall be calculated for the period from (and including) the previous Interest Payment Date to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 4(c) and the Bond Trust Deed.

(5) Notwithstanding any other provisions in these Conditions, if:

(x) the Benchmark is SOFR; and

(y) any Rate of Interest (or any component part thereof) remains to be determined by reference to the Benchmark,

then the following provisions of this Condition 4(b)(ii)(B)(5) shall apply.

(I) Benchmark Replacement

If the Issuer or its designee determines prior to the Reference Time on the relevant Interest Determination Date that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the then-current Benchmark, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Covered Bonds in respect of all determinations on such date and all determinations on all subsequent dates (subject to any subsequent application of this Condition 4(b)(ii)(B)(5) with respect to such Benchmark Replacement).

In the event that the Issuer or its designee is unable to, or does not, determine a Benchmark Replacement, or a Benchmark Replacement is not implemented in accordance with this Condition 4(b)(ii)(B)(5), prior to 5.00 p.m. (New

For personal use only

For personal use only

York City time) on the relevant Interest Determination Date, the Rate of Interest for the relevant Interest Period shall be:

(1) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or

(2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first scheduled Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period).

(II) Benchmark Replacement Conforming Changes

In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.

At the request of the Issuer, but subject to receipt by the Bond Trustee and the Principal Paying Agent of the certificate referred to in Condition 4(b)(ii)(B)(5)(IV) below and subject as provided below, the Bond Trustee and the Agents (as applicable) shall (at the expense of the Issuer), without any requirement for the consent or approval of Covered Bondholders or Couponholders and without liability to the Covered Bondholders or any other person, be obliged to concur with the Issuer in effecting any Benchmark Replacement Conforming Changes (including, *inter alia*, by the execution of a deed supplemental to or amending the Bond Trust Deed) with effect from the date specified in the notice referred to in Condition 4(b)(ii)(B)(5)(IV) below.

Notwithstanding any other provision of this Condition 4(b)(ii)(B)(5)(II), neither the Bond Trustee nor the Agents (as applicable) shall be obliged to concur with the Issuer in respect of any Benchmark Replacement Conforming Changes which, in the sole opinion of the Bond Trustee or the relevant Agent (as applicable), would (i) expose the Bond Trustee or the relevant Agent (as applicable) to any additional liability, or (ii) increase the obligations or duties, or decrease the rights or protections, afforded to the Bond Trustee or the relevant Agent (as applicable) in the Bond Trust Deed (including, for the avoidance of doubt, any supplemental trust deed), the Agency Agreement and/or these Conditions.

(III) Decisions and Determinations

For personal use only

Any determination, decision or election that may be made by the Issuer or its designee pursuant to this Condition 4(b)(ii)(B)(5), including (without limitation) any determination with respect to a tenor, rate or adjustment or the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the Issuer's or its designee's sole discretion (as applicable), and, notwithstanding anything to the contrary in these Conditions or the Bond Trust Deed, shall become effective without any requirement for the consent or approval of the Covered Bondholders, Couponholders or any other party.

In connection with any Benchmark Replacement Conforming Changes in accordance with this Condition 4(b)(ii)(B)(5), if and for so long as the Covered Bonds are admitted to trading and listed on the official list of a stock exchange, the Issuer shall comply with the rules of that stock exchange.

(IV) Notice and Certification

Any Benchmark Replacement Conforming Changes determined under this Condition 4(b)(ii)(B)(5) shall be notified promptly (in any case, not less than five Business Days prior to the relevant Interest Determination Date) by the Issuer to the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Replacement Conforming Changes.

No later than notifying the Bond Trustee and the party responsible for determining the Rate of Interest (being the Principal Paying Agent or such other party specified in the Applicable Final Terms, as applicable) of the same, the Issuer shall deliver to each of the Bond Trustee and the Principal Paying Agent a certificate (on which each of the Bond Trustee and the Principal Paying Agent shall be entitled to rely without further enquiry or liability) signed by two Authorised Signatories (as defined in the Definitions Schedule) of the Issuer confirming (i) that a Benchmark Transition Event has occurred, (ii) the Benchmark Replacement, and (iii) the specific terms of any Benchmark Replacement Conforming Changes, in each case, as determined in accordance with the provisions of this Condition 4(b)(ii)(B)(5).

If, following the occurrence of a Benchmark Transition Event and its related Benchmark Replacement Date, any Benchmark Replacement is notified to the Principal Paying Agent or any other party specified in the Applicable Final Terms as being responsible for determining the Rate of Interest pursuant to this Condition 4(b)(ii)(B)(5), and the Principal Paying Agent or such other responsible party (as applicable) is in any way uncertain as to the application of such Benchmark Replacement in the calculation or determination of any Rate of Interest, it shall promptly notify the Issuer thereof and the Issuer or its designee shall direct the Principal Paying Agent or such other party (as applicable) in writing as to which course of action to adopt in the application of such Benchmark Replacement in the determination of such Rate of Interest. If the Principal Paying Agent or such other party specified in the Applicable Final Terms as being responsible for determining the Rate of Interest is not promptly provided with such direction, it shall notify the Issuer thereof, and the Principal Paying Agent or such other party (as applicable) shall be under

For personal use only

no obligation to make such calculation or determination and shall not incur any liability for not doing so. For the avoidance of doubt, for the period that the Principal Paying Agent or such other party (as applicable) remains uncertain of the application of the Benchmark Replacement in the calculation or determination of any Rate of Interest, the original Benchmark and any other applicable fallback provisions provided for in this Condition 4(b) and/or the Applicable Final Terms, as the case may be, will continue to apply.

(V) Definitions

In this Condition 4(b)(ii)(B)(5):

Benchmark means, initially, SOFR (provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SOFR (or the published daily SOFR used in the calculation thereof) or any Benchmark which has replaced it in accordance with this Condition 4(b)(ii)(B)(5), then the term "**Benchmark**" means the applicable Benchmark Replacement);

Benchmark Replacement means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(A) the sum of: (1) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark and (2) the Benchmark Replacement Adjustment;

(B) the sum of: (1) the ISDA Fallback Rate and (2) the Benchmark Replacement Adjustment; or

(C) the sum of: (1) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate covered bonds at such time and (2) the Benchmark Replacement Adjustment;

Benchmark Replacement Adjustment means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

(A) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment; or

(C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable

Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate covered bonds at such time;

Benchmark Replacement Conforming Changes means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of Interest Period, timing and frequency of determining rates and making payments of interest, rounding amounts or tenors, and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary);

Benchmark Replacement Date means the earliest to occur of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(A) in the case of paragraph (A) or (B) of the definition of "Benchmark Transition Event", the later of (1) the date of the public statement or publication of information referenced therein, and (2) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark (or such component); or

(B) in the case of paragraph (C) of the definition of "Benchmark Transition Event", the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time on the relevant Interest Determination Date, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination;

Benchmark Transition Event means the occurrence of one or more of the following events with respect to the then-current Benchmark (including the daily published component used in the calculation thereof):

(A) a public statement or publication of information by or on behalf of the administrator of the Benchmark (or such component) announcing that such administrator has ceased or will cease to provide the Benchmark (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component);

(B) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark (or such component), the central bank for the currency of the Benchmark (or such component), an insolvency official with jurisdiction over the administrator for the Benchmark (or such component), a resolution

For personal use only

For personal use only

authority with jurisdiction over the administrator for the Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark (or such component), which states that the administrator of the Benchmark (or such component) has ceased or will cease to provide the Benchmark (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark (or such component); or

(C) a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative;

designee means an affiliate or any other agent of the Issuer;

ISDA Definitions means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

ISDA Fallback Adjustment means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark;

ISDA Fallback Rate means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

Reference Time with respect to any determination of the Benchmark means (A) if the Benchmark is SOFR, 3.00 p.m. (New York City time) or such other time as is reasonably agreed between the Issuer or its designee and the Principal Paying Agent, and (B) if the Benchmark is not SOFR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes;

Relevant Governmental Body means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto;

SOFR with respect to any day means the Secured Overnight Financing Rate published for such day by the SOFR Administrator on the SOFR Administrator's Website;

SOFR Administrator means the Federal Reserve Bank of New York (or a successor administrator of SOFR);

SOFR Administrator's Website means the website of the Federal Reserve Bank of New York, or any successor source; and

Unadjusted Benchmark Replacement means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

For personal use only

(C) Screen Rate Determination for Floating Rate Covered Bonds referencing SONIA

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

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

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

where:

d is the number of calendar days in:

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

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

$\mathbf{d_o}$ is the number of London Banking Days in:

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

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

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

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

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

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

For personal use only

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

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

p means:

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

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

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

$SONIA_i$ means, in respect of any London Banking Day "i":

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

(b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the SONIA reference rate in respect of the relevant London Banking Day "i".

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

SONIA Compounded Index Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in Sterling as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the

following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

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

where:

d is the number of calendar days from (and including) the day in relation to which "SONIA Compounded Index$_{Start}$" is determined to (but excluding) the day in relation to which "SONIA Compounded Index$_{End}$" is determined (being the number of calendar days in the applicable reference period);

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

Relevant Number is as specified in the Applicable Final Terms;

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

SONIA Compounded Index$_{Start}$ means the SONIA Compounded Index value relating to the London Banking Day falling the Relevant Number of London Banking Days prior to the first day of the relevant Interest Period; and

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

If the relevant SONIA Compounded Index required to determine SONIA Compounded Index$_{Start}$ or SONIA Compounded Index$_{End}$ is not published by the administrator of the SONIA reference rate or other information service at the Relevant Time specified in the Applicable Final Terms (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or such other information service, as the case may be) on the relevant Interest Determination Date, the SONIA Compounded Index Rate for the applicable Interest Period for which the SONIA Compounded Index is not available shall be the "Compounded Daily SONIA Formula Rate" determined in accordance with Condition 4(b)(ii)(C)(1) above as if the Calculation Method specified in the Applicable Final Terms were "Compounded Daily SONIA Formula" (and not "SONIA Index Determination"), and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift", and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of London Banking Days, as if those alternative elections had been made in the Applicable Final Terms.

For personal use only

For personal use only

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

Average SONIA Rate means, with respect to an Interest Period, the arithmetic mean of the SONIA reference rate in effect during such Interest Period as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\frac{\sum_{i=1}^{d_o} SONIA_i \times n_i}{d}$$

where **d**, **d_o**, **i**, **n_i**, **SONIA reference rate** and **$SONIA_i$** have the meanings set out in Condition 4(b)(ii)(C)(1) above.

(4) For the purposes of Conditions 4(b)(ii)(C)(1) and 4(b)(ii)(C)(3) above, and subject to Condition 4(d) below, if, in respect of any London Banking Day in the relevant Observation Period or the relevant Interest Period, as applicable, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) determines that the applicable SONIA reference rate has not been made available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, then the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, as applicable) shall determine the SONIA reference rate in respect of such London Banking Day as being:

(A) (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on such London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or

(B) if the Bank Rate under (A)(i) above is not available at the relevant time, either (i) the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day in respect of which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (ii) if this is more recent, the latest rate determined under (A)(i) above,

and in each case "SONIA reference rate" shall be interpreted accordingly.

(5) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, the Rate of Interest shall be:

(A) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or

(B) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first scheduled Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period),

in each case, as determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, as applicable).

(6) If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 9, the final Rate of Interest shall be calculated for the period from (and including) the previous Interest Payment Date to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 4(c) and the Bond Trust Deed.

(D) Screen Rate Determination for Floating Rate Covered Bonds referencing CORRA

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

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

For personal use only

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

where:

CORRA reference rate means, in respect of any Toronto Business Day, a reference rate equal to the daily CORRA rate for such Toronto Business Day, as published by the Bank of Canada as the administrator of the CORRA reference rate (or any successor administrator of such rate) on the website of the Bank of Canada or any successor website, in each case, as it appears on such website on the Toronto Business Day immediately following that day;

CORRA$_i$ means, in respect of any Toronto Business Day "i":

(a) where "Lag" is specified as the Observation Method in the Applicable Final Terms, the CORRA reference rate in respect of the Toronto Business Day falling "*p*" Toronto Business Days prior to the relevant Toronto Business Day "i"; or

(b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the CORRA reference rate in respect of the relevant Toronto Business Day "i";

d is the number of calendar days in:

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

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

d_o is the number of Toronto Business Days in:

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

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

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

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

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

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

Observation Period means, in respect of an Interest Period, the period from (and including) the date falling "*p*" Toronto Business Days prior to the first day of the relevant Interest Period to (but excluding) the date falling "*p*"

For personal use only

For personal use only

Toronto Business Days prior to (I) the Interest Payment Date for such Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

p means:

(a) where "Lag" is specified as the Observation Method in the Applicable Final Terms, the number of Toronto Business Days included in the "Lag Lookback Period (*p*)" in the Applicable Final Terms (or, if no such number is so specified, five Toronto Business Days); or

(b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the number of Toronto Business Days included in the "Observation Shift Period" in the Applicable Final Terms (or, if no such number is so specified, five Toronto Business Days); and

Toronto Business Day means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in the city of Toronto, Canada.

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

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

$$\left(\frac{CORRA\ Compounded\ Index_{End}}{CORRA\ Compounded\ Index_{Start}} - 1\right) \times \frac{365}{d}$$

where:

CORRA Compounded Index$_{End}$ means the CORRA Compounded Index value relating to the Toronto Business Day falling the Relevant Number of Toronto Business Days prior to (I) the Interest Payment Date for the relevant Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

CORRA Compounded Index$_{Start}$ means the CORRA Compounded Index value relating to the Toronto Business Day falling the Relevant Number of Toronto Business Days prior to the first day of the relevant Interest Period;

CORRA Compounded Index means, with respect to any Toronto Business Day, the value of the CORRA Compounded Index that is published by the

Bank of Canada as the administrator of such rate (or any successor administrator of such rate), on the website of the Bank of Canada or any successor website, in respect of such Toronto Business Day;

d is the number of calendar days from (and including) the day in relation to which "CORRA Compounded Index$_{Start}$" is determined to (but excluding) the day in relation to which "CORRA Compounded Index$_{End}$" is determined (being the number of calendar days in the applicable reference period);

Toronto Business Day has the meaning set out in Condition 4(b)(ii)(D)(1) above; and

Relevant Number is as specified in the Applicable Final Terms.

If the relevant CORRA Compounded Index required to determine CORRA Compounded Index$_{Start}$ or CORRA Compounded Index$_{End}$ is not published by the Bank of Canada as the administrator of the CORRA reference rate (or any successor administrator of such rate) on the website of the Bank of Canada or any successor website at the Relevant Time specified in the Applicable Final Terms on the relevant Interest Determination Date (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the CORRA reference rate or such other information service, as the case may be), the CORRA Compounded Index Rate for the applicable Interest Period for which the CORRA Compounded Index is not available shall be the "Compounded Daily CORRA Formula Rate" determined in accordance with Condition 4(b)(ii)(D)(1) above as if the Calculation Method specified in the Applicable Final Terms were "Compounded Daily CORRA Formula" (and not "CORRA Index Determination"), and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift", and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of Toronto Business Days, as if those alternative elections had been made in the Applicable Final Terms.

(3) Where "Screen Rate Determination – CORRA" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the Applicable Final Terms as being "Average CORRA", the Rate of Interest for an Interest Period will, subject as provided below, be the Average CORRA Rate with respect to such Interest Period plus or minus (as indicated in the Applicable Final Terms) the Margin (if any).

Average CORRA Rate means, with respect to an Interest Period, the arithmetic mean of the CORRA reference rate in effect during such Interest Period as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\frac{\sum_{i=1}^{d_o} CORRA_i \times n_i}{d}$$

For personal use only

where **d_o**, **i**, **CORRA reference rate**, **$CORRA_i$**, **n_i** and **d** have the meanings set out in Condition 4(b)(ii)(D)(1) above.

(4) For the purposes of Conditions 4(b)(ii)(D)(1) and 4(b)(ii)(D)(3) above, and subject to Condition 4(d) below, if, in respect of any Toronto Business Day in the relevant Observation Period or the relevant Interest Period, as applicable, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) determines that the applicable CORRA reference rate has not been published by the Bank of Canada as the administrator of such rate (or any successor administrator of the CORRA reference rate) on the website of the Bank of Canada or any successor website, then the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, as applicable) shall determine the CORRA reference rate in respect of such Toronto Business Day as being:

(a) the prevailing Bank of Canada Target for the Overnight Rate as displayed on the Bank of Canada website (or any successor website or official publication of the Bank of Canada) as at the close of business in Toronto on such Toronto Business Day or, if the Bank of Canada does not target a single rate, the mid-point of the target range set by the Bank of Canada and so published (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range, rounded, if necessary, to the nearest second decimal place, 0.005 being rounded upwards); or

(b) if the overnight rate under (4)(a) above is not available at the relevant time, the CORRA reference rate published by the Bank of Canada as the administrator of the CORRA reference rate (or any successor administrator of such rate), on the website of the Bank of Canada or any successor website, for the first preceding Toronto Business Day in respect of which the CORRA reference rate was published by the Bank of Canada as the administrator of the CORRA reference rate (or any successor administrator of such rate) on the website of the Bank of Canada or any successor website,

and, in each case, "CORRA reference rate" shall be interpreted accordingly.

(5) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, and subject to Condition 4(d) below, the Rate of Interest shall be:

(a) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or

(b) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of

For personal use only

Covered Bonds for the first scheduled Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period),

in each case, as determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, as applicable).

(6) If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 9, the final Rate of Interest shall be calculated for the period from (and including) the previous Interest Payment Date to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 4(c) and the Bond Trust Deed.

(E) Screen Rate Determination for Floating Rate Covered Bonds referencing €STR

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

Compounded Daily €STR Formula Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in euro (with the daily euro short-term rate (**€STR**) as the reference rate for the calculation of interest) as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{€STR_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

where:

€STR reference rate means, in respect of any T2 Business Day, a reference rate equal to the daily €STR for such T2 Business Day, as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank (or, if no longer published on its website, as otherwise published by it or provided by it to authorised distributors, or as otherwise published by such authorised distributors) on the T2 Business Day immediately following such T2 Business Day (in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the European Central Bank or the successor administrator of €STR);

For personal use only

€STR$_i$ means, in respect of any T2 Business Day "i":

(a) where "Lag" is specified as the Observation Method in the Applicable Final Terms, the €STR reference rate in respect of the T2 Business Day falling "*p*" T2 Business Days prior to the relevant T2 Business Day "i"; or

(b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the €STR reference rate in respect of the relevant T2 Business Day "i";

d is the number of calendar days in:

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

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

d_o is the number of T2 Business Days in:

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

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

i is a series of whole numbers from one to d_o, each representing the relevant T2 Business Day in chronological order from, and including, the first T2 Business Day in:

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

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

n_i, for any T2 Business Day "i", means the number of calendar days from (and including) such T2 Business Day "i" up to (but excluding) the following T2 Business Day;

Observation Period means, in respect of an Interest Period, the period from (and including) the date falling "*p*" T2 Business Days prior to the first day of the relevant Interest Period to (but excluding) the date falling "*p*" T2 Business Days prior to (I) the Interest Payment Date for such Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

p means:

(a) where "Lag" is specified as the Observation Method in the Applicable Final Terms, the number of T2 Business Days included in the "Lag Lookback Period (*p*)" in the Applicable Final Terms (or, if no such number is so specified, five T2 Business Days); or

For personal use only

(b) where "Observation Shift" is specified as the Observation Method in the Applicable Final Terms, the number of T2 Business Days included in the "Observation Shift Period" in the Applicable Final Terms (or, if no such number is so specified, five T2 Business Days); and

T2 Business Day means any day on which T2 is open.

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

€STR Compounded Index Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in euro as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\left(\frac{€STR\ Compounded\ Index_{End}}{€STR\ Compounded\ Index_{Start}} - 1\right) \times \frac{360}{d}$$

where:

€STR Compounded Index$_{End}$ means the €STR Compounded Index value relating to the T2 Business Day falling the Relevant Number of T2 Business Days prior to (I) the Interest Payment Date for the relevant Interest Period or (II) if applicable, the relevant payment date if the Covered Bonds become due and payable on a date other than an Interest Payment Date;

€STR Compounded Index$_{Start}$ means the €STR Compounded Index value relating to the T2 Business Day falling the Relevant Number of T2 Business Days prior to the first day of the relevant Interest Period;

€STR Compounded Index means, with respect to any T2 Business Day, the value of the €STR Compounded Index that is published by the European Central Bank as the administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank or any successor website, in respect of such T2 Business Day;

d is the number of calendar days from (and including) the day in relation to which "€STR Compounded Index$_{Start}$" is determined to (but excluding) the day in relation to which "€STR Compounded Index$_{End}$" is determined (being the number of calendar days in the applicable reference period);

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

T2 Business Day has the meaning set out in Condition 4(b)(ii)(E)(1) above.

For personal use only

For personal use only

If the relevant €STR Compounded Index required to determine €STR Compounded $\text{Index}_{\text{Start}}$ or €STR Compounded $\text{Index}_{\text{End}}$ is not published or displayed by the European Central Bank as the administrator of the €STR reference rate (or any successor administrator of such rate) on the website of the European Central Bank or any successor website at the Relevant Time specified in the Applicable Final Terms (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of €STR) on the relevant Interest Determination Date, the €STR Compounded Index Rate for the applicable Interest Period for which the €STR Compounded Index is not available shall be the "Compounded Daily €STR Formula Rate" determined in accordance with Condition 4(b)(ii)(E)(1) above as if the Calculation Method specified in the Applicable Final Terms were "Compounded Daily €STR Formula" (and not "€STR Index Determination"), and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift", and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of T2 Business Days, as if those alternative elections had been made in the Applicable Final Terms.

(3) Where "Screen Rate Determination – €STR" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, and the Calculation Method is specified in the Applicable Final Terms as being "Average €STR", the Rate of Interest for an Interest Period will, subject as provided below, be the Average €STR Rate with respect to such Interest Period plus or minus (as indicated in the Applicable Final Terms) the Margin (if any).

Average €STR Rate means, with respect to an Interest Period, the arithmetic mean of the €STR reference rate in effect during such Interest Period as calculated by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\frac{\sum_{i=1}^{d_o} €STR_i \times n_i}{d}$$

where **€STR reference rate**, **$€STR_i$**, **d**, **d_o**, **i**, and **n_i** have the meanings set out in Condition 4(b)(ii)(E)(1) above.

(4) For the purposes of Conditions 4(b)(ii)(E)(1) and 4(b)(ii)(E)(3) above, and subject to Condition 4(d) below, if, in respect of any T2 Business Day in the relevant Observation Period or the relevant Interest Period, as applicable, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) determines that the applicable €STR reference rate has not been published by the European Central Bank as the administrator of such rate (or any successor administrator of the €STR reference rate) on the website of the European Central Bank or any successor website, then the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, as applicable) shall determine the €STR reference rate in respect of such T2 Business Day as being the €STR reference rate published by the European Central Bank as the administrator of the €STR reference rate (or any successor administrator of such rate), on

For personal use only

the website of the European Central Bank or any successor website, for the first preceding T2 Business Day in respect of which the €STR reference rate was published by the European Central Bank as the administrator of the €STR reference rate (or any successor administrator of such rate) on the website of the European Central Bank or any successor website, and "€STR reference rate" shall be interpreted accordingly.

(5) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, and subject to Condition 4(d) below, the Rate of Interest shall be:

(a) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or

(b) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first scheduled Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period),

in each case, as determined by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, as applicable.

(6) If the relevant Series of Covered Bonds becomes due and payable in accordance with Condition 9, the final Rate of Interest shall be calculated for the period from (and including) the previous Interest Payment Date to (but excluding) the date on which the Covered Bonds become so due and payable, and such Rate of Interest shall continue to apply to the Covered Bonds for so long as interest continues to accrue thereon as provided in Condition 4(c) and the Bond Trust Deed.

(F) BBSW Determination for Floating Rate Covered Bonds

(1) BBSW Determination

(a) Where "BBSW Determination" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for an Interest Period will, subject as provided in Condition 4(b)(ii)(F)(2) below, be the BBSW Rate with respect to such Interest Period plus or minus (as indicated in the Applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms (and

references in this Condition 4(b)(ii)(F) to "Principal Paying Agent" shall be construed accordingly).

(b) The determination of, substitution for and any adjustments made to the BBSW Rate as described in this Condition 4(b)(ii)(F)(1) and in Condition 4(b)(ii)(F)(2) below shall be binding on all Covered Bondholders and Couponholders (in all cases without any requirement for the consent or approval of Covered Bondholders or Couponholders). Any determination, decision or election (including a decision to take or refrain from taking any action or as to the occurrence or non-occurrence of any event or circumstance), and any substitution for and adjustments made to the BBSW Rate, and, in each case, made in accordance with this Condition 4(b)(ii)(F)(1) and Condition 4(b)(ii)(F)(2), will, in the absence of manifest or proven error, be conclusive and binding on the Issuer, the Bond Trustee, all Covered Bondholders and Couponholders, the Principal Paying Agent and each other Agent and, notwithstanding anything to the contrary in these Conditions or other documentation relating to the Floating Rate Covered Bonds, shall become effective without the consent of any person.

(c) If the Principal Paying Agent is unwilling or unable to determine a necessary rate, adjustment, quantum, formula, methodology or other variable in order to calculate the applicable Rate of Interest in accordance with this Condition 4(b)(ii)(F), such rate, adjustment, quantum, formula, methodology or other variable will be determined by the Issuer (acting in good faith and in a commercially reasonable manner) or an alternate financial institution (acting in good faith and in a commercially reasonable manner) appointed by the Issuer (in its sole discretion) to so determine.

(2) BBSW Rate Fallback

If:

(a) a Temporary Disruption Trigger has occurred; or

(b) a Permanent Discontinuation Trigger has occurred,

then the BBSW Rate for an Interest Period, where such Temporary Disruption Trigger is continuing as at the applicable Interest Determination Date or where the applicable Interest Determination Date falls after the occurrence of a Permanent Discontinuation Trigger, will be determined by the Principal Paying Agent as follows (in the following order of application and precedence):

(i) where a Temporary Disruption Trigger has occurred with respect to the original BBSW Rate, the BBSW Rate for such Interest Period will be equal to, in the following order of precedence:

(A) first, the Administrator Recommended Rate;

(B) then, the Supervisor Recommended Rate; and

(C) lastly, the Final Fallback Rate;

For personal use only

(ii) where a determination of the AONIA Rate is required for the purposes of paragraph (i) above, if a Temporary Disruption Trigger has occurred with respect to AONIA, the rate for any day for which AONIA is required will be the last provided or published level of AONIA;

(iii) where a determination of the RBA Recommended Rate is required for the purposes of paragraph (i) or (ii) above, if a Temporary Disruption Trigger has occurred with respect to the RBA Recommended Rate, the rate for any day for which the RBA Recommended Rate is required will be the last rate provided or published by the Administrator of the RBA Recommended Rate (or if no such rate has been so provided or published, the last provided or published level of AONIA);

(iv) if a Permanent Discontinuation Trigger has occurred with respect to the original BBSW Rate, the BBSW Rate for any day on which the BBSW Rate is required to be determined on or after the Permanent Fallback Effective Date will be the first rate available in the following order of precedence:

(A) first, if at the time of the BBSW Rate Permanent Fallback Effective Date, no AONIA Permanent Fallback Effective Date has occurred, the AONIA Rate;

(B) then, if at the time of the BBSW Rate Permanent Fallback Effective Date, an AONIA Permanent Fallback Effective Date has occurred and an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Fallback Rate; and

(C) lastly, if neither paragraph (A) nor paragraph (B) of this Condition 4(b)(ii)(F)(2)(iv) applies, the Final Fallback Rate;

(v) where a determination of the AONIA Rate is required for the purposes of paragraph (iv)(A) above, if a Permanent Discontinuation Trigger has occurred with respect to AONIA, the rate for any day for which AONIA is required on or after the AONIA Permanent Fallback Effective Date will be the first rate available in the following order of precedence:

(A) first, if at the time of the AONIA Permanent Fallback Effective Date, an RBA Recommended Rate has been created but no RBA Recommended Rate Permanent Fallback Effective Date has occurred, the RBA Recommended Rate; and

(B) lastly, if paragraph (A) of this Condition 4(b)(ii)(F)(2)(v) does not apply, the Final Fallback Rate; and

(vi) where a determination of the RBA Recommended Rate is required for the purposes of paragraph (iv) or (v) above, respectively, if a Permanent Discontinuation Trigger has occurred with respect to the RBA Recommended Rate, the rate for any day for which the RBA

For personal use only

Recommended Rate is required on or after that Permanent Fallback Effective Date will be the Final Fallback Rate.

When calculating a Rate of Interest in circumstances where a Fallback Rate other than the Final Fallback Rate applies, that Rate of Interest will be calculated as if references to the BBSW Rate were references to that Fallback Rate. When calculating a Rate of Interest in circumstances where the Final Fallback Rate applies, the Rate of Interest will be calculated on the same basis as if the Applicable Benchmark Rate in effect immediately prior to the application of that Final Fallback Rate remained in effect but with necessary adjustments to substitute all references to that Applicable Benchmark Rate with corresponding references to the Final Fallback Rate (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

(3) BBSW Rate Amendments

(a) If, at any time, a Permanent Discontinuation Trigger occurs with respect to the Applicable Benchmark Rate that applies to the Covered Bonds at that time (such event, a **BBSW Rate Event**), and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, determines in its discretion that amendments to these Conditions and/or any Programme Document are necessary to give effect to the application of the applicable Fallback Rate as contemplated by Condition 4(b)(ii)(F)(2) (such amendments, the **BBSW Rate Amendments**), then the Issuer shall, subject to the following paragraphs of this Condition 4(b)(ii)(F)(3) and subject to the Issuer having to give notice thereof to the Covered Bondholders in accordance with Condition 13, and to the Covered Bond Guarantor, the Bond Trustee and the Calculation Agent in accordance with this Condition 4(b)(ii)(F)(3), without any requirement for the consent or approval of the Covered Bondholders, make the necessary modifications to these Conditions and/or Programme Documents to give effect to such BBSW Rate Amendments. At the request of the Issuer, but subject to receipt by the Bond Trustee of the certificate referred to in Condition 4(b)(ii)(F)(3)(e), and subject as provided below, the Bond Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Covered Bondholders and without liability to the Covered Bondholders or any other person, be obliged to concur, and shall be obliged to direct the Security Trustee to concur, with the Issuer in effecting any BBSW Rate Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Bond Trust Deed or any other Programme Document) with effect from the date specified in such notice.

(b) In connection with any such modifications in accordance with this Condition 4(b)(ii)(F)(3), if and for so long as the Covered Bonds are admitted to trading and listed on the official list of a stock exchange, the Issuer shall comply with the rules of that stock exchange.

For personal use only

For personal use only

(c) Notwithstanding any other provision of these Conditions or the Programme Documents, the Bond Trustee shall not be obliged to concur with the Issuer and the Covered Bond Guarantor, and/or (in the case of the Bond Trustee) direct the Security Trustee to concur with the Issuer and the Covered Bond Guarantor in respect of any BBSW Rate Amendments which, in the sole opinion of the Bond Trustee, would have the effect of (i) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee in the Bond Trust Deed and/or these Conditions.

(d) Any BBSW Rate Amendments determined under this Condition 4(b)(ii)(F)(3) shall be notified promptly (in any case, not less than five Business Days prior to the relevant Interest Determination Date) by the Issuer to the Covered Bond Guarantor, the Bond Trustee, the Calculation Agent and, in accordance with Condition 13, the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of such BBSW Rate Amendments.

(e) No later than notifying the Bond Trustee of the same in accordance with Condition 4(b)(ii)(F)(3)(d), the Issuer shall deliver to the Bond Trustee a certificate (on which the Bond Trustee shall be entitled to rely without further enquiry or liability) signed by two Authorised Signatories of the Issuer:

(A) confirming (i) that a BBSW Rate Event has occurred and (ii) the specific terms of any BBSW Rate Amendments as determined in accordance with the provisions of this Condition 4(b)(ii)(F)(3); and

(B) certifying that the BBSW Rate Amendments (in accordance with the provisions of this Condition 4(b)(ii)(F)(3)) are necessary to give effect to the application of the applicable Fallback Rate as contemplated by Condition 4(b)(ii)(F)(2).

The BBSW Rate Amendments specified in such certificate will (in the absence of manifest error in the determination of the applicable Fallback Rate as contemplated by Condition 4(b)(ii)(F)(2) and the BBSW Rate Amendments giving effect to such Fallback Rate, and without prejudice to the Bond Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Bond Trustee, the Calculation Agent and the Covered Bondholders.

(4) Definitions

In this Condition 4(b)(ii)(F):

Adjustment Spread means the adjustment spread as at the Adjustment Spread Fixing Date (which may be a positive or negative value or zero and determined pursuant to a formula or methodology) that is:

(a) determined as the median of the historical differences between the BBSW Rate and AONIA over a five calendar year period prior to the Adjustment Spread Fixing Date using practices based on those used

For personal use only

for the determination of the Bloomberg Adjustment Spread as at 1 December 2022, provided that for so long as the Bloomberg Adjustment Spread is published and determined based on the five year median of the historical differences between the BBSW Rate and AONIA, that adjustment spread will be deemed to be acceptable for the purposes of this paragraph (a); or

(b) if no such median can be determined in accordance with paragraph (a), set using the method for calculating or determining such adjustment spread determined by the Issuer (acting in good faith and in a commercially reasonable manner) to be appropriate and communicated to the Principal Paying Agent;

Adjustment Spread Fixing Date means the first date on which a Permanent Discontinuation Trigger occurs with respect to the BBSW Rate;

Administrator means:

(a) in respect of the BBSW Rate, ASX Benchmarks Pty Limited (ABN 38 616 075 417);

(b) in respect of AONIA (or where AONIA is used to determine an Applicable Benchmark Rate), the Reserve Bank of Australia; and

(c) in respect of any other Applicable Benchmark Rate, the administrator for that rate or benchmark or, if there is no administrator, the provider of that rate or benchmark,

and, in each case, any successor administrator or, as applicable, any successor administrator or provider;

Administrator Recommended Rate means the rate formally recommended for use as the temporary replacement for the BBSW Rate by the Administrator of the BBSW Rate;

AONIA means the Australian dollar interbank overnight cash rate (known as AONIA);

AONIA Rate means, for an Interest Period and in respect of an Interest Determination Date, the rate determined by the Principal Paying Agent to be Compounded Daily AONIA for that Interest Period and Interest Determination Date plus the Adjustment Spread (if any);

Applicable Benchmark Rate means the BBSW Rate or, if a Permanent Fallback Effective Date has occurred with respect to the BBSW Rate, AONIA or the RBA Recommended Rate, then the rate determined in accordance with Condition 4(b)(ii)(F)(2);

BBSW Rate means, for an Interest Period, the rate (expressed as a percentage rate per annum) for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the "AVG MID" rate on the 'Refinitiv Screen ASX29 Page' or the "MID" rate on the 'Bloomberg Screen BBSW Page' (or any designation which replaces that designation on the applicable page, or any replacement page) (rounded if necessary to the fifth

For personal use only

decimal place, with 0.000005 being rounded upwards), at the Publication Time on the relevant Interest Determination Date;

Bloomberg Adjustment Spread means the term adjusted AONIA spread relating to the BBSW Rate provided by Bloomberg Index Services Limited (or a successor provider as approved and/or appointed by ISDA from time to time as the provider of term adjusted AONIA and the spread) (**BISL**) on the Fallback Rate (AONIA) Screen (or by other means), or provided to, and published by, authorised distributors, where **Fallback Rate (AONIA) Screen** means the Bloomberg Screen corresponding to the Bloomberg ticker for the fallback for the BBSW Rate accessed via the Bloomberg Screen <FBAK> <GO> Page (or, if applicable, accessed via the Bloomberg Screen <HP> <GO>) or any other published source designated by BISL;

Compounded Daily AONIA means, with respect to an Interest Period, the rate of return of a daily compound interest investment as calculated by the Principal Paying Agent on the applicable Interest Determination Date, as follows:

$$\left[\prod_{i=1}^{d_0}\left(1+\frac{AONIA_{i-5\ SBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

$\mathbf{AONIA_{i-5SBD}}$ means the per annum rate expressed as a decimal which is the level of AONIA provided by the Administrator and published as of the Publication Time for the Sydney Business Day falling five Sydney Business Days prior to such Sydney Business Day "i";

d is the number of calendar days in the relevant Interest Period;

$\mathbf{d_0}$ is the number of Sydney Business Days in the relevant Interest Period;

i is a series of whole numbers from 1 to d_0, each representing the relevant Sydney Business Day in chronological order from (and including) the first Sydney Business Day in the relevant Interest Period to (and including) the last Sydney Business Day in such Interest Period;

$\mathbf{n_i}$, for any Sydney Business Day "i", means the number of calendar days from (and including) such Sydney Business Day "i" up to (but excluding) the following Sydney Business Day; and

SBD or **Sydney Business Day** means any day on which commercial banks are open for general business in Sydney.

If, for any reason, Compounded Daily AONIA needs to be determined for a period other than an Interest Period, Compounded Daily AONIA is to be determined as if that period were an Interest Period starting on (and including) the first day of that period and ending on (but excluding) the last day of that period;

Fallback Rate means, where a Permanent Discontinuation Trigger for an Applicable Benchmark Rate has occurred, the rate that applies to replace that Applicable Benchmark Rate in accordance with Condition 4(b)(ii)(F)(2);

For personal use only

Final Fallback Rate means, in respect of an Applicable Benchmark Rate: (a) the rate determined by the Issuer (and communicated to the Principal Paying Agent) as a commercially reasonable alternative for the Applicable Benchmark Rate, taking into account all available information, which may include consultation with an Independent Adviser, that, in good faith, it considers relevant, provided that any rate (inclusive of any spreads or adjustments) implemented by central counterparties and/or futures exchanges with representative trade volumes in derivatives or futures referencing the Applicable Benchmark Rate will be deemed to be acceptable for the purposes of this sub-paragraph (a), together with (without double counting) such adjustment spread (which may be a positive or negative value or zero) that is customarily applied to the relevant successor rate or alternative rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for Applicable Benchmark Rate-linked Floating Rate Covered Bonds at such time (together with such other adjustments to the Business Day Convention, interest determination dates and related provisions and definitions, in each case, that are consistent with accepted market practice for the use of such successor rate or alternative rate for Applicable Benchmark Rate-linked Floating Rate Covered Bonds at such time), or, if no such industry standard adjustment spread is recognised or acknowledged, an adjustment spread calculated or determined by the Issuer in such method as is determined by the issuer, acting in good faith and in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, to be appropriate, and communicated to the Principal Paying Agent, provided that (b) if and for so long as no such successor rate or alternative rate can be determined in accordance with sub-paragraph (a), the Final Fallback Rate will be the last provided or published level of that Applicable Benchmark Rate;

Independent Adviser means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

Interest Determination Date means:

(a) in respect of an Interest Period for which the Rate of Interest is to be determined by reference to the BBSW Rate or to which the Final Fallback Rate applies under Condition 4(b)(ii)(F)(2), the first Sydney Business Day of the relevant Interest Period (or such other date as is specified as the applicable Interest Determination Date for such Interest Period in the Applicable Final Terms); and

(b) in respect of an Interest Period for which the Rate of Interest is to be determined by reference to AONIA or another Fallback Rate, the day falling four Sydney Business Days prior to the last day of the relevant Interest Period (or such other date as is specified as the applicable Interest Determination Date for such Interest Period in the Applicable Final Terms);

Non-Representative means, in respect of an Applicable Benchmark Rate, that the Supervisor of that Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate:

(a) has determined that such Applicable Benchmark Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Applicable Benchmark Rate is intended to measure and that representativeness will not be restored; and

(b) is aware that such determination will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such Supervisor or Administrator, as the case may be, (howsoever described) in contracts;

Permanent Discontinuation Trigger means, in respect of an Applicable Benchmark Rate:

(a) a public statement or publication of information by or on behalf of the Administrator of the Applicable Benchmark Rate announcing that it has ceased or that it will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider, as applicable, that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;

(b) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate, the Reserve Bank of Australia (or any successor central bank for Australian dollars), an insolvency official or resolution authority with jurisdiction over the Administrator of the Applicable Benchmark Rate or a court or an entity with similar insolvency or resolution authority over the Administrator of the Applicable Benchmark Rate which states that the Administrator of the Applicable Benchmark Rate has ceased or will cease to provide the Applicable Benchmark Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator or provider that will continue to provide the Applicable Benchmark Rate and, in the case of the BBSW Rate and a public statement or publication of information other than by the Supervisor, a public statement or publication of information by or on behalf of the Supervisor of the BBSW Rate has confirmed that cessation;

(c) a public statement by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate, as a consequence of which the Applicable Benchmark Rate will be prohibited from being used either generally, or in respect of the Covered Bonds, or that its use will be subject to restrictions or adverse consequences to the Issuer or a Covered Bondholder or Couponholder;

(d) as a consequence of a change in law or directive arising after the Issue Date of the first Tranche of the Covered Bonds, it has become unlawful for the Principal Paying Agent or any other party

For personal use only

For personal use only

responsible for calculations of interest under the Conditions to calculate any payments due to be made to any Covered Bondholder using the Applicable Benchmark Rate;

(e) a public statement or publication of information by the Supervisor of the Applicable Benchmark Rate if the Applicable Benchmark Rate is the BBSW Rate, or the Administrator of the Applicable Benchmark Rate if the Applicable Benchmark Rate is AONIA or the RBA Recommended Rate, stating that the Applicable Benchmark Rate is Non-Representative; or

(f) the Applicable Benchmark Rate has otherwise ceased to exist or be administered on a permanent or indefinite basis;

Permanent Fallback Effective Date means, in respect of a Permanent Discontinuation Trigger for an Applicable Benchmark Rate:

(a) in the case of paragraphs (a) and (b) of the definition of "Permanent Discontinuation Trigger", the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided and is no longer published or provided;

(b) in the case of paragraphs (c) and (d) of the definition of "Permanent Discontinuation Trigger", the date from which use of the Applicable Benchmark Rate is prohibited or becomes subject to restrictions or adverse consequences or the calculation becomes unlawful (as applicable);

(c) in the case of paragraph (e) of the definition of "Permanent Discontinuation Trigger", the first date on which the Applicable Benchmark Rate would ordinarily have been published or provided but is Non-Representative by reference to the most recent statement or publication contemplated in that paragraph and even if such Applicable Benchmark Rate continues to be published or provided on such date; or

(d) in the case of paragraph (f) of the definition of "Permanent Discontinuation Trigger", the date that event occurs;

Publication Time means:

(a) in respect of the BBSW Rate, approximately 10:30 a.m. (Sydney time) (or such other time at which such rate is accustomed to be published by the Administrator for the BBSW Rate in its benchmark methodology), provided that, if such rate is re-published by such Administrator between such time and 12:00 noon (Sydney time) (or any amended publication time for the final intraday refix of such rate specified by the Administrator for the BBSW Rate in its benchmark methodology) (the **Publication Time Cut-Off Time**), the Publication Time shall be taken to be such Publication Time Cut-Off Time; and

(b) in respect of AONIA, 4.00 p.m. (Sydney time) or any amended publication time for the final intraday refix of such rate specified by the Administrator for AONIA in its benchmark methodology;

For personal use only

RBA Recommended Fallback Rate has the same meaning given to AONIA Rate but with necessary adjustments to substitute all references to AONIA with corresponding references to the RBA Recommended Rate;

RBA Recommended Rate means, in respect of any relevant day (including any day "*i*"), the rate (inclusive of any spreads or adjustments) recommended as the replacement for AONIA by the Reserve Bank of Australia (which rate may be produced by the Reserve Bank of Australia or another administrator) and as provided by the Administrator of that rate or, if that rate is not provided by the Administrator thereof, published by an authorised distributor in respect of that day;

Supervisor means, in respect of an Applicable Benchmark Rate, the supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate, or any committee officially endorsed or convened by any such supervisor or competent authority that is responsible for supervising that Applicable Benchmark Rate or the Administrator of that Applicable Benchmark Rate;

Supervisor Recommended Rate means the rate formally recommended for use as the temporary replacement for the BBSW Rate by the Supervisor of the BBSW Rate; and

Temporary Disruption Trigger means, in respect of any Applicable Benchmark Rate which is required for any determination:

(a) the Applicable Benchmark Rate has not been published by the applicable Administrator or an authorised distributor and is not otherwise provided by the Administrator, in respect of, on, for or by the time and date on which that Applicable Benchmark Rate is required; or

(b) the Applicable Benchmark Rate is published or provided but the Issuer, acting in good faith and in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an obvious or proven error in that rate.

(G) BKBM Determination for Floating Rate Covered Bonds

Where "BKBM Determination" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be the "Bank Bill Benchmark Rate (FRA)" (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) administered by the New Zealand Financial Benchmark Facility Limited (**NZFBF**) (or any other person that takes over the administration of that rate), having a tenor closest to the relevant Interest Period (the **BKBM Rate**), as set forth on the display page designated on the BKBM Page at or about the BKBM Publication Time in the Relevant Financial Centre on the Interest Determination Date in question plus or minus (as indicated in the Applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent or other party responsible for the calculation of the Rate of Interest as specified in the Applicable Final Terms (and

For personal use only

references in this Condition 4(b)(ii)(G) to "Principal Paying Agent" shall be construed accordingly).

If the BKBM Page is not available, or if the BKBM Rate does not appear on the BKBM Page by 11.00 a.m. in the Relevant Financial Centre (or such other time that is 15 minutes after the then-prevailing BKBM Publication Time in the Relevant Financial Centre), then (unless the Principal Paying Agent has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to Condition 4(d) below, if applicable) the Rate of Interest shall be the equivalent rate provided by the NZFBF (or any person that takes over the administration of that rate) (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) at or around 11.00 a.m. in the Relevant Financial Centre (or such other time that is 15 minutes after the then-prevailing BKBM Publication Time in the Relevant Financial Centre) on the Interest Determination Date in question plus or minus (as indicated in the Applicable Final Terms) the Margin (if any) as determined by the Issuer. Any such Rate of Interest shall be notified to the Principal Paying Agent as soon as practicable after its determination.

If the Issuer does not notify the Principal Paying Agent of the Rate of Interest in accordance with the preceding paragraph, the Rate of Interest shall be that determined by the Principal Paying Agent as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In this Condition 4(b)(ii)(G):

BKBM Page means Bloomberg BKBM Page "GDCO 2805 1", or such other page as may replace such page for the purpose of displaying the New Zealand Bank Bill Benchmark Rate;

BKBM Publication Time means 10.45 a.m. (or such other time at which the BKBM Rate customarily appears on the BKBM Page);

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

Relevant Financial Centre shall mean Auckland and Wellington, as specified in the Applicable Final Terms.

(iii) Minimum Rate of Interest and/or Maximum Rate of Interest

If the Applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period will be such Minimum Rate of Interest.

If the Applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period will be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

For personal use only

The Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) and the Calculation Agent, in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent (or such other party as aforesaid) and the Calculation Agent, in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds, will calculate the amount of interest payable on the Floating Rate Covered Bonds (each, an **Interest Amount**) for the relevant Interest Period. Each Interest Amount will be calculated by applying the Rate of Interest to:

(A) in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds, the Principal Amount Outstanding of the A$ Registered Covered Bond;

(B) in the case of Floating Rate Covered Bonds which are (i) represented by a Global Covered Bond or (ii) Registered Covered Bonds in definitive form, the aggregate outstanding nominal amount of (I) the Covered Bonds represented by such Global Covered Bond or (II) such Registered Covered Bonds; or

(C) in the case of Floating Rate Covered Bonds which are Bearer Covered Bonds in definitive form, the Calculation Amount,

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

If "Interest Amounts Non-Adjusted" is specified in the Applicable Final Terms then, notwithstanding the bringing forward or postponement (as applicable) of an Interest Payment Date as a result of the application of the Business Day Convention set out in the Applicable Final Terms, the Interest Amount in respect of the relevant Interest Period and each subsequent Interest Period will be calculated as stated above on the basis of the original Interest Payment Dates without adjustment in accordance with the applicable Business Day Convention.

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period:

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

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

(C) if "Actual/365 (Sterling)" is specified in the Applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

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

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case, D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case, D2 will be 30;

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case, D1 will be 30; and

For personal use only

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case, D2 will be 30; and

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case, D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day of the Interest Period, unless (i) that day is the last day of February but not the Final Maturity Date (or, as the case may be, the Extended Due for Payment Date) or (ii) such number would be 31, in which case, D2 will be 30.

(v) Linear Interpolation

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

Designated Maturity means the period of time designated in the relevant Reference Rate (where "Screen Rate Determination" is specified as applicable in the Applicable Final Terms)

For personal use only

or the relevant BKBM Rate (where "BKBM Determination" is specified as applicable in the Applicable Final Terms.

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

(1) Except where "Screen Rate Determination – SOFR", "Screen Rate Determination – SONIA", "Screen Rate Determination – CORRA" or "Screen Rate Determination – €STR" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) and the Calculation Agent, in the case of Floating Rate Covered Bonds which are A$ Registered Covered Bonds, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Bond Trustee and to any stock exchange or other relevant competent authority or quotation system on which the relevant Floating Rate Covered Bonds are for the time being listed, quoted and/or traded or by which they have been admitted to listing and to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth Business Day (as defined in Condition 4(b)(i)), except in the case of the Luxembourg Stock Exchange which will be notified no later than the first Business Day of the relevant Interest Period, thereafter by the Principal Paying Agent or the Calculation Agent. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to the Bond Trustee and each stock exchange or other relevant authority on which the relevant Floating Rate Covered Bonds are for the time being listed or by which they have been admitted to listing and to the Covered Bondholders in accordance with Condition 13.

(2) Where "Screen Rate Determination – SOFR", "Screen Rate Determination – SONIA", "Screen Rate Determination – CORRA" or "Screen Rate Determination – €STR" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to: (i) the Issuer and the Bond Trustee, and (ii) any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and, in each case, to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than: (I) where "Screen Rate Determination – SOFR" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined or the second U.S. Government Securities Business Day (as defined in Condition 4(b)(ii)(B)(1) above) thereafter, (II) where "Screen Rate Determination – SONIA" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, the second London Banking Day (as defined in Condition 4(b)(ii)(C)(1) above) thereafter, (III) where "Screen Rate Determination – CORRA" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, the second Toronto Business Day (as defined in Condition 4(b)(ii)(D)(1)) thereafter, or (IV) where "Screen Rate Determination – €STR" is specified in the Applicable Final Terms as the manner in which the Rate of Interest is to be determined, the second T2 Business Day (as defined in Condition 4(b)(ii)(E)(1)) thereafter. Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the

For personal use only

relevant Interest Period. Any such amendment or alternative arrangements will promptly be notified to the Bond Trustee and to any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed and to the Covered Bondholders in accordance with Condition 13.

(vii) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(b), whether by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms, as applicable) or the Calculation Agent will (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Covered Bond Guarantor, the Principal Paying Agent, the Calculation Agent, the other Paying Agents, the Bond Trustee and all of the Covered Bondholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Covered Bond Guarantor, the Covered Bondholders or the Couponholders will attach to the Principal Paying Agent (or such other party as aforesaid) or the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Accrual of interest

Interest (if any) will cease to accrue on each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused or default is otherwise made in the payment thereof, in which event interest will continue to accrue as provided in the Bond Trust Deed.

(d) Benchmark Discontinuation

Notwithstanding the provisions in Condition 4(b)(ii) above, if:

(x) the Original Reference Rate is not SOFR or BBSW Rate; and

(y) the Issuer, acting in good faith, in a commercially reasonable manner, determines that a Benchmark Event has occurred in relation to the Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this Condition 4(d) shall apply:

(i) Successor Rate or Alternative Rate

If there is a Successor Rate, then the Issuer shall promptly notify the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders of such Successor Rate and that Successor Rate shall (subject to adjustment as provided in Condition 4(d)(ii)) subsequently be used by the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Covered Bonds (subject to the further operation of this Condition 4(d)).

If there is no Successor Rate but the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Alternative Rate, then

For personal use only

the Issuer shall promptly notify the Bond Trustee, the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) and, in accordance with Condition 13, the Covered Bondholders of such Alternative Rate and that Alternative Rate shall (subject to adjustment as provided in Condition 4(d)(ii)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Covered Bonds (subject to the further operation of this Condition 4(d)).

(ii) Adjustment Spread

If, in the case of a Successor Rate, an Adjustment Spread is formally recommended, or provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body, then the Issuer shall promptly notify the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders of such Adjustment Spread and the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) shall, subject to the receipt (not less than five Business Days prior to the relevant Interest Determination Date) of, and in accordance with, the Issuer's written instructions, apply such Adjustment Spread to the Successor Rate for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate.

If, in the case of a Successor Rate where no such Adjustment Spread is formally recommended or provided as an option by any Relevant Nominating Body, or in the case of an Alternative Rate, the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Adjustment Spread in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be), then the Issuer shall promptly notify the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders of such Adjustment Spread and the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) shall, subject to the receipt (not less than five Business Days prior to the relevant Interest Determination Date) of, and in accordance with, the Issuer's written instructions apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

If no such recommendation or option has been made (or made available) by any Relevant Nominating Body, or the Issuer so determines, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, that there is no such Adjustment Spread in customary market usage in the international debt capital markets and the Issuer further determines, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), then the Adjustment Spread shall be:

(A) the Adjustment Spread determined by the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, as being

For personal use only

the Adjustment Spread recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(B) if there is no such industry standard recognised or acknowledged, such Adjustment Spread as the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Covered Bondholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

Following any such determination of the Adjustment Spread, the Issuer shall promptly notify the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms, as applicable) and, in accordance with Condition 13, the Covered Bondholders of such Adjustment Spread and the Principal Paying Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Applicable Final Terms) shall, subject to the receipt (not less than five Business Days prior to the relevant Interest Determination Date) of, and in accordance with, the Issuer's written instructions, apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iii) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(d) and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its discretion (A) that amendments to these Conditions and/or the Bond Trust Deed and/or the Principal Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**), and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to the following paragraphs of this Condition 4(d)(iii) and subject to the Issuer having to give notice thereof to the Covered Bondholders in accordance with Condition 13, and to the Bond Trustee and the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms as applicable) in accordance with this Condition 4(d)(iii), without any requirement for the consent or approval of Covered Bondholders or Couponholders, make the necessary modifications to these Conditions and/or Bond Trust Deed and/or the Principal Agency Agreement to give effect to such Benchmark Amendments. At the request of the Issuer, but subject to receipt by the Bond Trustee and the Principal Paying Agent of the certificate referred to in the final paragraph of this Condition 4(d)(iii), and subject as provided below, the Bond Trustee and the Principal Paying Agent (as applicable) shall (at the expense of the Issuer), without any requirement for the consent or approval of Covered Bondholders or Couponholders and without liability to the Covered Bondholders or any other person, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Bond Trust Deed) with effect from the date specified in such notice.

For personal use only

For personal use only

In connection with any such modifications in accordance with this Condition 4(d)(iii), if and for so long as the Covered Bonds are admitted to trading and listed on the official list of a stock exchange, the Issuer shall comply with the rules of that stock exchange.

Notwithstanding any other provision of this Condition 4(d)(iii), neither the Bond Trustee nor the Principal Paying Agent shall be obliged to concur with the Issuer and the Covered Bond Guarantor, and/or (in the case of the Bond Trustee) direct the Security Trustee to concur with the Issuer and the Covered Bond Guarantor in respect of any Benchmark Amendments which, in the sole opinion of the Bond Trustee or the Principal Paying Agent (as applicable), would have the effect of (i) exposing the Bond Trustee or the Principal Paying Agent (as applicable) to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) increasing the obligations or duties, or decreasing the rights or protections, of the Bond Trustee or the Principal Paying Agent (as applicable) in the Bond Trust Deed, the Principal Agency Agreement and/or these Conditions.

Any Benchmark Amendments determined under this Condition 4(d)(iii) shall be notified promptly (in any case, not less than five Business Days prior to the relevant Interest Determination Date) by the Issuer to the Covered Bond Guarantor, the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms as applicable) and, in accordance with Condition 13, the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Amendments.

No later than notifying the Bond Trustee and the party responsible for determining the Rate of Interest (being the Principal Paying Agent or such other party specified in the Applicable Final Terms, as applicable) of the same, the Issuer shall deliver to each of the Bond Trustee and the Principal Paying Agent a certificate (on which each of the Bond Trustee and the Principal Paying Agent shall be entitled to rely without further enquiry or liability) signed by two Authorised Signatories (as defined in the Definitions Schedule) or, as the case may be, the Covered Bond Guarantor:

(A) Confirming: (i) that a Benchmark Event has occurred, (ii) whether the Issuer has consulted with an Independent Adviser, (iii) the Successor Rate or, as applicable, the Alternative Rate, (iv) where applicable, any Adjustment Spread, and/or (v) the specific terms of any Benchmark Amendments, in each case, as determined in accordance with the provisions of this Condition 4(d)(iii); and

(B) certifying that the Benchmark Amendments (in accordance with the provisions of Condition 4(d)(iii)) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Bond Trustee's and the Principal Paying Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Bond Trustee, the party responsible for determining the Rate of Interest (being the Principal Paying Agent or other such party specified in the Applicable Final Terms, as applicable), the Agents and the Covered Bondholders and Couponholders.

(iv) Independent Adviser

In the event the Issuer is to consult with an Independent Adviser in connection with any determination to be made by the Issuer pursuant to this Condition 4(d)(iv), the Issuer shall use

its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 4(d)(iv) shall act in good faith and in a commercially reasonable manner and (in the absence of fraud or wilful default) shall have no liability whatsoever to the Issuer, the Bond Trustee or the Covered Bondholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4(d) or otherwise in connection with the Covered Bonds.

If the Issuer consults with an Independent Adviser as to whether there is a Successor Rate, an Alternative Rate and/or whether any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining, such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of an Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud or wilful default) the Issuer shall have no liability whatsoever to the Covered Bondholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination.

No Independent Adviser appointed in connection with the Covered Bonds (acting in such capacity) shall have any relationship of agency or trust with the Covered Bondholders.

(v) Survival of Original Reference Rate Provisions

Without prejudice to the obligations of the Issuer under this Condition 4(d), the Original Reference Rate and the fallback provisions provided for in Conditions 4(b)(ii)(A), 4(b)(ii)(B) and/or the Applicable Final Terms, as the case may be, will continue to apply unless and until the Issuer has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with the relevant provisions of this Condition 4(d).

If, in the case of any Benchmark Event, any Successor Rate, Alternative Rate and/or Adjustment Spread is notified to the Principal Paying Agent or any other party specified in the Applicable Final Terms as being responsible for determining the Rate of Interest pursuant to Condition 4(d)(iii), and the Principal Paying Agent or such other responsible party (as applicable) is in any way uncertain as to the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Rate of Interest, it shall promptly notify the Issuer thereof and the Issuer shall direct the Principal Paying Agent or such other party (as applicable) in writing (which direction may be by way of a written determination of an Independent Adviser) as to which course of action to adopt in the application of such Successor Rate, Alternative Rate and/or Adjustment Spread in the determination of such Rate of Interest. If the Principal Paying Agent or such other party specified in the Applicable Final Terms as being responsible for determining the Rate of Interest is not promptly provided with such direction, it shall notify the Issuer thereof, and the Principal Paying Agent or such other party (as applicable) shall be under no obligation to make such calculation or determination and shall not incur any liability for not doing so. For the avoidance of doubt, for the period that the Principal Paying Agent or such other party (as applicable) remains uncertain of the application of the Successor Rate, Alternative Rate and/or Adjustment Spread in the calculation or determination of any Rate of Interest, the Original Reference Rate and the fallback provisions provided for in Condition 4(b) and/or the Applicable Final Terms, as the case may be, will continue to apply.

For personal use only

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

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4(d) by the Issuer will (in the absence of default, bad faith or manifest error by it or any of its directors, officers, employees or agents) be binding on the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Principal Paying Agent, the Calculation Agent, the Paying Agents and all the Covered Bondholders of this Series and Coupons relating thereto and (in the absence of any default, bad faith or manifest error as referred to above) no liability to the Bond Trustee and the Principal Paying Agent or the Covered Bondholders of this Series and Coupons relating thereto shall attach to the Issuer in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 4(d).

(vii) *Definitions*

In this Condition 4(d):

Adjustment Spread means either a spread, or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread may in either case be positive or negative or zero and is to be applied to the Successor Rate or the Alternative Rate (as the case may be) where the Original Reference Rate is replaced with the Successor Rate or the Alternative Rate (as the case may be);

Alternative Rate means an alternative benchmark or screen rate which the Issuer determines, in accordance with this Condition 4(d), is used in place of the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Covered Bonds;

Benchmark Amendments has the meaning given to it in Condition 4(d)(iii);

Benchmark Event means, with respect to an Original Reference Rate, the earlier to occur of:

(A) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered;

(B) the later of (i) the making of a public statement by or on behalf of the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (ii) the date falling six months prior to the specified date referred to in (B)(i);

(C) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;

(D) the later of (i) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the specified date referred to in (D)(i);

(E) the later of (i) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions

For personal use only

or adverse consequences, in each case, on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (E)(i);

(F) it has, or will prior to the next Interest Determination Date, become unlawful for the Principal Paying Agent, any Paying Agent, (if specified in the Applicable Final Terms) such other party responsible for the calculation of the Rate of Interest, or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate (including, without limitation, under Regulation (EU) No 2016/1011 as that Regulation applies in the European Union and/or as it forms part of the domestic law in the United Kingdom under the EUWA, if applicable);

(G) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be applicable; and

(H) the later of (i) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will no longer be representative or may no longer be used, in each case, on or before a specified date and (ii) the date falling six months prior to the specified date referred to in (H)(i);

Independent Adviser means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense;

Original Reference Rate means the benchmark or screen rate (as applicable) originally specified in the Applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Covered Bonds (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall include any such Successor Rate or Alternative Rate);

Relevant Nominating Body means, in respect of an Original Reference Rate:

(A) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which the Original Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities, or (iv) the Financial Stability Board or any part thereof; and

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5. Payments

(a) Method of payment

Subject as provided below:

For personal use only

(i) payments in a Specified Currency other than Euro will be made by credit or electronic transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian Dollars will be Sydney); and

(ii) payments in Euro will be made by credit or electronic transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment but without prejudice to the provisions of Condition 7. For the avoidance of doubt, any amounts to be paid on the Covered Bonds will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and no additional amounts will be required to be paid on account of any such deduction or withholding. References to Specified Currency will include any successor currency under applicable law.

(b) Presentation of Bearer Definitive Covered Bonds and Coupons

Payments of principal and interest (if any) in respect of Bearer Definitive Covered Bonds will (subject as provided below) be made in the manner provided in Condition 5(a) above only against presentation and surrender of Bearer Definitive Covered Bonds or Coupons, as the case may be, at any specified office of any Paying Agent outside the **United States** (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Fixed Rate Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression will include Coupons falling to be issued on exchange of matured Talons), failing which an amount equal to the face value of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon amounts in respect of any Fixed Rate Covered Bond in definitive bearer form becoming due and repayable by the Issuer (in the absence of a Notice to Pay) or the Covered Bond Guarantor under the Covered Bond Guarantee prior to its Final Maturity Date (or, as the case may be, the Extended Due for Payment Date), all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the due date for redemption of any Floating Rate Covered Bond or Long Maturity Covered Bond in definitive bearer form, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) will become void and no payment or, as the case may be, exchange for further Coupons will be made in respect thereof. A **Long Maturity Covered Bond** is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond will cease to be a

For personal use only

Long Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the Principal Amount Outstanding of such Covered Bond. If the date for redemption of any Bearer Definitive Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date will be payable only against surrender of the relevant Bearer Definitive Covered Bond.

(c) Payments in respect of Bearer Global Covered Bonds

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Bearer Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to Bearer Definitive Covered Bonds and otherwise in the manner specified in the relevant Global Covered Bond (against presentation or surrender, as the case may be, of such Global Covered Bond at the specified office of any Paying Agent outside the United States). On the occasion of each payment, a record of such payment made on such Bearer Global Covered Bond, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Covered Bond by the Paying Agent and such record will be *prima facie* evidence that the payment in question has been made.

(d) Payments in respect of Registered Covered Bonds

Payments of principal in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the relevant Registrar or the Paying Agents. Such payments will be made by electronic transfer to the Designated Account (as defined below) of the holder (or the first named joint holder) of the Registered Covered Bond appearing in the Register of holders of the Registered Covered Bonds maintained by the relevant Registrar at the close of business on the third Business Day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Covered Bonds held by a holder is less than U.S.$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, will be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than Euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian Dollars, will be Sydney) and (in the case of a payment in Euro) any bank which processes payments in Euro.

Payments of interest in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail to the holder (or the first named joint holder) of the Registered Covered Bond appearing in the Register at the close of business on (A) in the case of Global Covered Bonds in registered form, the Business Day prior to the relevant due date and (B) in the case of Registered Definitive Covered Bonds, the Business Day falling 15 days prior to the relevant due date (the **Record Date**) at the holder's address shown in the Register on the Record Date and at the holder's risk. Upon application of the holder to the specified office of the relevant Registrar not less than three Business Days before the due date for any payment of interest in respect of a Registered Covered Bond, the payment may be made by electronic transfer on the due date in the manner provided in the preceding paragraph. Any such application for electronic transfer will be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Covered Bonds which become payable to the holder who has made the initial application until such time as the relevant Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered

For personal use only

Covered Bond on redemption will be made in the same manner as payment of the principal in respect of such Registered Covered Bond.

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

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

None of the Issuer, the Covered Bond Guarantor, the Bond Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(e) Payments in respect of A$ Registered Covered Bonds

Payments of principal in respect of each A$ Registered Covered Bond will be made to the person who is the holder of the A$ Registered Covered Bond at 10.00 a.m. in the place where the A$ Register in relation to the A$ Registered Covered Bonds is maintained on the due date.

Payments of interest in respect of each A$ Registered Covered Bond will be made to the person who is the holder of the A$ Registered Covered Bond at 4.00 p.m. in the place where the A$ Register in relation to the A$ Registered Covered Bonds is maintained on the A$ Record Date.

Payment of the interest due in respect of each A$ Registered Covered Bond on redemption will be made in the same manner as payment of principal in respect of each A$ Registered Covered Bond.

If the A$ Registered Covered Bond is lodged in the Austraclear System, payments in respect of the A$ Registered Covered Bonds will be by transfer to the relevant account of the holder of the beneficial interest in the A$ Registered Covered Bond in accordance with the Austraclear Regulations.

If the A$ Registered Covered Bond is not lodged in the Austraclear System, payments in respect of the A$ Registered Covered Bonds will be made by crediting, on the relevant due date, the amount due to the account previously notified by the holder of the A$ Registered Covered Bond to the Issuer and the A$ Registrar. If, by close of business in the place where the A$ Register is maintained on the A$ Record Date, the holder of the A$ Registered Covered Bond has not notified the Issuer and the A$ Registrar of an account to which payments to it must be made, the payments will be made by a cheque in Australian Dollars and mailed by uninsured prepaid ordinary mail on the AU Business Day immediately before the relevant due date to the holder (or the first named of joint holders) of the A$ Registered Covered Bond at the holder's address shown in the A$ Register on the A$ Record Date and at the holder's risk.

No payment of interest in respect of an A$ Registered Covered Bond will be made to an address in the United States or transferred to an account maintained by the holder of the A$ Registered Covered Bond in the United States.

Holders of A$ Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any A$ Registered Covered Bond as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost

For personal use only

in the post. No commissions or expenses will be charged to such holders by the A$ Registrar in respect of any payments of principal or interest in respect of the A$ Registered Covered Bonds.

None of the Issuer, the Covered Bond Guarantor or the Bond Trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the A$ Registered Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

(f) General provisions applicable to payments

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

Notwithstanding the foregoing provisions of this Condition, payments of principal and/or interest in U.S. dollars in respect of the Bearer Covered Bonds will only be made at the specified office of a Paying Agent in the United States if:

(i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment, in U.S. dollars at such specified offices outside the United States, of the full amount of interest on the Bearer Covered Bonds in the manner provided above when due;

(ii) payment of the full amount of such principal and interest at such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Trust Manager, adverse tax consequences to the Issuer or the Covered Bond Guarantor.

(g) Payment Day

If the date for payment of any amount in respect of any Covered Bond or Coupon is not a Payment Day (as defined below), the holder thereof will not be entitled to payment of the relevant amount due until the next following Payment Day and will not be entitled to any interest or other sum in respect of any such delay. In this Condition (unless otherwise specified in the Applicable Final Terms), **Payment Day** means any day which (subject to Condition 8) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(A) the relevant place of presentation;

For personal use only

(B) Sydney and, in the case of Covered Bonds that are not A$ Registered Covered Bonds, London; and

(C) any Additional Financial Centre specified in the Applicable Final Terms;

(ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the places specified in Condition 5(g)(i) and which, if the Specified Currency is Australian Dollars, will be Sydney) or (2) in relation to any sum payable in Euro, a day on which T2 is open; and

(iii) in the case of any payment in respect of a Registered Global Covered Bond denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and in respect of which an accountholder of DTC (with an interest in such Registered Global Covered Bond) has elected to receive any part of such payment in U.S. dollars, a day on which commercial banks are not authorised or required by law or regulation to be closed in New York City.

(h) Interpretation of principal and interest

Any reference in these Conditions to principal in respect of the Covered Bonds will be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertakings or covenants given in addition thereto, or in substitution therefor, pursuant to the Bond Trust Deed;

(ii) the Final Redemption Amount of the Covered Bonds;

(iii) the Early Redemption Amount of the Covered Bonds;

(iv) the Optional Redemption Amount(s) (if any) of the Covered Bonds;

(v) the Residual Redemption Amount (if any) of the Covered Bonds;

(vi) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 6(f));

(vii) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds; and

(viii) any Excess Proceeds which may be payable by the Bond Trustee under or in respect of the Covered Bonds.

Any reference in these Conditions to interest in respect of the Covered Bonds will be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertakings given in addition thereto, or in substitution therefor, pursuant to the Bond Trust Deed.

(i) Redenomination

Where redenomination is specified in the Applicable Final Terms as being applicable, the Issuer may, without the consent of the Covered Bondholders and the Couponholders, on giving prior written notice

For personal use only

For personal use only

to the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Registrar (in the case of Registered Covered Bonds), Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Covered Bondholders in accordance with Condition 13, elect that, with effect from the Redenomination Date specified in the notice, the Covered Bonds will be redenominated in Euro. In relation to any Covered Bonds where the Applicable Final Terms provides for a minimum Specified Denomination in the Specified Currency which is equivalent to at least Euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area, it will be a term of any such redenomination that the holder of any Covered Bonds held through Euroclear and/or Clearstream, Luxembourg and/or DTC must have credited to its securities account with the relevant clearing system a minimum balance of Covered Bonds of at least Euro 100,000.

The election will have effect as follows:

(i) the Covered Bonds will be deemed to be redenominated in Euro in the denomination of Euro 0.01 with a nominal amount for each Covered Bond equal to the nominal amount of that Covered Bond in the Specified Currency, converted into Euro at the Established Rate, provided that, if the Issuer determines, in consultation with the Principal Paying Agent and the Bond Trustee, that the then market practice in respect of the redenomination in Euro of internationally offered securities is different from the provisions specified above, such provisions will be deemed to be amended so as to comply with such market practice and the Issuer will promptly notify the Covered Bondholders, the competent listing authority, stock exchange and/or market (if any) on or by which the Covered Bonds may be listed and/or admitted to trading and the Paying Agents of such deemed amendments;

(ii) save to the extent that an Exchange Notice has been given in accordance with paragraph (iv) below, the amount of interest due in respect of the Covered Bonds will be calculated by reference to the aggregate nominal amount of Covered Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment will be rounded down to the nearest Euro 0.01;

(iii) if Definitive Covered Bonds are required to be issued after the Redenomination Date, they will be issued at the expense of the Issuer in denominations of Euro 100,000 and/or such higher amounts as the Principal Paying Agent may determine and notify to the Covered Bondholders and any remaining amounts less than Euro 100,000 will be redeemed by the Issuer and paid to the Covered Bondholders in Euro in accordance with Condition 6;

(iv) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement Euro denominated Covered Bonds and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Covered Bonds and Coupons so issued will also become void on that date although those Covered Bonds and Coupons will continue to constitute valid exchange obligations of the Issuer. New Euro denominated Covered Bonds and Coupons will be issued in exchange for Covered Bonds and Coupons denominated in the Specified Currency in such manner as the Principal Paying Agent may specify and as will be notified to the Covered Bondholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Covered Bonds;

(v) after the Redenomination Date, all payments in respect of the Covered Bonds and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in Euro as though references in the Covered Bonds to the Specified Currency were to Euro. Payments will be made in Euro by credit or transfer

to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque;

(vi) if the Covered Bonds are Fixed Rate Covered Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:

(A) in the case of Covered Bonds represented by a Global Covered Bond, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Covered Bonds represented by such Global Covered Bonds; and

(B) in the case of Definitive Covered Bonds, by applying the Rate of Interest to the Calculation Amount,

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

(vii) if the Covered Bonds are Floating Rate Covered Bonds or Variable Interest Covered Bonds, the Applicable Final Terms will specify any relevant changes to the provisions relating to interest; and

(viii) such other changes will be made to this Condition (and the Programme Documents) as the Issuer may decide, after consultation with the Principal Paying Agent and the Bond Trustee, and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in Euro.

(j) Definitions

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

Established Rate means the rate for the conversion of the relevant Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into Euro established by the Council of the European Union pursuant to Article 123 of the Treaty.

Euro means the lawful currency for the time being of the member states of the European Union that adopt the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty.

Rate of Interest means the rate of interest payable from time to time in respect of a Series of Covered Bonds, as determined in, or as determined in the manner specified in, the Applicable Final Terms.

Redenomination Date means (in the case of interest-bearing Covered Bonds) any date for payment of interest under the Covered Bonds or (in the case of Zero Coupon Covered Bonds) any date, in each case, specified by the Issuer in the notice given to the Covered Bondholders pursuant to Condition 5(i)(i) and which falls on or after the date on which the country of the relevant Specified Currency first participates in the third stage of European economic and monetary union.

Treaty means the Treaty on the functioning of the European Community, as amended.

For personal use only

For personal use only

6. Redemption and Purchase

(a) Final redemption

Unless previously redeemed in full or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at its Final Redemption Amount specified in the Applicable Final Terms in the relevant Specified Currency on the Final Maturity Date.

Without prejudice to Condition 9, if an Extended Due for Payment Date is specified as "applicable" in the Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Final Maturity Date specified in the Final Terms (or after expiry of the grace period set out in Condition 9(a)(i)) and, following the service of a Notice to Pay on the Covered Bond Guarantor by no later than the date falling one Business Day prior to the Extension Determination Date, the Trust Manager determines that the Covered Bond Guarantor has insufficient moneys available under the Guarantee Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series of Covered Bonds on the date falling on the earlier of (i) the date which falls two Business Days after service of such Notice to Pay on the Covered Bond Guarantor or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(a)(i)) under the terms of the Covered Bond Guarantee and (ii) the Extension Determination Date, then (subject as provided below) payment of the unpaid amount by the Covered Bond Guarantor under the Covered Bond Guarantee will be deferred until the Extended Due for Payment Date, provided that the Covered Bond Guarantor (at the direction of the Trust Manager) may pay any amount representing the Final Redemption Amount on the relevant Final Maturity Date and any amount representing the Final Redemption Amount due and remaining unpaid on the earlier of (i) and (ii) above may also be paid by the Covered Bond Guarantor (at the direction of the Trust Manager) on any Interest Payment Date thereafter up to (and including) the Extended Due for Payment Date. The Issuer will confirm to the Principal Paying Agent or the A$ Registrar (in the case of A$ Registered Covered Bonds) as soon as reasonably practicable and in any event at least four Business Days prior to the Final Maturity Date of a Series of Covered Bonds whether (x) payment will be made in full of the Final Redemption Amount in respect of a Series of Covered Bonds on that Final Maturity Date or (y) payment will not be made in full of the Final Redemption Amount in respect of a Series of Covered Bonds on that Final Maturity Date. Any failure by the Issuer to notify the Principal Paying Agent or the Calculation Agent (as the case may be) will not affect the validity or effectiveness of the extension.

The Trust Manager will notify the relevant Covered Bondholders (in accordance with Condition 13), the Rating Agencies, the Bond Trustee, the Security Trustee, the Principal Paying Agent and the relevant Registrar or the A$ Registrar (in the case of Registered Covered Bonds or A$ Registered Covered Bonds, as applicable) as soon as reasonably practicable and in any event at least one Business Day prior to the dates specified in (a) and (b) of the preceding paragraph of any determination by the Trust Manager of the inability of the Covered Bond Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of a Series of Covered Bonds pursuant to the Covered Bond Guarantee. Any failure by the Trust Manager to notify such parties will not affect the validity or effectiveness of the extension nor give rise to any rights in any such party. In such circumstances, the Trust Manager must direct the Covered Bond Guarantor to, and upon receiving such direction the Covered Bond Guarantor must, on the earlier of (I) the date falling two Business Days after the service of a Notice to Pay on the Covered Bond Guarantor or if later the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(a)(i)) and (II) the Extension Determination Date, under the Covered Bond Guarantee, apply the moneys (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) rateably in part payment of an amount equal to the Final Redemption Amount of each Covered Bond of the relevant Series of Covered Bonds and will pay Guaranteed Amounts constituting the Scheduled Interest in respect of each such Covered Bond on such date. The obligation of the Covered Bond Guarantor to pay any amounts in respect of the balance

of the Final Redemption Amount not so paid will be deferred as described above. Such failure to pay by the Covered Bond Guarantor will not constitute a Covered Bond Guarantor Event of Default.

Any discharge of the obligations of the Issuer as a result of the payment of Excess Proceeds to the Bond Trustee will be disregarded for the purposes of determining the amounts to be paid by the Covered Bond Guarantor under the Covered Bond Guarantee in connection with this Condition 6(a).

For the purposes of these Conditions:

Extended Due for Payment Date means, in relation to any Series of Covered Bonds, the date, if any, specified as such in the Applicable Final Terms to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the dates specified in this Condition 6(a).

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

Guarantee Priority of Payments means the guarantee priority of payments relating to the allocation and distribution of all Available Revenue Receipts and Available Principal Receipts following service of a Notice to Pay on the Covered Bond Guarantor, but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor in accordance with clause 17.5 of the Establishment Deed.

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

(b) Redemption for taxation reasons

The Covered Bonds may be redeemed at the option of the Issuer in whole, or in part, at any time (if this Covered Bond is not a Floating Rate Covered Bond) or on any Interest Payment Date (if this Covered Bond is a Floating Rate Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Bond Trustee and, in accordance with Condition 13, the Covered Bondholders (which notice will be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that, on the occasion of the next Interest Payment Date, the Issuer is or will be required to pay additional amounts as provided or referred to in Condition 7. Covered Bonds redeemed pursuant to this Condition 6(b) will be redeemed at their Early Redemption Amount referred to in Condition 6(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the option of the Issuer

(A) **Redemption at the option of the Issuer – Issuer Call**

If an Issuer Call is specified in the Applicable Final Terms, the Issuer may, having (unless otherwise specified in the Applicable Final Terms) given not less than 30 nor more than 60 days' notice to the Bond Trustee, (other than in the case of the redemption of Registered Covered Bonds) the Principal Paying Agent, (in the case of the redemption of Registered Covered Bonds or A$ Registered Covered Bonds) the relevant Registrar or the A$ Registrar (as applicable) and, in accordance with Condition 13, the Covered Bondholders (which notice will be irrevocable), redeem all or some only (as specified in the Applicable Final Terms) of the Covered Bonds then outstanding on any Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in the Applicable Final Terms together, if applicable, with interest accrued to (but excluding) the relevant Optional Redemption Date(s). Upon expiry of such notice, the Issuer will be bound to redeem the Covered Bonds accordingly. In the event

For personal use only

For personal use only

of a redemption of some only of the Covered Bonds, such redemption must be for an amount being the Minimum Redemption Amount (as specified in the Applicable Final Terms) or a Maximum Redemption Amount (as specified in the Applicable Final Terms). In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (the **Redeemed Covered Bonds**) will be selected:

(i) in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, individually by lot;

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

(iii) in the case of Redeemed Covered Bonds which are A$ Registered Covered Bonds, on the basis that the Redeemed Covered Bonds must be a multiple of their Specified Denominations,

in each case, not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 13 not less than 30 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by Definitive Covered Bonds will bear the same proportion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of Definitive Covered Bonds outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case, on the Selection Dates, provided that such first mentioned nominal amount will, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Covered Bonds represented by a Global Covered Bond will be equal to the balance of the Redeemed Covered Bonds. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6(c) and notice to that effect will be given by the Issuer to the Covered Bondholders in accordance with Condition 13 at least 30 days prior to the Selection Date.

(B) **Redemption at the option of the Issuer – Issuer Clean-Up Call**

If Issuer Clean-Up Call is specified as being applicable in the Applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the Applicable Final Terms to the Covered Bondholders in accordance with Condition 13 (which notices shall be irrevocable, and shall specify the date fixed for redemption (provided that such date is no earlier than any Earliest Possible Date for Redemption specified in the Applicable Final Terms)), elect to redeem all, but not some only, of the Covered Bonds then outstanding on any date and at the Residual Redemption Amount specified in the Applicable Final Terms (the **Residual Redemption Amount**) together, if appropriate, with interest accrued to (but excluding) the relevant date of redemption, if, prior to the date of such notice, 75 per cent. (or such other percentage as may be specified in the Applicable Final Terms as being the Issuer Clean-Up Call Threshold (the **Issuer Clean-Up Call Threshold**)) or more of the aggregate nominal amount of the Series issued has been redeemed or purchased and cancelled.

Prior to the publication of any notice of redemption pursuant to this Condition 6(c)(B), the Issuer shall deliver to the Bond Trustee, to make available at its specified office to the Covered Bondholders, a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and confirming that 75 per cent. (or such other percentage as may be specified in the Applicable Final Terms as being the Issuer Clean-Up Call Threshold) or more of the aggregate nominal amount of the Series issued has been redeemed or purchased and cancelled. The Bond Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out above, in which event it shall be conclusive and binding on the Covered Bondholders and the Couponholders.

(d) Redemption at the option of the Covered Bondholders (Investor Put)

If Investor Put is specified in the Applicable Final Terms, upon the holder of any Covered Bond giving the Issuer not less than 30 nor more than 60 days' written notice as specified in the Applicable Final Terms the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the Applicable Final Terms, such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date

To exercise the right to require redemption of a Covered Bond the holder thereof must, if the Covered Bond is in definitive form and held outside Euroclear and Clearstream, Luxembourg or DTC, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 6(d) accompanied by this Covered Bond. If this Covered Bond is represented by a Global Covered Bond held through Euroclear or Clearstream, Luxembourg or DTC to exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg or DTC (which may include notice being given on its instruction by Euroclear or Clearstream, Luxembourg or DTC, or any common depository, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg or DTC from time to time and, if this Covered Bond is represented by a Global Covered Bond, at the same time present or procure the presentation of the relevant Global Covered Bond to the Principal Paying Agent for notation accordingly. If this Covered Bond is an A$ Registered Covered Bond lodged in the Austraclear System, to exercise the right to require redemption of this Covered Bond the holder of the beneficial interest in this Covered Bond must, within the notice period, give notice to the A$ Registrar of such exercise in accordance with the Austraclear Regulations. If this Covered Bond is an A$ Registered Covered Bond held outside of the Austraclear System, to exercise a right to require redemption, the Covered Bondholder must, within the notice period, give notice to the Issuer and the A$ Registrar of such exercise in a form acceptable to the A$ Registrar together with any evidence the A$ Registrar may require to establish title of the Covered Bondholder to the relevant Covered Bond.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg, the Austraclear System or DTC, given by a holder of any Covered Bond pursuant to this Condition 6(d), will be irrevocable except where, prior to the due date of redemption, an Issuer Event of Default or a Covered Bond Guarantor Event of Default has occurred and is continuing and the Bond Trustee has declared the Covered Bonds to be due and payable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6(d) and instead request or direct the Bond Trustee to declare such Covered Bond forthwith due and payable pursuant to Condition 9.

For personal use only

(e) ***Redemption due to illegality***

The Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice as specified in the Applicable Final Terms to the Bond Trustee, the Principal Paying Agents, the Registrars and, in accordance with Condition 13, all the Covered Bondholders (which notice will be irrevocable), if the Issuer satisfies the Bond Trustee immediately before the giving of such notice that it has, or will before the next Interest Payment Date of any Covered Bond of any Series, become unlawful for the Intercompany Note Subscriber and/or the Demand Note Subscriber to subscribe for or continue to fund any Intercompany Note and/or the Demand Note held by the Intercompany Note Subscriber or the Demand Note Subscriber, as the case may be, issued by the Covered Bond Guarantor pursuant to the Intercompany Note Subscription Agreement or the Demand Note Subscription Agreement, as the case may be, as a result of any change in, or amendment to, the applicable laws or regulations or any change in the application or official interpretation of such laws or regulations, which change or amendment has become or will become effective before the next such Interest Payment Date.

Covered Bonds redeemed pursuant to this Condition 6(e) will be redeemed at their Early Redemption Amount referred to in Condition 6(f) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

For the purpose of Conditions 6(b) and 6(e) above and 6(j) below and Condition 9, each Covered Bond will be redeemed at its Early Redemption Amount calculated by the Principal Paying Agent as follows:

(i) in the case of a Covered Bond with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(ii) in the case of a Covered Bond (other than a Zero Coupon Covered Bond) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Covered Bond is denominated, at the amount specified in, the Applicable Final Terms or, if no such amount is so specified in the Applicable Final Terms, at its nominal amount; or

(iii) in the case of a Zero Coupon Covered Bond, at an amount (the **Amortised Face Amount**) equal to the sum of:

(A) the Reference Price; and

(B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable.

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

(g) ***[Reserved]***

For personal use only

(h) ***Purchases***

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

(i) ***Cancellation***

All Covered Bonds (other than A$ Registered Covered Bonds) which are redeemed in full will forthwith be cancelled (together with, in the case of Bearer Definitive Covered Bonds, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 6(h) above and cancelled (together with, in the case of Bearer Definitive Covered Bonds, Coupons and Talons cancelled therewith) will be forwarded to the Principal Paying Agent and cannot be held, reissued or resold.

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

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

(i) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and

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

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

Prior to the publication of any notice of redemption pursuant to Condition 6(b) or (e), the Issuer will deliver to the Bond Trustee a certificate signed by two Authorised Signatories (as defined in the Definitions Schedule) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Bond Trustee will be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it will be conclusive and binding on all holders of the Covered Bonds and Couponholders.

7. Taxation

For personal use only

For personal use only

All payments of principal and interest (if any) in respect of the Covered Bonds and Coupons by or on behalf of the Issuer and all payments of Guaranteed Amounts by or on behalf of the Covered Bond Guarantor, as the case may be, must be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Australia or any political sub-division thereof or by any authority therein or thereof having power to tax unless such withholding or deduction is required by law or regulation or administrative practice of any jurisdiction.

If the Applicable Final Terms indicate that tax gross-up by the Issuer in accordance with this Condition 7 is applicable, in the event of such a withholding or deduction being made by the Issuer in respect of a payment made by it, the Issuer will pay such additional amounts as will be necessary in order that the net amounts received by the Covered Bondholders or Couponholders after such withholding or deduction will equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds or Coupons, as the case may be, in the absence of such withholding or deduction; except that the foregoing obligation to pay additional amounts will not apply to any such tax, assessment, governmental charge or duty:

(a) which is payable otherwise than by deduction or withholding from payments of principal of, and interest on, such Covered Bond or Coupon;

(b) which is payable by reason of the Covered Bondholder or Couponholder or beneficial owner (or any one of them in case of principal or interest derived by two or more persons jointly) having, or having had, some personal or business connection with Australia (other than mere ownership of or receipt of payment under the Covered Bonds or Coupons or the fact that payments are, or for the purposes of taxation are deemed to be, from sources in or secured in Australia);

(c) which could lawfully be avoided if the Covered Bondholder or Couponholder or beneficial owner had provided the Issuer or a Paying Agent or any tax authority with any certification, tax identification number, name and address details or had complied with another reporting requirement, including the provision of information concerning nationality, tax residence, identity and/or other tax exemption status (but has not been so avoided solely by reason of such Covered Bondholder's, Couponholder's or beneficial owner's failure to do so);

(d) which is payable by reason of a change in law that becomes effective more than thirty days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day, assuming that day to have been a Payment Day (as defined in Condition 5(g));

(e) which is an estate, inheritance, gift, sales, transfer, personal property, stamp duty or similar tax, assessment or other charge;

(f) which is payable by reason of the Covered Bondholder, Couponholder or beneficial owner of such Covered Bond or Coupon being an associate of the Issuer or the Covered Bond Guarantor for the purposes of section 128F of the Tax Act;

(g) which is imposed or withheld as a consequence of a determination having been made under Part IVA of the Tax Act (or any modification or equivalent thereof) by the Commissioner of Taxation of the Commonwealth of Australia that withholding tax is payable in respect of a payment in circumstances where the payment would not have been subject to withholding tax in the absence of the scheme which was the subject of that determination;

(h) with respect to any payment of principal of or interest (including original issue discount) on the Covered Bonds and Coupons by the Issuer to any Covered Bondholder or Couponholder who is a fiduciary or partnership or other than the sole beneficial owner of any such payment

to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such a partnership or any other beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the holder of such Covered Bonds and Coupons; or

(i) any combination of paragraphs (a) through (h) above.

For the avoidance of doubt, any amounts to be paid on the Covered Bonds and Coupons will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and no additional amounts will be required to be paid on account of any such deduction or withholding.

If the Applicable Final Terms indicate that tax gross-up by the Issuer in accordance with this Condition 7 is not applicable, or do not indicate that Condition 7 is applicable, if any payments of principal and interest (if any) in respect of the Covered Bonds and Coupons by or on behalf of the Issuer are or become subject to any withholding or deduction, on account of any taxes, duties or other charges of whatever nature, imposed or levied by or on behalf of Australia or by any other authority having power to tax, the Issuer will not be obliged to pay any additional amount as a consequence. For purposes of the preceding sentence and the next paragraph, any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code shall be deemed a tax imposed by the United States.

If any payments made by the Covered Bond Guarantor under the Covered Bond Guarantee are or become subject to any withholding or deduction, on account of any taxes, duties or other charges of whatever nature, imposed or levied by or on behalf of Australia or by any other authority having power to tax, the Covered Bond Guarantor will not be obliged to pay any additional amount as a consequence.

As used herein, the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Bond Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 13.

8. Prescription

The Covered Bonds (other than A$ Registered Covered Bonds), whether in bearer or registered form, and Coupons will become void unless presented for payment within ten years (in the case of principal) and five years (in the case of interest) in each case from the Relevant Date (as defined in Condition 7) therefor, subject in each case to the provisions of Condition 5.

There will not be included in any Coupon sheet issued on exchange of a Talon, any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5 or any Talon which would be void pursuant to Condition 5.

9. Events of Default and Enforcement

(a) Issuer Events of Default

For personal use only

For personal use only

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the **Covered Bonds** (which for this purpose or the purpose of any Extraordinary Resolution (as defined in Condition 14) referred to in this Condition 9(a) means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Bond Trust Deed) then outstanding, as if they were a single Series (with the Principal Amount Outstanding of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate), or, if so directed by an Extraordinary Resolution of the Covered Bondholders, will (but in the case of the occurrence of any of the events mentioned in subparagraph (iii), (iv) (v), (vi), (viii) or (ix) inclusive below, only if the Bond Trustee has certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series) (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction) give notice (an **Issuer Acceleration Notice**) in writing to the Issuer (copied to the Covered Bond Guarantor) that as against the Issuer (but not, for the avoidance of doubt, as against the Covered Bond Guarantor under the Covered Bond Guarantee) each Covered Bond of each Series is, and each such Covered Bond will, unless such event will have been cured by the Issuer prior to the Issuer's receipt of the notice in writing from the Bond Trustee, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Bond Trust Deed if any of the following events (each, an **Issuer Event of Default**) will occur and be continuing:

(i) default by the Issuer in any payment when due of principal on the Covered Bonds or any of them and the default continues for a period of seven days;

(ii) default by the Issuer in payment when due of any instalment of interest on the Covered Bonds or any of them and the default continues for a period of 30 days;

(iii) a failure by the Issuer to perform or observe any of its other obligations under the Conditions or the Bond Trust Deed and the failure continues for the period of 30 days next following the service by the Bond Trustee on the Issuer of notice requiring the same to be remedied;

(iv) a distress or execution or other legal process is levied or enforced upon or sued out or put in force against any part of the property, assets or revenues of the Issuer and such distress or execution or other legal process, as the case may be, is not discharged or stayed within 14 days of having been so levied, enforced or sued out;

(v) an encumbrancer takes possession or a receiver or administrator is appointed over the whole or any part of the undertaking, property, assets or revenues of the Issuer (other than in respect of moneys borrowed or raised on a non-recourse basis);

(vi) the Issuer (a) becomes insolvent or is unable to pay its debts as they mature; (b) applies for or consents to or suffers the appointment of a liquidator or receiver or administrator of the Issuer or of the whole or any part of the undertaking, property, assets or revenues of the Issuer (other than in respect of moneys borrowed or raised on a non-recourse basis); or (c) takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or any arrangement or composition with or for the benefit of creditors;

(vii) other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency either an order is made for the winding up of the Issuer or an effective resolution is passed by shareholders or members for the winding up of the Issuer;

(viii) a moratorium will be agreed or declared in respect of any indebtedness of the Issuer or any governmental authority or agency will have condemned, seized or compulsorily purchased or

expropriated all or, in the opinion of the Bond Trustee, a substantial part of the assets of or capital of the Issuer; or

(ix) (a) the Issuer ceases to carry on banking business in Australia or the Issuer's authority under the Australian Banking Act or any amendment or re-enactment thereof to carry on banking business in Australia is revoked; or (b) the Issuer enters into any arrangement or agreement for any sale or disposal of the whole of its business by amalgamation or otherwise other than, in the case of (b) only: (A) under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency which results in a substitution of the principal debtor under the Covered Bonds and Coupons pursuant to Condition 14; or (B) with the consent of the Covered Bondholders by Extraordinary Resolution;

(x) if an Asset Coverage Test Breach Notice has been served and has not been revoked (in accordance with the terms of the Programme Documents) on the next following Calculation Date after service of such Asset Coverage Test Breach Notice on the Covered Bond Guarantor; or

(xi) if the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached during the Pre-Maturity Test Period and the Covered Bond Guarantor has not taken the required actions set out in clause 14.4 of the Establishment Deed following that breach by the earlier to occur of:

(A) ten AU Business Days from the date that the Seller is notified of that breach; and

(B) the Final Maturity Date of that Series of Hard Bullet Covered Bonds.

Notwithstanding any other provision of this Condition 9(a) (other than Condition 9(a)(vii)), no Issuer Event of Default in respect of the Covered Bonds shall occur solely on account of any failure by the Issuer to perform or observe any of its obligations in relation to, or the agreement or declaration of any moratorium with respect to, or the taking of any proceeding in respect of, any share, note or other security or instrument constituting Tier 1 Capital or Tier 2 Capital (as defined by APRA from time to time).

Upon the Covered Bonds becoming immediately due and repayable against the Issuer pursuant to this Condition 9(a), the Bond Trustee will forthwith serve a notice to pay (the **Notice to Pay**) on the Covered Bond Guarantor (copied to the Trust Manager) pursuant to the Covered Bond Guarantee and the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts when the same will become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

Following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice, the Bond Trustee may or must take such proceedings or other action or step against the Issuer in accordance with Condition 9(c).

The Bond Trust Deed provides that all moneys received by the Bond Trustee following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice and Notice to Pay, from the Issuer or any receiver, manager, liquidator, administrator, controller, statutory manager or other similar official appointed in relation to the Issuer following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay (the **Excess Proceeds**), must be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the Covered Bond Guarantor, as soon as practicable, and must be held by the Covered Bond Guarantor in the GIC Account and the Excess Proceeds must thereafter form part of the Charged Property and must be used by the Covered Bond Guarantor in the same manner as all other moneys from time to time standing to the credit of the GIC Account pursuant to the Security Deed and the Establishment Deed. Any Excess Proceeds received by the Bond Trustee will discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds and Coupons (as applicable and to the extent of the amount so

For personal use only

For personal use only

received and subject to restitution of the same if such Excess Proceeds will be required to be repaid by the Covered Bond Guarantor) (but will be deemed not to have done so for the purposes of subrogation rights of the Covered Bond Guarantor contemplated by the Bond Trust Deed). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, Service of a Covered Bond Guarantee Acceleration Notice) unconditional and irrevocable and the receipt by or on behalf of the Bond Trustee of any Excess Proceeds will not reduce or discharge any such obligations.

By subscribing for Covered Bond(s), each Covered Bondholder will be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the Covered Bond Guarantor for application in the manner as described above.

(b) Covered Bond Guarantor Events of Default

The Bond Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the **Covered Bonds** (which for this purpose and the purpose of any Extraordinary Resolution referred to in this Condition 9(b) means the Covered Bonds of this Series together with the Covered Bonds of any other Series constituted by the Bond Trust Deed) then outstanding as if they were a single Series (with the Principal Amount Outstanding of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate), or, if so directed by an Extraordinary Resolution of all the Covered Bondholders will, (subject, in each case, to being indemnified and/or secured and/or prefunded to its satisfaction), but in the case of the occurrence of any of the events described in paragraph (ii) below, only if the Bond Trustee has certified in writing to the Issuer and the Covered Bond Guarantor that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series, give notice (the **Covered Bond Guarantee Acceleration Notice**) in writing to the Issuer and to the Covered Bond Guarantor (copied to the Trust Manager), that (x) each Covered Bond of each Series is, and each Covered Bond of each Series will as against the Issuer (if not already due and repayable against it following the service of an Issuer Acceleration Notice in accordance with Condition 9(a)), thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest, and (y) all amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee will thereupon immediately become due and payable at the Guaranteed Amount corresponding to the Early Redemption Amount for each Covered Bond of each Series together with accrued interest, in each case, as provided in the Bond Trust Deed and thereafter the Security will become enforceable if any of the following events (each, a **Covered Bond Guarantor Event of Default**) will occur and be continuing:

(i) default is made by the Covered Bond Guarantor for a period of 14 days or more in the payment of any Guaranteed Amounts when Due for Payment in respect of the Covered Bonds of any Series except in the case of the payments of a Guaranteed Amount when Due for Payment under Condition 6(a) where the Covered Bond Guarantor will be required to make payments of Guaranteed Amounts which are Due for Payment on the dates specified therein;

(ii) default is made by the Covered Bond Guarantor in the performance or observance of any other obligation, condition or provision binding on it (other than any obligation for the payment of Guaranteed Amounts in respect of the Covered Bonds of any Series) under the Bond Trust Deed, the Security Deed or any other Programme Document to which the Covered Bond Guarantor is a party (other than the Programme Agreement or any Subscription Agreement) and, except where such default is or the effects of such default are, in the opinion of the Bond Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required, such default continues for 30 days (or such longer period as the Bond Trustee may permit) after written notice thereof has been given by the Bond Trustee to the Covered Bond Guarantor requiring the same to be remedied;

(iii) an Insolvency Event occurs in respect of the Covered Bond Guarantor in its personal capacity (but not in its capacity as trustee of any trust) and the Covered Bond Guarantor is not replaced as trustee of the Trust by the Trust Manager in accordance with the Establishment Deed within 60 days of the Insolvency Event occurring;

(iv) failure to satisfy the Amortisation Test (as set out in the Establishment Deed) on any Calculation Date following an Issuer Event of Default; or

(v) the Covered Bond Guarantee is not, or is claimed by the Covered Bond Guarantor not to be, in full force and effect.

Following the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor each of the Bond Trustee and the Security Trustee may or must take such proceedings or steps in accordance with the first and third paragraphs, respectively, of Condition 9(c) and the Covered Bondholders will have a claim against the Covered Bond Guarantor, under the Covered Bond Guarantee, for an amount equal to the Early Redemption Amount for each Covered Bond of each Series together with accrued interest and any other amount due under the Covered Bonds (other than additional amounts payable under Condition 7) as provided in the Bond Trust Deed in respect of each Covered Bond.

(c) Enforcement

The Bond Trustee may at any time, at its discretion and without further notice, following service of an Issuer Acceleration Notice (in the case of the Issuer) or, if earlier, following service of a Covered Bond Guarantee Acceleration Notice (in the case of the Covered Bond Guarantor), take such proceedings or other action or step as it may think fit against or in relation to the Issuer and/or the Covered Bond Guarantor, as the case may be, and/or any other person as it may think fit to enforce the provisions of the Bond Trust Deed, the Covered Bonds and the Coupons or any other Programme Document, but it will not be bound to take any such enforcement proceedings or other action or step in relation to the Bond Trust Deed, the Covered Bonds or the Coupons or any other Programme Document unless (A) it has been so directed by an Extraordinary Resolution of the Covered Bondholders of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and converted into Australian Dollars at the relevant Covered Bond Swap Rate as stated above) or so requested in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and converted into Australian Dollars at the relevant Covered Bond Swap Rate as stated above) and (B) it has been indemnified and/or secured and/or prefunded to its satisfaction.

In exercising any of its powers, trusts, authorities and discretions the Bond Trustee will only have regard to the interests of the Covered Bondholders of all Series equally and will not have regard to the interests of any other Secured Creditors.

The Bond Trustee may at any time, following service of a Covered Bond Guarantee Acceleration Notice at its discretion and without further notice, direct or instruct the Security Trustee to take such steps or proceedings against the Covered Bond Guarantor and/or any other person as it may think fit to enforce the provisions of the Security Deed or any other Programme Document and may, at any time after the Security has become enforceable, direct and instruct the Security Trustee to take such steps as it may think fit to enforce the Security.

In the event that the Bond Trustee is:

(a) requested by the Security Trustee; or

(b) required by the holders of the Covered Bonds,

For personal use only

to provide the Security Trustee with instructions, the Bond Trustee will do so (save where expressly provided otherwise):

(i) in the case of paragraph (a) above only, in its absolute discretion subject to and in accordance with the Bond Trust Deed; or

(ii) in the case of both paragraphs (a) and (b) above, if so requested in writing by the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Covered Bonds then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Covered Bond Swap Rate) or directed by an Extraordinary Resolution of the holders of the Covered Bonds then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if the nominal amount of the Covered Bonds is not denominated in Australian Dollars, converted into Australian Dollars at the relevant Covered Bond Swap Rate),

subject, in each case, to the Bond Trustee being indemnified and/or secured and/or prefunded to its satisfaction prior to giving any instructions to the Security Trustee. The Bond Trustee will be entitled to request the Covered Bondholders (voting as aforesaid) to direct it in relation to any matter in relation to which the Security Trustee has requested instructions. The Bond Trustee has no obligation to monitor the performance of the Security Trustee and has no liability to any person for the performance or non-performance of the Security Trustee. In no circumstance will the Bond Trustee be required to indemnify, secure or prefund the Security Trustee.

In exercising any of its powers, trusts, authorities and discretions under this paragraph each of the Bond Trustee and the Security Trustee will only have regard to the interests of the Covered Bondholders of all Series equally and will not have regard to the interests of any other Secured Creditors.

No Covered Bondholder or Couponholder will be entitled to proceed directly against the Issuer or the Covered Bond Guarantor or to take any action with respect to the Bond Trust Deed, the Covered Bonds, the Coupons, or the Security or to directly enforce the provisions of any other Programme Document, unless the Bond Trustee or the Security Trustee, as applicable, having become bound so to proceed, fails or is unable to do so within a reasonable period and such failure or inability is continuing in which event any Covered Bondholder or Couponholder may, on giving an indemnity and/or prefunding and/or security satisfactory to the Bond Trustee, in the name of the Bond Trustee (but not otherwise) itself institute such proceedings and/or prove in the winding up, administration or liquidation of the Issuer or the Covered Bond Guarantor to the same extent and in the same jurisdiction (but not further or otherwise than the Bond Trustee would have been entitled to do so in respect of the Covered Bonds and Coupons and/or the Bond Trust Deed).

10. Replacement of Covered Bonds, Coupons and Talons

Should any Covered Bond (other than any A$ Registered Covered Bond), Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent in London (in the case of Bearer Covered Bonds or Coupons) or the specified office of the relevant Registrar or Transfer Agent (in the case of Registered Covered Bonds), or any other place approved by the Bond Trustee of which notice has been published in accordance with Condition 13 upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds (other than A$ Registered Covered Bonds), Coupons or Talons must be surrendered before replacements will be issued.

For personal use only

For personal use only

11. Principal Paying Agent, Paying Agents, Registrar, A$ Registrar, Transfer Agent and Exchange Agent

The names of the initial Principal Paying Agent, the other initial Paying Agents, the initial Registrar, the A$ Registrar, the initial Transfer Agent, the initial Exchange Agent and their initial specified offices are set out below.

In the event of the appointed office of any such bank being unable or unwilling to continue to act as the Principal Paying Agent, or failing duly to determine the Rate of Interest, if applicable, or to calculate the Interest Amounts for any Interest Period, the Issuer will appoint the London office of such other bank as may be approved by the Bond Trustee to act as such in its place. The Principal Paying Agent may not resign its duties or be removed from office without a successor having been appointed as stated above.

In the event of the appointed A$ Registrar being unable or unwilling to continue to act as the A$ Registrar, or failing duly to comply with the A$ Registry Agreement, the Issuer will appoint such other registrar and/or paying agent as may be approved by the Bond Trustee to act as such in its place. The A$ Registrar may not resign its duties or be removed from office without a successor having been appointed as stated above.

The Issuer is entitled, with the prior written approval of the Bond Trustee (not to be unreasonably withheld), to vary or terminate the appointment of any Paying Agent, Registrar or A$ Registrar and/or appoint additional or other Paying Agents, Registrars or A$ Registrars and/or approve any change in the specified office through which any Paying Agent, Registrar or A$ Registrar acts, provided that:

(a) there will at all times be a Principal Paying Agent, a Registrar and, so long as any A$ Registered Covered Bonds are outstanding, an A$ Registrar;

(b) so long as any of the Covered Bonds are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Covered Bonds) and a Transfer Agent (in the case of Registered Covered Bonds) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or, as the case may be, other relevant authority;

(c) so long as any of the Registered Global Covered Bonds payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent; and

(d) the Issuer will ensure that it appoints a Paying Agent in a Member State of the European Union (other than the United Kingdom) in the event that it is required to withhold or deduct tax on payments made in the United Kingdom.

In addition, the Issuer will, when necessary, appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5(f). Notice of any such variation, termination, appointment or change will be given by the Issuer to the Covered Bondholders as soon as reasonably practicable in accordance with Condition 13.

In acting under the Agency Agreements, the Agents act solely as agents of the Issuer and the Covered Bond Guarantor (to the extent applicable) and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders or Couponholders. Each Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

12. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet, including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Bearer Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. Notices

All notices regarding the Bearer Covered Bonds will be valid if published (a) in a leading English language daily newspaper of general circulation in London, and (b) if and for so long as the Bearer Covered Bonds are admitted to trading, and listed, on the Regulated Market of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, *www.luxse.com*. It is expected that any such newspaper publication will be made in the *Financial Times* in London and the *Luxembourg Wort* or the *Tageblatt* in Luxembourg. The Issuer will also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Covered Bonds are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of first publication or, where required to be published in more than one newspaper, on the date of first publication in all required newspapers or where published in such newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Bond Trustee approves.

All notices regarding the Registered Covered Bonds will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named joint holder) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Covered Bonds are admitted to trading on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Until such time as any Definitive Covered Bonds are issued, there may, so long as the Covered Bonds are represented in their entirety by any Global Covered Bonds held on behalf of DTC and/or Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to DTC and/or Euroclear and/or Clearstream, Luxembourg for communication by them to the Covered Bondholders and, in addition, for so long as any Covered Bonds are listed on a stock exchange or admitted to trading by any other relevant authority and the rules of that stock exchange, or as the case may be, other relevant authority, so require, such notice or notices will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice will be deemed to have been given to the Covered Bondholders on the day on which the said notice was given to DTC and/or Euroclear and/or Clearstream, Luxembourg.

All notices regarding the A$ Registered Covered Bonds will be deemed to be validly given if sent by prepaid post or (if posted to an address overseas) by airmail to, or left at the address of, the holders (or the first named of joint holders) at their respective addresses recorded in the A$ Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any A$ Registered Covered Bonds are admitted to trading on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. For so long as the A$ Registered Covered Bonds are lodged in the Austraclear System, there may be substituted for such the publication in the *Australian Financial Review* or *The Australian*, or mailing the delivery of the relevant notice to Austraclear for communication by it to the holders of beneficial interests in the A$ Registered Covered Bonds and, in addition, for so long as any A$ Registered Covered Bonds are listed on a stock exchange or admitted to trading by any other relevant authority and the rules of that stock exchange, or, as the case may be, other relevant authority, so require, such notice or notices will be

For personal use only

published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice will be deemed to have been given to the holders of beneficial interests in the A$ Registered Covered Bonds on the day on which the said notice was given to Austraclear.

Notices to be given by any Covered Bondholder (other than in relation to A$ Registered Covered Bonds) to the Issuer will be in writing and given by lodging the same, together (in the case of any Covered Bond in definitive form) with the relative Covered Bond or Covered Bonds, with the Principal Paying Agent (in the case of the Bearer Covered Bonds), or the Registrar (in the case of Registered Covered Bonds). While any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of a Covered Bond to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg and/or DTC, as the case may be, may approve for this purpose. Notices to be given by any Covered Bondholder in respect of A$ Registered Covered Bonds to the Issuer will be in writing and must be sent by prepaid post or (if posted to an address overseas) by airmail to, or left at the address of, the Issuer and will be deemed to have been given on the fourth day after mailing or on the day of delivery, respectively.

14. Meetings of Covered Bondholders, Modification, Waiver and Substitution

Covered Bondholders, Couponholders and other Secured Creditors should note that the Issuer, the Covered Bond Guarantor and (other than in relation to A$ Registered Covered Bonds) the Principal Paying Agent may without their consent or the consent of the Bond Trustee or the Security Trustee agree to modify any provision of any Applicable Final Terms which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provisions of law.

The Bond Trust Deed contains provisions for convening meetings of the Covered Bondholders (including by way of teleconference or video conference) of any Series to consider any matter affecting their interests, including the modification of these Conditions or the provisions of the Bond Trust Deed. The quorum at any such meeting in respect of the Covered Bonds of any Series for passing an Extraordinary Resolution (other than in respect of a Series Reserved Matter) is one or more persons holding or representing not less than a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting one or more persons being or representing the Covered Bondholders of such Series, whatever the Principal Amount Outstanding of the Covered Bonds of such Series so held or represented, except that at any meeting the business of which includes any Series Reserved Matter, the quorum for any such meeting will be one or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding, or at any adjourned meeting, the business of which includes any Series Reserved Matter, the quorum will be one or more persons holding or representing not less than one third of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding. The expression **Extraordinary Resolution** when used in these Conditions means: (a) a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the Bond Trust Deed by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands (to be confirmed orally if the meeting is by way of telephone) or if a poll is duly demanded by a majority consisting of not less than three fourths of the votes cast on such poll; or (b) a resolution in writing signed by or on behalf of Covered Bondholders holding not less than three-fourths in Principal Amount Outstanding of the Covered Bonds then outstanding, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Covered Bondholders; or (c) a resolution passed by way of electronic consents given by holders through the relevant clearing system(s) (in a form satisfactory to the Bond Trustee) by or on behalf of the Covered Bondholders of not less than three-fourths in Principal Amount Outstanding for the time being outstanding of the Covered Bonds (of the relevant Series or all Series, as applicable). An Extraordinary Resolution passed at any meeting of the Covered Bondholders of a Series will,

For personal use only

For personal use only

subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting, and on all Couponholders in respect of such Series of Covered Bonds. Pursuant to the Bond Trust Deed, the Bond Trustee may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Bond Trustee there is no conflict between the respective interests of such Covered Bondholders, in which event the provisions of this paragraph will apply thereto *mutatis mutandis*.

Notwithstanding the provisions of the immediately preceding paragraph, any Extraordinary Resolution to direct the Bond Trustee to accelerate the Covered Bonds pursuant to Condition 9(a) or to give a Covered Bond Guarantee Acceleration Notice pursuant to Condition 9(b) or to direct the Bond Trustee or the Security Trustee or to direct the Bond Trustee to direct the Security Trustee to take any enforcement action or to direct the Bond Trustee to determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such for the purposes of the Bond Trust Deed (each, a **Programme Resolution**) and will only be capable of being passed at a single meeting of the Covered Bondholders of all Series then outstanding. Any such meeting to consider a Programme Resolution may be convened by the Issuer, the Covered Bond Guarantor or the Bond Trustee or by the Covered Bondholders of any Series. The quorum at any such meeting for passing a Programme Resolution is one or more persons holding or representing at least a clear majority of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series for the time being outstanding or at any adjourned such meeting one or more persons holding or representing Covered Bonds, whatever the Principal Amount Outstanding of the Covered Bonds of any Series so held or represented. A Programme Resolution passed at any meeting of the Covered Bondholders of all Series will be binding on all the Covered Bondholders of all Series, whether or not they are present at the meeting, and on all related Couponholders.

In connection with any meeting of the holders of Covered Bonds of more than one Series where such Covered Bonds are not denominated in Australian Dollars, the Principal Amount Outstanding of the Covered Bonds of any Series not denominated in Australian Dollars must be converted into Australian Dollars at the relevant Covered Bond Swap Rate.

The Bond Trustee may (and in the case of any modification contemplated by clause 21.1(c) of the Bond Trust Deed, the Bond Trustee must), without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders and without the consent or sanction of the other Secured Creditors (other than any Secured Creditor who is party to the relevant document), at any time and from time to time, concur with the Issuer, the Covered Bond Guarantor (acting on the directions of the Trust Manager) or any other party and/or direct the Security Trustee to concur with the Issuer, the Covered Bond Guarantor (acting at the direction of the Trust Manager) or any other party in making:

(a) any modification (other than in relation to a Series Reserved Matter) to the Covered Bonds of one or more Series, the related Coupons or any Programme Document which in the opinion of the Bond Trustee is not materially prejudicial to the interests of the Covered Bondholders of any Series;

(b) any modification to the Covered Bonds of one or more Series, the related Coupons or any Programme Document which is in the opinion of the Bond Trustee of a formal, minor or technical nature, or in the opinion of the Bond Trustee is made to correct a manifest error or to comply with mandatory provisions of law (and for this purpose the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter); or

(c) any modification contemplated by clause 21.4 or clause 21.5 of the Bond Trust Deed.

For personal use only

In forming an opinion as to whether a modification is of a formal, minor or technical nature or is being made to correct a manifest error or to comply with mandatory provisions of law or is contemplated by clause 21.4 of the Bond Trust Deed, the Bond Trustee may have regard to any evidence it considers reasonable to rely on, including (without any obligation to rely on any of the following): (I) a certificate from the Issuer: (a) stating the intention of the parties to the relevant Programme Documents; (b) stating that such modification is required to reflect such intention; and (c) confirming that nothing has been said to, or by, initial or subsequent investors or other parties which is any way inconsistent with the stated intention; and (II) a Rating Affirmation Notice.

Notwithstanding the above the Bond Trustee will not be obliged to agree to any amendment, which, in the sole opinion of the Bond Trustee, would have the effect of: (A) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or (B) increasing the obligations or duties, or decreasing the protections, of the Bond Trustee, in the Bond Trust Deed, the other Programme Documents and/or the Conditions.

The Bond Trustee may without the consent or sanction of any of the Covered Bondholders of any Series or the related Couponholders and without the consent of any other Secured Creditor and without prejudice to its rights in respect of any subsequent breach, Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default from time to time and at any time but only if insofar as in its opinion the interests of the Covered Bondholders of any Series will not be materially prejudiced thereby, waive or authorise, or direct the Security Trustee to waive or authorise, any breach or proposed breach by the Issuer or the Covered Bond Guarantor or any other person of any of the covenants or provisions contained in the Bond Trust Deed, the other Programme Documents or the Conditions or determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such for the purposes of the Bond Trust Deed, provided always that the Bond Trustee must not exercise any powers conferred on it in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 9(a) or (b) but so that no such direction or request will affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, will be binding on the Covered Bondholders, the related Couponholders and, if, but only if, the Bond Trustee requires, must be notified by the Issuer or the Covered Bond Guarantor (acting at the direction of the Trust Manager) (as the case may be) to the Covered Bondholders in accordance with Condition 13 as soon as practicable thereafter.

Subject to as provided below, the Bond Trustee will be bound to waive or authorise, or direct the Security Trustee to waive or authorise, any breach or proposed breach by the Issuer or the Covered Bond Guarantor or any other person of any of the covenants or provisions contained in the Bond Trust Deed, the other Programme Documents or the Conditions or determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such for the purposes of the Bond Trust Deed if it is: (i) in the case of such waiver or authorisation, (a) so directed by an Extraordinary Resolution of the Covered Bondholders of the relevant one or more Series (with the Covered Bonds of all such Series taken together as a single Series in the circumstances provided in the Bond Trust Deed and, if applicable, converted into Australian Dollars at the relevant Covered Bond Swap Rate); or (b) requested to do so in writing by the holders of not less than 25 per cent. of the Principal Amount Outstanding of the Covered Bonds of the relevant one or more Series (with the Covered Bonds of all such Series taken together as a single Series in the circumstances provided in the Bond Trust Deed and, if applicable, converted into Australian Dollars at the relevant Covered Bond Swap Rate); or (ii), in the case of any such determination, (a) so directed by an Extraordinary Resolution of the Covered Bondholders of all Series then outstanding with the Covered Bonds of all Series taken together as a single Series and, if applicable, converted into Australian Dollars (at the relevant Covered Bond Swap Rate) or (b) requested to do so in writing by the holders of not less than 25 per cent. of the Principal

For personal use only

Amount Outstanding of the Covered Bonds of all Series then outstanding (with the Covered Bonds of all Series taken together as a single Series and, if applicable, converted into Australian Dollars as stated above), and at all times then only if it is indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may thereby render itself liable or which it may incur by so doing.

The Security Trustee may, without the consent of the Covered Bondholders and/or Couponholders of any Series and without the consent of the other Secured Creditors (other than any Secured Creditor who is party to the relevant document) and without prejudice to their rights in respect of any subsequent breach, Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default from time to time and at any time, but only if (for so long as any Covered Bonds are outstanding) it is instructed by the Bond Trustee in accordance with the Bond Trust Deed or (if no Covered Bonds are outstanding) it is instructed by the Majority Secured Creditors, authorise or waive any breach or proposed breach of any of the covenants or provisions contained in the Covered Bonds of any Series, the Security Deed or any Programme Document or determine that any Issuer Event of Default, Potential Issuer Event of Default, Covered Bond Guarantor Event of Default or Potential Covered Bond Guarantor Event of Default will not be treated as such for the purposes of the Security Deed. Any such authorisation or waiver or modification will be binding on the Covered Bondholders and/or Couponholders and the other Secured Creditors and, unless the Bond Trustee and the Security Trustee otherwise agree, will be notified by the Issuer or the Covered Bond Guarantor (or the Trust Manager on its behalf) (as the case may be) to the Covered Bondholders in accordance with Condition 13 and each Rating Agency as soon as practicable thereafter.

Any such modification, waiver, authorisation or determination will be binding on all Covered Bondholders of all Series of Covered Bonds for the time being outstanding, the related Couponholders and the other Secured Creditors, and unless the Bond Trustee otherwise agrees, any such modification must be notified by the Issuer to the Covered Bondholders of all Series of Covered Bonds in accordance with Condition 13 and to the Rating Agencies as soon as practicable thereafter.

Where in connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Bond Trustee and the Security Trustee are required to have regard to the general interests of the Covered Bondholders of each Series as a class (but must not have regard to any interests arising from circumstances particular to individual Covered Bondholders or Couponholders, whatever their number) and, in particular but without limitation, must not have regard to the consequences of any such exercise for individual Covered Bondholders, the related Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Bond Trustee and the Security Trustee will not be entitled to require, nor will any Covered Bondholder or Couponholder be entitled to claim, from the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Covered Bondholders and/or Couponholders, except to the extent already provided for in Condition 7 and/or in any undertaking or covenant given in addition to, or in substitution for, Condition 7 pursuant to the Bond Trust Deed.

Notwithstanding any other provision of any Programme Document but subject to clause 21.3 of the Bond Trust Deed, the Bond Trustee will be obliged to concur in and effect any modifications to the Programme Documents that are requested by the Covered Bond Guarantor or the Trust Manager to: (a) accommodate the accession of a new Servicer, new Swap Provider, new Trust Manager, new Account Bank, new Cover Pool Monitor or new Agent to the Programme, provided that: (i) each of the Swap Providers has certified to the Bond Trustee and the Security Trustee that it consents to such modification of those documents to which it is a party (such consent not to be unreasonably withheld); (ii) two Authorised Signatories of the Trust Manager have certified to the Bond Trustee and the Security Trustee in writing that such modifications are required in order to accommodate the addition

For personal use only

of the new Servicer, new Swap Provider, new Trust Manager, new Account Bank, new Cover Pool Monitor or new Agent to the Programme; and (iii) two Authorised Signatories of the Trust Manager have certified to the Security Trustee and the Bond Trustee that all other conditions precedent to the accession of the new Servicer, new Swap Provider, new Trust Manager, new Account Bank, or new Cover Pool Monitor or new Agent to the Programme set out in the Programme Documents have been satisfied at the time of the accession; (b) take into account any new covered bonds ratings criteria of the Rating Agencies, or any changes or updates to, or any replacement of, the covered bonds ratings criteria of the Rating Agencies (including, without limitation, any manner in which a Rating Agency applies or construes any then-existing covered bonds ratings criteria), subject to receipt by the Bond Trustee and the Security Trustee of a Rating Affirmation Notice from the Issuer and receipt by the Bond Trustee and the Security Trustee of a certificate signed by two Authorised Signatories of the Trust Manager, each certifying to the Bond Trustee and the Security Trustee that such modifications are required in order to take into account any such new covered bonds ratings criteria of the Rating Agencies, or any such changes or updates to, or any replacement of, the covered bonds ratings criteria of the Rating Agencies; (c) allow a Swap Provider to transfer securities as Swap Collateral under a relevant Swap Agreement Credit Support Document, including to appoint a custodian to hold such securities in a custody account pursuant to a custody agreement; or (d) ensure compliance of the Programme, the Issuer or a Swap Provider (as applicable) with, or ensure that the Programme, the Issuer or a Swap Provider, as applicable, may benefit from (including if a Regulatory Event occurred or was likely to occur), any existing, amended or new legislation, regulation, directive, prudential standard or prudential guidance note of any regulatory body (including the Australian Prudential Regulation Authority) in relation to covered bonds or a Swap subject to receipt by the Bond Trustee and the Security Trustee of a certificate signed by two Authorised Signatories of the Trust Manager, each certifying to the Bond Trustee and the Security Trustee that such modifications are required in order to comply with or benefit from such legislation, regulation, directive, prudential standard or prudential guidance note, as the case may be. For the purposes of providing a certificate to the Bond Trustee and the Security Trustee under this paragraph relating to modifications in connection with a Swap, the Trust Manager may rely on a certification by an Authorised Signatory of the relevant Swap Provider.

The Bond Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable) in the circumstances and as otherwise set out in Condition 4(b)(ii)(B)(5) or 4(d)(iii) (as applicable) without the consent of the Covered Bondholders or Couponholders and the reference in the second paragraph of this Condition 14 to meetings of the Covered Bondholders shall not apply to any Benchmark Amendments made pursuant to Condition 4(d)(iii) or Benchmark Replacement Conforming Changes made pursuant to Condition 4(b)(ii)(B)(5) (as applicable), which, in each case, shall be made without Covered Bondholders' or Couponholders' consent as specified therein. In addition, the Bond Trustee shall at the direction and expense of the Issuer, and having received a certificate from the Issuer, signed by two Authorised Signatories of the Issuer, confirming that the Issuer has made the relevant determinations in accordance with Condition 4(b)(ii)(F) and specifying the proposed BBSW Rate Amendments, be obliged to concur, and shall be obliged to direct the Security Trustee to concur, with the Issuer in effecting any BBSW Rate Amendments in the circumstances and as otherwise set out in Condition 4(b)(ii)(F)(3) without the consent of the Covered Bondholders and the Bond Trustee shall not be liable to any person for any consequences thereof, save as provided in the Bond Trust Deed. The reference in the second paragraph of this Condition 14 to meetings of the Covered Bondholders shall not apply to BBSW Rate Amendments made pursuant to Condition 4(b)(ii)(F)(3), which, in each case, shall be made without Covered Bondholders' consent as specified therein. The Bond Trustee shall not be obliged to agree to any BBSW Rate Amendments which in the sole opinion of the Bond Trustee would have the effect of: (a) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or (b) increasing the obligations or duties, or decreasing the rights or protection, of the Bond Trustee in the Programme Documents and/or these Conditions.

For personal use only

Substitution

The Bond Trust Deed provides that the Bond Trustee may, without the consent or sanction of the Covered Bondholders or Couponholders, agree to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Covered Bonds, Coupons and the Bond Trust Deed of another company, being a subsidiary of the Issuer subject to (a) the Bond Trustee being satisfied that the interests of the Covered Bondholders will not be materially prejudiced by the substitution and (b) certain other conditions set out in the Bond Trust Deed being complied with.

The Bond Trust Deed provides that in connection with any scheme of amalgamation or reconstruction of the Issuer not involving the bankruptcy or insolvency of the Issuer and (A) where the Issuer does not survive the amalgamation or reconstruction or (B) where all or substantially all of the assets and business of the Issuer will be disposed of to, or succeeded by, another entity (whether by operation of law or otherwise), the Bond Trustee will, if requested by the Issuer, be obliged, without the consent or sanction of the Covered Bondholders or Couponholders, at any time to agree to the substitution in the place of the Issuer (or of the previous substitute) as principal debtor under the Bond Trust Deed (the **Substituted Debtor**) being the entity with and into which the Issuer amalgamates or the entity to which all or substantially all of the business and assets of the Issuer is transferred, or succeeded to, pursuant to such scheme of amalgamation or reconstruction (whether by operation of law or otherwise), subject to, *inter alia*:

(i) the Substituted Debtor entering into a supplemental trust deed or some other form of undertaking in form and manner satisfactory to the Bond Trustee agreeing to be bound by the Bond Trust Deed with any consequential amendments which the Bond Trustee may deem appropriate as fully as if the Substituted Debtor had been named in the Bond Trust Deed as principal debtor or guarantor in place of the Issuer;

(ii) the Substituted Debtor acquiring or succeeding to pursuant to such scheme of amalgamation or reconstruction all or substantially all of the assets and business of the Issuer; and

(iii) confirmations being received by the Bond Trustee from each Rating Agency that the substitution will not adversely affect the current rating of the Covered Bonds.

Any such supplemental trust deed or undertaking will, if so expressed, operate to release the Issuer or the previous substitute as stated above from all of its obligations as principal debtor under the Bond Trust Deed.

Any substitution pursuant to this Condition 14 will be binding on the Covered Bondholders and the Couponholders and, unless the Bond Trustee agrees otherwise, will be notified by the Issuer to the Covered Bondholders not later than 14 days after any such substitution in accordance with Condition 13.

It will be a condition of any substitution pursuant to this Condition 14 that the Covered Bond Guarantee will remain in place or be modified to apply *mutatis mutandis* and continue in full force and effect in relation to any Substituted Debtor.

For the purposes of this Condition 14:

Potential Covered Bond Guarantor Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Covered Bond Guarantor Event of Default; and

For personal use only

Potential Issuer Event of Default means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default;

Series Reserved Matter in relation to Covered Bonds of a Series means: (i) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds; (ii) alteration of the currency in which payments under the Covered Bonds and Coupons are to be made, other than pursuant to Condition 5(i); (iii) alteration of the quorum or majority required to pass an Extraordinary Resolution; (iv) any amendment to the Covered Bond Guarantee or the Security Deed; (v) except in accordance with Condition 6(i) or the provision relating to substitution in this Condition 14, the sanctioning of any scheme or proposal for the exchange or sale of the Covered Bonds for or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, Covered Bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, Covered Bonds, debentures, debenture stock and/or other obligations and/or securities as stated above and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the Covered Bondholders to execute an instrument of transfer of the Registered Covered Bonds held by them in favour of the persons with or to whom the Covered Bonds are to be exchanged or sold respectively; and (vi) alteration of the proviso to paragraph 5 or paragraph 6 of Schedule 4 to the Bond Trust Deed or the alteration of this definition.

15. Indemnification of the Bond Trustee and the Security Trustee and the Bond Trustee and Security Trustee contracting with the Issuer and/or the Covered Bond Guarantor

If, in connection with the exercise of its powers, trusts, authorities or discretions, the Bond Trustee is of the opinion that the interests of the Covered Bondholders of any one or more series would be materially prejudiced thereby, the Bond Trustee will not exercise such power, trust, authority or discretion without the approval of such Covered Bondholders of the relevant Series by Extraordinary Resolution or by a direction in writing of such Covered Bondholders of at least 25 per cent. of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding or as otherwise required under the Programme Documents.

The Bond Trust Deed and the Security Deed contain provisions for the indemnification of the Bond Trustee and the Security Trustee and for their relief from responsibility, including provisions relieving them from taking any action unless indemnified and/or secured and/or prefunded to their satisfaction.

The Bond Trust Deed and the Security Deed also contain provisions pursuant to which each of the Bond Trustee and Security Trustee, respectively, is entitled, *inter alia*: (i) to enter into business transactions with the Issuer, the Covered Bond Guarantor and/or any of their respective Subsidiaries and affiliates and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Covered Bond Guarantor and/or any of their respective Subsidiaries and affiliates; (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Covered Bondholders or Couponholders or the other Secured Creditors;and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Bond Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any Mortgage Loans or Related Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by

For personal use only

intermediaries such as banks, brokers or other similar persons whether or not on behalf of the Bond Trustee. The Bond Trustee will not be responsible for: (i) supervising the performance by the Issuer or any other party to the Programme Documents or, in relation to Condition 4(d) only, any Independent Adviser, of their respective obligations under the Programme Documents and the Bond Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties; (ii) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Programme Documents under the Programme Documents; (iii) monitoring the Mortgage Loan Portfolio, including whether the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test, the Pre-Maturity Test or the Amortisation Test; or (iv) monitoring whether Mortgage Loans and Related Security satisfy the Eligibility Criteria. The Bond Trustee will not be liable to any Covered Bondholder or other Secured Creditor for (a) any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent secured creditor in relation to the Security and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Programme Documents or (b) in relation to Condition 4(d) only, the acts or omissions of any Independent Adviser.

The Security Trustee will not be responsible: (i) for any liability whatsoever for acting in accordance with any resolution of the Covered Bondholders; (ii) for the notification of the happening or continuance of a Covered Bond Guarantor Event of Default to the Secured Creditors; (iii) for any examination or enquiry into, nor be liable for any defect or failure in, the title of the Covered Bond Guarantor to any Charged Property; (iv) under any liability whatsoever for any failure to take action in respect of a breach by the Covered Bond Guarantor of its duties as trustee of the Trust or in respect of a Covered Bond Guarantor Event of Default of which it is not actually aware; (v) for the form or contents of any Programme Document and will not be liable as a result of or in connection with any inadequacy, invalidity or unenforceability of any provision of any Programme Documents except insofar that it applies to the Security Trustee or to any representation and warranty given by the Security Trustee; and (vi) for supervising or monitoring the performance by the Issuer or any other party to the Programme Documents of their respective obligations under the Programme Documents and the Security Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties.

The Bond Trustee may refrain from taking any action or exercising any right, power, authority or discretion vested in it relating to the transactions contemplated in the Programme Documents until it has been indemnified and/or secured and/or prefunded to its satisfaction against any and all actions, charges, claims, costs, damages, demands, expenses, liabilities, losses and proceedings which might be sustained by it as a result and will not be required to do anything which may cause it to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights, powers, authorities or discretions if it has reasonable grounds for believing that repayment of such funds or adequate indemnity, security or prefunding against such liability is not assured to it.

The Security Trustee may refrain from taking steps (other than the steps in relation to the enforcement of the Security) under the Security Deed or any of the other Programme Documents or exercise any of its powers, rights, trusts, authorities, duties, functions or discretions (including to require anything to be done, form any opinion or view, make any determination or give any notice, consent, waiver or approval) under or pursuant to the Security Deed or any other Programme Document to which the Security Trustee is a party without first taking instructions from the Bond Trustee (so long as there are any Covered Bonds outstanding) (provided that the Security Trustee is not required to seek instructions from the Bond Trustee in relation to the release of Security (as set out in the Security Deed) or any investments in Authorised Investments) or (if there are no Covered Bonds outstanding) the Majority Secured Creditors; and the Security Trustee has been indemnified and/or secured to its satisfaction as aforesaid and provided always that the Security Trustee will not be bound to take any enforcement proceedings which may, in the opinion of the Security Trustee in its absolute discretion, result in the Security Trustee failing to receive any payment to which it is or would be entitled.

For personal use only

16. Further Issues

The Issuer will be at liberty from time to time without the consent of the Covered Bondholders or the Couponholders to create and issue further Covered Bonds having terms and conditions the same as the Covered Bonds of any Series or the same in all respects save for the amount and date of the first payment of interest thereon, issue date and/or purchase price and so that the same will be consolidated and form a single Series with the outstanding Covered Bonds of such Series.

17. Non-petition and limited recourse

Only the Security Trustee (acting on the directions of (for so long as there any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors) may pursue the remedies available under the general law or under the Security Deed to enforce the Security and no Transaction Party will be entitled to proceed directly against the Covered Bond Guarantor to enforce the Security. In particular, each Transaction Party (other than the Security Trustee, and in respect of certain rights, the Bond Trustee) has agreed with the Covered Bond Guarantor and the Security Trustee that, except to the extent provided for in the Programme Documents, it will not: (i) take any steps for the purpose of recovering any Secured Obligations; or (ii) enforce any rights arising out of the Programme Documents against the Covered Bond Guarantor or procuring the winding up of the Trust, unless the Security Trustee, once bound to take any steps or proceedings to enforce the Security pursuant to the Security Deed, fails to do so within a reasonable time and such failure is continuing, in which case, such Secured Creditors will be entitled to take such steps or proceedings as it deems necessary (other than presentation of a petition for the winding up of the Trust).

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

The parties other than the Covered Bond Guarantor may not sue the Covered Bond Guarantor in any capacity other than as trustee of the Trust, including seeking the appointment of a receiver (except in relation to property of the Trust), a liquidator, an administrator or any similar person to the Covered Bond Guarantor or prove in any liquidation, administration or arrangement of or affecting the Covered Bond Guarantor (except in relation to property of the Trust).

The provisions of this Condition 17 will not apply to any obligation or liability of the Covered Bond Guarantor to the extent that it is not satisfied because under the Programme Documents or by operation of law there is a reduction in the extent of the Covered Bond Guarantor's indemnification out of the assets of the Trust, as a result of the Covered Bond Guarantor's fraud, negligence or wilful default.

It is acknowledged that the parties are each responsible under the Programme Documents for performing a variety of obligations relating to the Trust. No act or omission of the Covered Bond Guarantor (including any related failure to satisfy its obligations or breach of representation or warranty under the Programme Documents) will be considered fraud, negligence or wilful default of the Covered Bond Guarantor for the purpose of the preceding paragraph to the extent to which the act or omission was caused or contributed to by any failure by any party or any other person to fulfil its obligations relating to the Trust or by any other act or omission of any party, the Servicer, the Seller, the Cover Pool Monitor or any other person.

No attorney, agent, receiver or receiver and manager appointed in accordance with the Programme Documents has authority to act on behalf of the Covered Bond Guarantor in a way which exposes the Covered Bond Guarantor to any personal liability and no act or omission of any such person will be considered fraud, negligence or wilful default of the Covered Bond Guarantor for the purpose of the preceding paragraph.

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

Notwithstanding any other provisions of the Programme Documents, each party to the Programme Documents (other than the Security Trustee) agrees with and acknowledges to the Security Trustee that the Security Trustee enters into each Programme Document to which it is a party only in its capacity as trustee of the Security Trust and in no other capacity and that the Security Trustee will have no liability under or in connection with the Programme Documents (whether to the Secured Creditors, the Covered Bond Guarantor or any other person) other than to the extent to which the liability is able to be satisfied out of the property of the Security Trust from which the Security Trustee is actually indemnified for the liability. This limitation will not apply to a liability of the Security Trustee to the extent that it is not satisfied because, under the Programme Documents or by operation of law, there is a reduction in the extent of the Security Trustee's indemnification as a result of the Security Trustee's fraud, negligence or wilful default. Nothing in this Condition 17 or any similar provision in any other Programme Document limits or adversely affects the powers of the Security Trustee, any receiver or attorney in respect of the Charge or the Charged Property, in relation to the Trust.

To the extent permitted by law, no recourse under any obligation, covenant, or agreement of any person contained in the Programme Documents may be had against any shareholder, officer, agent or director of such person as such, by the enforcement of any assessment or by any legal proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the Programme Documents are corporate obligations of each person expressed to be a party thereto and no personal liability will attach to or be incurred by the shareholders, officers, agents or directors of such person as such, or any of them, under or by reason of any of the obligations, covenants or agreements of such person contained in the Programme Documents, or implied therefrom, and that any and all personal liability for breaches by such person of any of such obligations, covenants or agreements, either under any applicable law or by statute or constitution, of every such shareholder, officer, agent or director is expressly waived by each person expressed to be a party thereto as a condition of and consideration for execution of the Programme Documents.

18. Contracts (Rights of Third Parties) Act 1999

No person will have any right to enforce any term or condition of this Covered Bond under the Contracts (Rights of Third Parties) Act 1999.

19. Governing Law

The Bond Trust Deed (including the Covered Bond Guarantee), the Principal Agency Agreement, the Covered Bonds (other than any A$ Registered Covered Bonds) and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law unless specifically stated to the contrary (in this regard, the covenant to pay made by the Issuer to the Bond Trustee in respect of the A$ Registered Covered Bonds in the Bond Trust Deed, the provisions relating to the maintenance of the Register in respect of the A$ Registered Covered Bonds in the Bond Trust Deed and the provisions relating to the limitation of liability of the Covered Bond Guarantor in the Bond Trust Deed, the Principal Agency Agreement and the Covered Bonds are governed by, and will be construed in accordance with, the laws applying in

For personal use only

the State of New South Wales, Australia). The A$ Registry Agreement and the A$ Registered Covered Bonds are governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia, unless specifically stated to the contrary.

For personal use only

USE OF PROCEEDS

The gross proceeds from each issue of Covered Bonds will be used for the general purposes of nab (which include making a profit) and its subsidiaries. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the Applicable Final Terms.

For personal use only

For personal use only

NATIONAL AUSTRALIA BANK LIMITED

INFORMATION ABOUT NAB

History and development of nab

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

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

nab was incorporated on 23 June 1893.

nab is a public limited company incorporated in the Commonwealth of Australia and it operates under Australian legislation including the Corporations Act 2001 of Australia (the **Corporations Act**). Its registered office is Level 28, 395 Bourke Street, Melbourne, Victoria 3000, Australia (telephone number +61 3 8615 3064). The Issuer's website is https://www.nab.com.au/.[7]

BUSINESS OVERVIEW

The nab Group's Business

The nab Group is a financial services organisation with more than 38,000 colleagues, operating in Australia and New Zealand with other businesses located in Asia, the UK and the United States, with more than 545,000 shareholders and serving approximately 10 million customers.

The nab Group's strategy has been in place since April 2020. While continuity of this strategy remains important, the nab Group has identified opportunities where it can lift its ambition in delivering exceptional experiences for customers, simplify its business and increase the speed of delivery. The nab Group's disciplined approach to accountability and execution will remain unchanged.

The nab Group's evolved strategic ambition retains key elements of the existing strategy and places customer centricity at the core. The nab Group's strategic ambition is to be the most customer-centric company in Australia and New Zealand. This evolved ambition elevates existing components of the strategy, with a deep focus on:

- being relationship-led;
- providing exceptional experiences; and
- being safe and sustainable.

The nab Group operates the following divisions:

- Business and Private Banking, focuses on nab's priority small and medium customer segments. This includes diversified businesses, as well as specialised Agriculture, Health, Professional Services, Franchisees, Government, Education and Community service segments along with Private Banking and JBWere.
- Personal Banking, provides banking products and services to customers including securing a home loan and managing personal finances through deposits, credit card or personal loan facilities. Customers are supported through a network of branches and ATMs, call centres, and digital capabilities as well as through proprietary lenders and mortgage brokers.

7 The information on this website does not form part of this Prospectus and has not been scrutinised or approved by the CSSF.

- Corporate and Institutional Banking, partners with customers globally to meet their most complex financial needs, through a range of products and services including client coverage, corporate finance, markets, transactional banking, enterprise payments and asset servicing (which is being wound down over approximately 3 years from November 2022). Corporate and Institutional Banking serves its customers across Australia, the United States, Europe and Asia with specialised industry relationships and product teams.

- New Zealand Banking, serves customers across New Zealand with personal and business banking services, through a nationwide network of customer centres, digital and assisted channels. From 1 October 2023, the Bank of New Zealand's Markets Trading operations and enabling units are reported within New Zealand Banking.

- Corporate Functions and Other, includes ubank and enabling units that support all businesses (except Bank of New Zealand enabling units which are included in the New Zealand banking segment, effective from 1 October 2023) including Treasury, Technology and Enterprise Operations, Strategy and Innovation, Data, Digital and Analytics, Support Units and eliminations.

Principal Activities

The principal activities of the nab Group during the year ended 30 September 2024 were banking services, credit and access card facilities, leasing, housing and general finance, international, investment and private banking, and wealth management services, funds management and custodian, trustee and nominee services.

ORGANISATIONAL STRUCTURE

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

PROFIT FORECASTS OR ESTIMATES

nab does not make or imply any profit forecasts or profit estimates in this Prospectus. No statement contained in this Prospectus should be interpreted as such a forecast or estimate.

ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The name and function of each of the directors of nab's Board (the **Board**, or the **Board of Directors**) as at the date of this Prospectus (unless otherwise stated) are listed below. Unless otherwise stated, the business address of each Director is Level 28, 395 Bourke Street, Melbourne, Victoria 3000, Australia.

- **Andrew F Irvine**

  Group Chief Executive Officer (**CEO**) and Managing Director. Mr Irvine's other interests include Australian Banking Association (Chair) and Financial Markets Foundation for Children (Director).

- **Philip W Chronican**

  Independent non-executive director, Chair of the Board and Chair of the Board's Nomination & Governance Committee. Directorship of listed entities: Woolworths Group Limited (since October 2021). Mr Chronican's other interests include The Westmead Institute for Medical Research (Chair).

- **Kathryn J Fagg AO**

  Independent non-executive director Chair of the People & Remuneration Committee and a Member of the Board's Risk & Compliance Committee. Directorships of listed entities: Djerriwarrh Investments Limited (since May 2014) and Medibank Private Limited (since March 2022). Ms Fagg's

For personal use only

other interests include CSIRO (Chair), Breast Cancer Network Australia (Chair), Watertrust Australia Limited (Chair), The Grattan Institute (Director), The Myer Foundation (Director) and Champions of Change Coalition (Director).

- **Christine L Fellowes**

  Independent non-executive director and a Member of the Board's Customer and People & Remuneration Committees. Directorships of listed entities: GuocoLand Limited (since January 2024). Ms Fellowes' other interests include NINEby9 Pte Ltd (Co-founder and Director) and UWA Business School (Director).

- **Carolyn Kay**

  Independent non-executive director and a Member of the Board's Audit, Risk & Compliance and Nomination & Governance Committees. Directorship of listed entities: Scentre Group Ltd (Since February 2016). Ms Kay's other interests include Rothschild & Co Australia (Chair), Myer Family Investments (Director), Foreign Investment Review Board (Member), General Sir John Monash Foundation (Director) and Sydney Grammar School (Trustee).

- **Alison M Kitchen AM**

  Independent non-executive director, Chair of the Board's Audit Committee and a Member of the Board's Customer Committee. Directorship of listed entities: Worley Limited (since July 2024). Ms Kitchen's other interests include AirTrunk (Director and Chair of Audit & Risk Committee), Australian National University (Pro-Chancellor and Chair of Audit and Risk Committee) and Belvoir St Theatre (Member).

- **Anne J Loveridge AM**

  Independent non-executive director, Member of the Board's Audit, Risk & Compliance and Nomination & Governance Committees. Directorships of listed entities: Accent Group Limited (since November 2023), nib Holdings Limited (since February 2017) and Platinum Asset Management Limited (since September 2016). Ms Loveridge's other interests include Destination NSW (Board Member).[8]

- **Douglas A McKay ONZM**

  Independent non-executive director and a Member of the Board's Audit and Customer Committees. Directorships of listed entities: Vector Limited (since September 2022) and Delegat Group Limited (since August 2024). Mr McKay's other interests include IAG (NZ) Holdings Limited (Director).[9]

- **Simon V McKeon AO**

  Independent non-executive director and Chair of the Board's Risk & Compliance Committee and a Member of the Board's Nomination & Governance Committee. Mr McKeon's other interests include Greater South East Melbourne (Chair), The Big Issue (Advisory Board Member) and GFG Alliance Australia (Advisory Board Member).

- **Ann C Sherry AO**

  Independent non-executive director, Chair of the Board's Customer Committee, a Member of the Board's People & Remuneration Committee and Co-Chair of nab's Indigenous Advisory Group.

[8] Ms Loveridge will retire from the Board at the conclusion of NAB's annual general meeting on 18 December 2024.

[9] Mr McKay will retire from the Board at the conclusion of NAB's annual general meeting on 18 December 2024. Mr McKay will be replaced by Mr Warwick Hunt whose appointment as an independent non-executive director will be effective from 2 December 2024.

For personal use only

Ms Sherry's other interests include Queensland University of Technology (Chancellor), UNICEF Australia (Chair), Port of Townsville (Chair), Queensland Airports Limited (Chair), Circa (Chair) and Super Members Council Australia (Chair).

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

MAJOR SHAREHOLDERS

nab is a public limited company. As at 11 October 2024, the following registered shareholders each held more than 1 per cent. of the issued share capital of nab:

- HSBC Custody Nominees (Australia) Limited (27.09 per cent.)
- J P Morgan Nominees Australia Pty Limited (17.42 per cent.)
- Citicorp Nominees Pty Limited (8.48 per cent.)
- BNP Paribas Nominees Pty Ltd <Agency Lending A/C> (2.08 per cent.)
- National Nominees Limited (1.13 per cent.)
- Citicorp Nominees Pty Limited <Colonial First State Inv A/C> (1.04 per cent.)

As at 11 October 2024:[10]

- State Street Corporation and its associated entities had a substantial holding (as such concept is defined in the Corporations Act) in nab, holding 193,328,701 fully paid ordinary shares, representing 6.23 per cent. of the issued share capital of nab; and
- BlackRock Group and its associated entities had a substantial holding (as such concept is defined in the Corporations Act) in nab, holding 177,651,034 fully paid ordinary shares, representing 6.02 per cent. of the issued share capital of nab;
- The Vanguard Group, Inc and its associated entities had a substantial holding (as such concept is defined in the Corporations Act) in nab, holding 162,322,845 fully paid ordinary shares, representing 5.00 per cent. of the issued share capital of nab.

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

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

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

10 As at 11 October 2024, nab has received no further update in relation to these substantial shareholdings.

For personal use only

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

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

There are also specific limitations on the acquisition of a shareholding in a bank under the Financial Sector (Shareholdings) Act 1998 of Australia (the **FSSA**). Under the FSSA, a person (including a company) must not acquire an interest in an Australian financial sector company where the acquisition would take that person's voting power (which includes the voting power of the person's associates) in the financial sector company to more than 20 per cent. of the voting power of the financial sector company without first obtaining the Australian Treasurer's approval. Even if a person has less than 20 per cent. of the voting power, the Australian Treasurer has the power to declare that a person has practical control of that company and, by applying for an order from the Federal Court, may require the person to relinquish that control. The definition of a financial sector company includes banks such as nab.

There are no arrangements in place within the nab Group the operation of which may result in a change of control of nab.

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

Historical financial information

The financial information in relation to nab for its financial years ended 30 September 2024 and 30 September 2023 is contained in the 2024 nab Annual Report and 2023 nab Annual Report, respectively, and is incorporated by reference into this Prospectus.

See further "*Documents Incorporated by Reference and Credit Ratings*" above.

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

Auditing of historical annual financial information

The historical financial information which is incorporated by reference into this Prospectus has been audited. Please see the Auditor's reports at pages 265 to 271 of the 2024 nab Annual Report and at pages 256 to 262 of the 2023 nab Annual Report, respectively, which are incorporated by reference into this Prospectus (see the cross-reference lists on pages 100 to 101 of this Prospectus).

Legal and arbitration proceedings

Overview

Except as listed below and as described in the documents incorporated by reference (see the cross-reference list in respect of the 2024 nab Annual Report on pages 100 to 101 of this Prospectus), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which nab is aware) in the 12-month period before the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of nab and/or the nab Group.

There are contingent liabilities in respect of all matters listed below and described in the documents incorporated by reference (see the cross-reference list in respect of the 2024 nab Annual Report on pages 100

For personal use only

to 101 of this Prospectus). Such matters are often highly complex and uncertain. Where appropriate, provisions have been made. The aggregate potential liability of the nab Group in relation to these matters cannot be accurately assessed.

Further information on some specific contingent liabilities that may impact the nab Group is set out below.

Legal proceedings

United Kingdom matters

Nine separate claims (comprising 904 individual claimants) focused on Tailored Business Loans (**TBLs**) have been commenced against nab and Clydesdale Bank Plc, now owned by Virgin Money UK Plc and trading as Virgin Money (**Virgin Money**) by former customers of Virgin Money, represented by RGL Management Limited (a claims management company) and law firm Fladgate LLP, in the English Courts. The cases involving four individual claimants (being the first and fourth claims) proceeded to a 12-week trial which commenced on 2 October 2023, effectively as test cases. The cases of the remaining individual claimants are currently stayed pending the outcome of the first and fourth claims.

The claims concern TBLs which customers entered into with Virgin Money and in respect of which nab employees performed various functions. The claimants allege they were misled about: (1) the cost of repaying (or restructuring) their TBLs early; and (2) the composition of fixed interest rates/other rates offered under the TBLs. The alleged misconduct is said to give rise to several causes of action, including negligent misstatement, misrepresentation and deceit.

On 19 March 2024 the English High Court delivered its judgment in the first and fourth claims dismissing all claims made against the Company and Virgin Money. In July 2024 nab received an interim costs award payment of £9.125 million ($18 million). The claimants have received permission to appeal. A date has not yet been fixed for the appeal hearing.

Walton Construction Group class action

In January 2022, a class action complaint was filed in the Federal Court by subcontractors of Walton Construction Group (**WCG**) regarding nab's alleged conduct in the period prior to the collapse of WCG. It is alleged that nab's conduct contributed to losses incurred by subcontractors following the liquidation of WCG. nab filed and served its defence to the claims on 16 December 2022, however, the applicants filed an Amended Statement of Claim in March 2024. nab filed its defence in July 2024 denying all allegations. The potential outcome and total costs associated with the claims under this class action remain uncertain.

Regulatory activity, compliance investigations and associated proceedings

Anti-Money Laundering and Counter-Terrorism Financing programme uplift and compliance issues

The nab Group continues to enhance its systems and processes to comply with AML and CTF requirements. The nab Group continues to keep AUSTRAC informed of its progress. In addition to an ongoing general uplift in capability, the nab Group is remediating specific known compliance issues and weaknesses. The nab Group has reported a number of compliance issues to relevant regulators, including in relation to 'Know Your Customer' requirements (particularly with enhanced customer due diligence for non-individual customers), systems and process issues that impacted some aspects of transaction monitoring and reporting, and other financial crime risks. As this work progresses, further compliance issues may be identified and reported to AUSTRAC or equivalent foreign regulators, and additional uplifting and strengthening may be required.

On 29 April 2022, nab entered into an enforceable undertaking with AUSTRAC to address AUSTRAC's concerns with the nab Group's compliance with certain AML and CTF requirements. In accepting the enforceable undertaking, AUSTRAC stated that the regulator had "formed the view at the start of the investigation that a civil penalty proceeding was not appropriate at that time" and that it had "not identified

For personal use only

any information during the investigation to change that view". Under the terms of the enforceable undertaking, nab and certain subsidiaries are required to:

- complete a Remedial Action Plan (**RAP**) approved by AUSTRAC; and
- address to AUSTRAC's satisfaction any deficiencies or concerns with activities in the RAP identified by AUSTRAC.

Whilst nab has completed the delivery of its required activities under the RAP, some activities are yet to be reviewed by the external auditor of the RAP. The conclusion or otherwise of the enforceable undertaking will be determined by AUSTRAC.

The total costs associated with the above remain uncertain.

Banking matters

A number of reviews into banking-related matters are being carried on across the nab Group, both internally and in some cases by regulatory authorities, including matters regarding:

- incorrect fees being applied in connection with certain products;
- incorrect interest rates being applied in relation to certain products;
- capturing customer consent to receive electronic statements and inconsistencies with recording statement preferences;
- compliance with financial hardship obligations; and
- issues with treatment of deregistered companies identified in the customer base.

The potential outcome and total costs associated with these matters remain uncertain.

Employment matters

The nab Group continues to review its processes for compliance with obligations under Australian employment laws and its enterprise agreements. The nab Group is engaging with the Fair Work Ombudsman (**FWO**) on its progress in respect of these matters. The nab Group has reported a number of compliance issues to the FWO and the associated remediation work is ongoing. As this work progresses, further compliance issues may be identified and reported to the FWO and additional remediation may be required. There remains potential for further developments regarding these issues, including enforcement action by the FWO or other legal actions and penalties, so the final outcome and total costs associated with these issues remain uncertain.

In March 2023, the Finance Sector Union (**FSU**) filed proceedings against nab and MLC Wealth Limited in the Federal Court alleging that those parties had breached provisions of the Fair Work Act which prohibit an employer from requesting or requiring an employee to work unreasonable additional hours. The claim relates to four current and former employees. The FSU is seeking declarations that nab and MLC Wealth Limited breached the Fair Work Act, the imposition of penalties in respect of the alleged breaches, as well as compensation for loss and damage to the four named current and former employees and the payment of legal costs. The final outcome and total costs associated with this matter remain uncertain.

Wealth – Advice review

In October 2015, the nab Group began contacting certain groups of customers where there was a concern that they may have received non-compliant financial advice since 2009 to: (a) assess the appropriateness of that advice; and (b) identify whether customers had suffered loss as a result of non-compliant advice that would

For personal use only

warrant compensation. These cases have progressed, or are now progressing through the Customer Response Initiative review programme, the scope of which includes the advice businesses of MLC Advice (formerly known as NAB Financial Planning), NAB Advice Partnerships and JBWere, with compensation offered and paid in a number of cases.[11] Where customer compensation is able to be reliably estimated, provisions have been recognised. The final outcome and total costs associated with this work remain uncertain.

Wealth – Adviser service fees

The nab Group is undertaking a remediation programme in relation to financial advice fees paid by customers pursuant to ongoing service arrangements. This matter relates to JBWere and the various advice businesses, which were operated by the nab Group prior to completion of the MLC Wealth Transaction (discussed above in the Risk Factor entitled "*Risks specific to the nab Group – Strategic Risk – Risks may arise from pursuing acquisitions and divestments*"), including MLC Advice and NAB Advice Partnerships.[12] Payments with respect to MLC Advice are now complete. Payments with respect to NAB Advice Partnerships are largely complete.

JBWere is identifying potentially impacted customers, assessing impacts to those customers and has made remediation payments in some cases.

While the nab Group has taken provisions in relation to these matters based on current information, there remains the potential for further developments and the potential outcomes and total costs associated with these matters remain uncertain.

Contingent tax risk

The tax affairs of the nab Group are subject to regular reviews by the Australian Taxation Office as well as the Revenue Offices of the various Australian States and Territories. These reviews cover various aspects of nab's tax affairs including prior tax returns lodged and compliance with various customer data reporting regimes. The reviews described above may result in additional tax-related liabilities (including interest and penalties). Where appropriate, provisions have been made. The potential outcome and total costs associated with these activities remain uncertain.

NULIS and MLCN – class actions

In October 2019, litigation funder Omni Bridgeway (formerly IMF Bentham) and William Roberts Lawyers commenced a class action against NULIS Nominees (Australia) Limited (**NULIS**) alleging breaches of NULIS' trustee obligations to act in the best interests of the former members of The Universal Super Scheme in deciding to maintain grandfathered commissions on their transfer into the MLC Super Fund on 1 July 2016. NULIS filed its first defence in the proceeding in February 2020. An initial trial to make determinations on the individual claims of the applicant and one sample group member was held on 9 October 2023. Judgment has been reserved.

In January 2020, Maurice Blackburn commenced a class action in the Supreme Court of Victoria against NULIS and MLC Nominees Pty Ltd (**MLCN**) alleging breaches of NULIS' trustee obligations in connection with the speed with which NULIS and MLCN effected transfers of members' accrued default amounts to the MySuper product.

11 While the businesses of MLC Advice and NAB Advice Partnerships have been sold to Insignia Financial Ltd pursuant to the MLC Wealth Transaction, the nab Group has retained the companies that operated the advice business, such that the nab Group has retained all liabilities associated with the conduct of these businesses pre-completion of the MLC Wealth Transaction. JBWere is not within the scope of the MLC Wealth Transaction.

12 While the businesses of MLC Advice and NAB Advice Partnerships have been sold to Insignia Financial Ltd pursuant to the MLC Wealth Transaction, the nab Group has retained the companies that operated the advice business, such that the nab Group has retained all liabilities associated with the conduct of these businesses pre-completion of the MLC Wealth Transaction. JBWere is not within the scope of the MLC Wealth Transaction.

For personal use only

The potential outcomes and total costs associated with these matters remain uncertain. While NULIS and MLCN are no longer part of the nab Group following completion of the MLC Wealth Transaction, nab remains liable for the costs associated with, and retains conduct of, these matters pursuant to the terms of the MLC Wealth Transaction.

Australian Government Measures

Division 2AA of Part II of the Australian Banking Act sets out arrangements for the protection of protected account holders of an insolvent ADI under the Financial Claims Scheme. Pursuant to the Financial Claims Scheme, a person who holds a protected account with a net credit balance at an ADI which APRA has applied to be wound up or whose business is under the control of a Banking Act statutory manager and which has been declared by the responsible Australian Government Minister to be covered by the Financial Claims Scheme will be entitled to receive payment from APRA in respect of that balance and certain accrued but uncredited interest, subject to various adjustments and preconditions (including a maximum payment entitlement of A$250,000 per customer). The rights of accountholders with protected accounts will be reduced to the extent protected under the Financial Claims Scheme and, to the extent of that reduction, will become rights of APRA.

A "**protected account**" is, subject to certain conditions, an account kept with an ADI and recorded in Australian currency:

(i) where the ADI is required to pay the accountholder, on demand or at an agreed time, the net credit balance of the account; or

(ii) otherwise prescribed by regulation.

The Banking Regulation 2016 of Australia, which prescribes protected accounts for the purposes of the Banking Act and also formally excludes foreign branches of Australian ADIs from the coverage of the Financial Claims Scheme.

Covered Bonds issued under the Programme are not deposits or deposit liabilities of nab, are not protected accounts for the purposes of the depositor protection provisions in Division 2 of Part II of the Australian Banking Act or of the Financial Claims Scheme established under Division 2AA of Part II of the Australian Banking Act and are not guaranteed or insured by any government, government agency or compensation scheme of Australia or any other jurisdiction.

For personal use only

THE NAB COVERED BOND TRUST

The Trust

The nab Covered Bond Trust (**Trust**) is a special purpose trust established by the Establishment Deed dated 10 November 2011, under the laws applying in the State of New South Wales. Perpetual Corporate Trust Limited is the trustee of the Trust.

The Covered Bond Guarantor's principal office is at Level 18, 123 Pitt Street, Sydney NSW 2000, Australia. The telephone number of the Covered Bond Guarantor's principal office is +61 2 9229 9000.

The Covered Bond Guarantor is dependent on the Trust Manager and the Servicer (among others) to provide certain management and administrative services to it, on the terms of the Establishment Deed and the other Programme Documents.

The Trust was established for purposes relating only to the Covered Bonds, including (without limitation):

(a) the acquisition, management and sale of, among other things, Mortgage Loans and the Related Security;

(b) the borrowing of moneys to fund the acquisition of such assets;

(c) the hedging of risks associated with such assets and such funding;

(d) the acquisition, management and sale of Substitution Assets and Authorised Investments;

(e) the giving of guarantees;

(f) the granting of security; and

(g) any purpose which is ancillary or incidental to any of the purposes set out in paragraphs (a) to (f) above.

The Trust has not engaged since its establishment, and will not engage while the Covered Bonds, any Intercompany Notes or the Demand Note remain outstanding, in any material activities other than activities incidental to the purposes for which it was established, activities contemplated under the Programme Documents to which it is or will be a party and other matters which are incidental or ancillary to the foregoing.

The beneficial interest in the Trust will be represented by:

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

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

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

Perpetual Corporate Trust Limited

Perpetual Corporate Trust Limited was appointed trustee of the Trust on 10 November 2011 pursuant to the Establishment Deed establishing the Trust.

Perpetual Corporate Trust Limited was incorporated in New South Wales on 27 October 1960 as T.E.A. Nominees (N.S.W.) Ltd under the Companies Act, 1936 of New South Wales. The name was changed to

For personal use only

Perpetual Corporate Trust Limited on 18 October 2006 and Perpetual Corporate Trust Limited now operates as a limited liability public company under the Corporations Act. Perpetual Corporate Trust Limited is registered in New South Wales and its registered office is at Level 18, 123 Pitt Street, Sydney, Australia.

Perpetual Corporate Trust Limited is a wholly owned subsidiary of Perpetual Limited, a publicly listed company on the Australian Securities Exchange.

The principal activities of Perpetual Corporate Trust Limited are the provision of trustee and other commercial services. Perpetual Corporate Trust Limited has obtained an Australian Financial Services Licence under Part 7.6 of the Corporations Act (AFSL No 392673). Perpetual Corporate Trust Limited and its related companies provide a range of services including custodial and administrative arrangements to the funds management, superannuation, property, infrastructure and capital markets. Perpetual Corporate Trust Limited and its related companies are leading trustee companies in Australia.

The name and function of each of the Directors of Perpetual Corporate Trust Limited are listed below. Unless otherwise stated, the business address of each Director is Level 18, 123 Pitt Street, Sydney NSW 2000 Australia.

- William Emerton, Director;
- Phillip Blackmore, Director; and
- Richard McCarthy, Director.

As at the date of this Prospectus, there are no existing or potential conflicts of interest between any duties owed to Perpetual Corporate Trust Limited by its Directors and the private interests or external duties of those Directors.

Covered Bond Guarantor's Liability

The Covered Bond Guarantor enters into the Programme Documents only in its capacity as trustee of the Trust and in no other capacity. A liability arising under or in connection with the Programme Documents is limited to and can be enforced against the Covered Bond Guarantor only to the extent to which it can be satisfied out of assets of the Trust, out of which the Covered Bond Guarantor is actually indemnified for the liability. Subject to the paragraphs below, this limitation of the Covered Bond Guarantor's liability applies despite any other provision of the Programme Documents and extends to all liabilities and obligations of the Covered Bond Guarantor in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to a Programme Document.

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

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

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

For personal use only

(other than the Covered Bond Guarantor) or any other person to fulfil its obligations relating to the Trust or by any other act or omission of any Transaction Party (other than the Covered Bond Guarantor) or any other person.

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

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

Security Trustee's Liability

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

Fraud, Negligence and Wilful Default of the Covered Bond Guarantor or the Security Trustee

A reference to the "fraud", "negligence" or "wilful default" of the Covered Bond Guarantor or the Security Trustee means the fraud, negligence or wilful default of the Covered Bond Guarantor or the Security Trustee as the case may be, and of its officers, employees, agents and any other person where the Covered Bond Guarantor or the Security Trustee is liable for the acts or omissions of such other person under the terms of the relevant Programme Document.

A reference to "wilful default" in relation to the Covered Bond Guarantor or the Security Trustee means any intentional failure to comply, or intentional breach, by the defaulting party of any of its obligations under the Programme Documents, other than a failure or breach which:

- is in accordance with a lawful court order or direction or otherwise required by law; or
- is in accordance with a proper instruction or direction from any person (other than the defaulting party) permitted to give such instruction or direction to the defaulting party under the Programme Documents; or
- arose as a result of a breach by any person (other than the defaulting party) of any of its obligations under the Programme Documents and performance of the action (or non-performance of which gave rise to such breach) is a precondition to the defaulting party performing its obligations under the Programme Documents.

For personal use only

For personal use only

NATIONAL AUSTRALIA BANK LIMITED RESIDENTIAL MORTGAGE LOAN ORIGINATION

Origination of the Mortgage Loans

nab originates Australian residential Mortgage Loans in two ways:

(i) via its proprietary network, comprising personal bankers, business bankers, private bankers, mobile bankers and call centre bankers (**Proprietary Channel**); and

(ii) via accredited mortgage brokers, comprising nab Broker and Advantedge (**Third Party Channel**).

nab began originating and servicing residential mortgage loans in the 1960s and is currently Australia's 4th largest home lender by share of outstanding principal. As at 30 September 2024, nab and its subsidiaries acted as the primary servicer on approximately 743,000 customers covering 1.1 million residential mortgage loans having an aggregate principal balance of approximately A$361 billion. The following discussion summarises the underwriting standards applicable to the Mortgage Loans and describes certain key features and characteristics of the Mortgage Loans. These standards, features and characteristics are under regular review and may change from time to time as a result of business and regulatory changes.

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

Underwriting Process

Mortgage Loans

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

Mortgage Loan proceeds must be used or applied wholly or predominantly for owner occupied, investment or personal purposes (including consolidation of personal debts), and for the purchase, construction or renovation of a residential or investment property. Under standard policy, provided a sound history (minimum six months) is held with another financial institution, nab will consider refinancing debts. The minimum loan amount available is twenty thousand dollars (A$20,000). There is no maximum amount (subject to security credit assessment criteria). The minimum term for a Mortgage Loan is one year. The maximum term for a Mortgage Loan is 30 years.

nab's Principal & Interest Mortgage Loan lending is limited to a maximum of 95 per cent. of the market value of the property (for owner occupied loan purpose) or 90 per cent. of the market value of the property (for investment loan purpose) and Interest Only Mortgage Loan Lending. Except under limited circumstances in which approval is granted, the purpose is restricted to property purchase and refinances and Lender's Mortgage Insurance (**LMI**) is mandatory where the loan-to-value ratio is greater than:

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

(ii) 70 per cent. with respect to certain inner city investment properties in the form of apartments; and

(iii) 90 per cent. for nab employees (including children of staff members); and

(iv) 90 per cent. for medical and dental practitioners and partners of certain professional services firms.

In exceptional circumstances, LMI may be waived. LMI provides 100 per cent. coverage against loss on the entire Mortgage Loan.

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

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

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

There are three main types of property valuations:

- **Automated Valuation Models (AVM)** – these are statistical tools used to estimate values for specific residential properties based on property characteristic data and sales data. These values are usually returned as a range and with an indication of the suppliers' confidence in their accuracy expressed as a score and/or as a forecast standard deviation.

  AVM are used for properties up to A$4 million in Sydney, Melbourne and Brisbane metropolitan areas, A$3 million for Australian metropolitan areas, and A$2 million for Australian non-metropolitan areas. This valuation methodology accounts for 52 per cent. of overall valuation requests for Mortgage Loans originated through nab's Proprietary Channel and 51 per cent. of overall valuation requests for Mortgage Loans originated through nab's Third Party Channel.

- **Desktop Valuation –** valuations undertaken by an experienced valuer (from a nab-approved panel valuer or nab's own internal valuation team) with local area knowledge of the property without physical inspection.

  Desktop Valuations are used for low-risk transactions of up to A$5 million for properties in Sydney, Melbourne or Brisbane metropolitan areas, A$3 million for other Australian metropolitan areas and $2 million for Australian major metropolitan areas. This valuation methodology accounts for 18 per cent. of overall valuation requests for Mortgage Loans originated through nab's Proprietary Channel and 19 per cent. of overall valuation requests for Mortgage Loans originated through nab's Third Party Channel.

- **Physical Valuation** – which includes external/kerbside and internal/short and long form valuations (from a nab-approved panel valuer or nab's own internal valuation team).

  This valuation methodology accounts for 29 per cent. of overall valuation requests for Mortgage Loans originated through nab's Proprietary Channel and 29 per cent. of overall valuation requests for Mortgage Loans originated through nab's Third Party Channel.

For Construction loans, a final internal inspection is mandatory.

Credit and Lending Procedures

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

For personal use only

A bank officer (nab employee) is the intermediary for nab's Proprietary Channel home loan customers at all times until the Mortgage Loan is underwritten. The bank officer understands the customer objectives and requirements and recommends a product which is not unsuitable for the customer. The customer's information is collected and recorded in origination systems for assessment. The origination systems are linked to nab's automatic credit decision tool, "New Business Strategy Manager" (**NBSM**). nab Broker utilises the same credit and lending processes adopted by nab's Proprietary Channel. If a Mortgage Loan is originated by nab business bankers, nab's business bankers may also undertake manual credit assessments within an approved DCA.

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

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

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

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

(a) applicant must be a minimum of 18 years of age;

(b) applicant must have legal capacity to enter into the loan contract;

(c) satisfactory employment/eligible income sources;

(d) satisfactory credit checks;

(e) satisfactory savings history/loan repayment history;

(f) sound asset/liability position;

(g) capacity to repay the Mortgage Loan; and

(h) eligible residential collateral.

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

All bank officers involved in assessing/approving Mortgage Loans have ready, on-line access to nab's Credit Policy, and process and training materials. Any policy changes that impact process or policy requirements are only updated after a change management process and the relevant subject matter experts have assessed the impacts of the change, provided feedback and devised communication plans, which always include group

For personal use only

communication but can also include training, FAQs and local area communications. If LMI is required, the bank officer makes all arrangements.

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

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

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

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

In respect of Mortgage Loans originated through nab Brokers, documents are prepared by a centralised team. The loan "letter of offer", mortgage documents and loan terms and conditions are then prepared and sent to the customer for execution.

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

Following unconditional approval, documentation is prepared and imaged before being sent out to the customer. If the customer wet-signs the documentation, the document will be re-imaged with the wet signatures upon return and originals sent for centralised storage. If the document is electronically signed by the customer, the status in the system will be updated to reflect this. After settlement has been effected, the Mortgage Loan is drawn down and fees charged. The majority of applications are settled on a digital platform (PEXA/Sympli) and, following settlement, the Mortgage document is submitted electronically for registration via the relevant digital platform. Following settlements conducted in paper format and in person, the Mortgage document and title are sent for registration to the relevant titles office. If a title is issued in paper form from the titles office following registration, it is filed centrally and the database is updated to reflect the Mortgage as held. For E-titles, the relevant titles office emails nab’s Lending Services division, which then updates nab’s database with the relevant registration number and uploads proof of registration to the relevant application.

nab moved to a single LMI provider in late November 2020. All home loans originated after this date that require LMI have been underwritten by QBE Lender's Mortgage Insurance Limited (**QBE**) across all channels. All home lending with LMI prior to November 2020 was underwritten by QBE (for proprietary home lending) or Helia Insurance Pty Limited (formerly Genworth Financial Mortgage Insurance Pty Limited) (for broker originated lending).

A delegated underwriting authority (**DUA**) policy has been negotiated with nab's preferred insurer, which provides nab the ability to write lenders mortgage insurance without prior approval. The DUA agreement is subject to the following conditions:

- the home loan must be approved by nab credit decisioning systems or an appropriate DCA;

For personal use only

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

Depending on the loan type, scheduled payments can consist of either principal and interest or interest only. Interest on the Mortgage Loans is calculated on a daily "simple" interest basis and is charged to the customer on the last business day of the month. Repayments payable on the Mortgage Loans are:

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

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

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

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

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

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

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

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

Redraw Mortgage Loans

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

(a) the customer is not in default;

For personal use only

(b) no other interest in the mortgaged property has been granted, unless acceptable arrangements have been put in place;

(c) the redraw amount is not to be used for business purposes; and

(d) any building work has been completed.

In addition, Home Loan Redraws may only be made where the amount that would have been outstanding under the Mortgage Loan if repayments owing had been made on the due date required and no additional repayments had been made, less an amount equal to the next required repayment, is more than the balance owing on the loan.

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

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

Selected Statistical Information

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

Arrears – Principal and Interest

	Sep-19				Sep-20			
Period of Arrears:	**By No. of Loans**	**Dollar Amount**	**Per cent. by No. of Loans**	**Per cent. by Dollar Amount**	**By No. of Loans**	**Dollar Amount**	**Per cent. by No. of Loans**	**Per cent. by Dollar Amount**
31-60	2,369	$805.2m	0.34%	0.41%	1,799	$624.5m	0.25%	0.30%
61-90	1,669	$554.8m	0.24%	0.29%	1,321	$472.2m	0.18%	0.23%
91-120	1,256	$405.8m	0.18%	0.21%	1,017	$387.8m	0.14%	0.19%
121-150	928	$310.8m	0.13%	0.16%	866	$279.9m	0.12%	0.14%
151-180	724	$226.9m	0.10%	0.12%	854	$306.7m	0.12%	0.15%
>180	4,012	$1,265.8m	0.58%	0.65%	4,894	$1,653.8m	0.68%	0.80%
Total >30 days	10,958	$3,569.4m	1.59%	1.84%	10,751	$3,724.9m	1.49%	1.80%
Non Accrual	522	$186.6m	0.08%	0.10%	479	$181.5m	0.07%	0.09%
Total in Arrears	11,480	$3,756.0m	1.66%	1.94%	11,230	$3,906.4m	1.56%	1.89%
Total Portfolio	690,130	$194,068.2m			722,001	$206,475.8m		

For personal use only

For personal use only

Arrears – Principal and Interest

	Sep-21				Sep-22			
	By No. of Loans	Dollar Amount	Per cent. by No. of Loans	Per cent. by Dollar Amount	By No. of Loans	Dollar Amount	Per cent. by No. of Loans	Per cent. by Dollar Amount
Period of Arrears:								
31-60	1,869	$728.2m	0.25%	0.33%	1,470	$529.2m	0.19%	0.22%
61-90	1,321	$510.9m	0.17%	0.23%	971	$349.9m	0.13%	0.15%
91-120	958	$374.4m	0.13%	0.17%	675	$251.4m	0.09%	0.11%
121-150	901	$348.3m	0.12%	0.16%	547	$190.6m	0.07%	0.08%
151-180	793	$309.7m	0.10%	0.14%	441	$171.9m	0.06%	0.07%
>180	5,290	$1,982.2m	0.70%	0.89%	3,146	$1,249.5m	0.41%	0.53%
Total >30 days	11,132	$4,253.7m	1.46%	1.91%	7,250	$2,742.6m	0.95%	1.16%
Non Accrual	525	$204.7m	0.07%	0.09%	437	$157.5m	0.06%	0.07%
Total in Arrears	11,657	$4,458.4m	1.53%	2.00%	7,687	$2,900.1m	1.00%	1.22%
Total Portfolio	760,178	$222,825.4m			766,149	$237,341.5m		

Arrears – Principal and Interest

	Sep-23				Sep-24			
	By No. of Loans	Dollar Amount	Per cent. by No. of Loans	Per cent. by Dollar Amount	By No. of Loans	Dollar Amount	Per cent. by No. of Loans	Per cent. by Dollar Amount
Period of Arrears:								
31-60	2,244	$914.6m	0.30%	0.37%	2,431	$1,055.7m	0.33%	0.41%
61-90	1,567	$632.9m	0.21%	0.26%	1,725	$807.6m	0.23%	0.31%
91-120	1,042	$406.8m	0.14%	0.17%	1,271	$582.3m	0.17%	0.22%
121-150	759	$330.3m	0.10%	0.13%	920	$416.3m	0.12%	0.16%
151-180	493	$197.5m	0.07%	0.08%	703	$327.2m	0.10%	0.13%
>180	2,522	$1,032.3m	0.34%	0.42%	3,434	$1,573.7m	0.46%	0.61%
Total >30 days	8,627	$3,514.3m	1.16%	1.43%	10,484	$4,762.8m	1.42%	1.84%
Non Accrual	377	$136.9m	0.05%	0.06%	302	$124.3m	0.04%	0.05%
Total in Arrears	9,004	$3,651.3m	1.21%	1.49%	10,786	$4,887.1m	1.46%	1.88%
Total Portfolio	745,189	$245,779.8m			739,223	$259,294.0m		

Arrears – Interest Only

	Sep-19				Sep-20			
	By No. of Loans	Dollar Amount	Per cent. by No. of Loans	Per cent. by Dollar Amount	By No. of Loans	Dollar Amount	Per cent. by No. of Loans	Per cent. by Dollar Amount
Period of Delinquency:								
31-60	170	$75.2m	0.14%	0.14%	89	$50.0m	0.10%	0.13%
61-90	129	$65.6m	0.11%	0.12%	49	$23.7m	0.06%	0.06%
91-120	99	$47.6m	0.08%	0.09%	63	$31.9m	0.07%	0.08%
121-150	61	$26.3m	0.05%	0.05%	43	$24.5m	0.05%	0.06%
151-180	54	$27.1m	0.05%	0.05%	19	$10.4m	0.02%	0.03%
>180	220	$105.9m	0.18%	0.20%	134	$68.6m	0.15%	0.17%
Total >30 days	733	$347.7m	0.61%	0.65%	397	$209.1m	0.46%	0.53%
Non Accrual	48	$20.0m	0.04%	0.04%	51	$20.9m	0.06%	0.05%
Total in Delinquency	781	$367.7m	0.65%	0.68%	781	$367.7m	0.90%	0.93%
Total Portfolio	119,706	$53,886.5m			86,717	$39,726.5m		

Arrears – Interest Only

	Sep-21				Sep-22			
	By No. of Loans	Dollar Amount	Per cent. by No. of Loans	Per cent. by Dollar Amount	By No. of Loans	Dollar Amount	Per cent. by No. of Loans	Per cent. by Dollar Amount
Period of Delinquency:								
31-60	37	$17.1m	0.05%	0.05%	22	$9.9m	0.03%	0.02%
61-90	48	$25.9m	0.06%	0.07%	17	$10.2m	0.02%	0.03%
91-120	30	$14.4m	0.04%	0.04%	11	$6.1m	0.01%	0.02%
121-150	14	$06.4m	0.02%	0.02%	3	$1.9m	0.00%	0.00%
151-180	18	$12.8m	0.02%	0.04%	4	$2.6m	0.01%	0.01%
>180	89	$53.4m	0.12%	0.15%	23	$16.5m	0.03%	0.04%
Total >30 days	236	$129.9m	0.31%	0.37%	80	$47.3m	0.10%	0.12%
Non Accrual	18	$07.9m	0.02%	0.02%	16	$9.6m	0.02%	0.02%
Total in Delinquency	254	$137.9m	0.33%	0.39%	96	$56.9m	0.12%	0.14%
Total Portfolio	76,351	$35,562.1m			76,816	$40,695.1m		

Arrears – Interest Only

	Sep-23				Sep-24			
	By No. of Loans	Dollar Amount	Per cent. by No. of Loans	Per cent. by Dollar Amount	By No. of Loans	Dollar Amount	Per cent. by No. of Loans	Per cent. by Dollar Amount
Period of Delinquency:								
31-60	87	$60.0m	0.11%	0.13%	134	$121.8m	0.17%	0.24%
61-90	38	$29.7m	0.05%	0.06%	70	$60.8m	0.09%	0.12%
91-120	43	$24.3m	0.05%	0.05%	62	$49.8m	0.08%	0.10%
121-150	24	$19.3m	0.03%	0.04%	46	$70.5m	0.06%	0.14%
151-180	5	$02.5m	0.01%	0.01%	26	$21.4m	0.03%	0.04%
>180	18	$12.8m	0.02%	0.03%	76	$61.4m	0.09%	0.12%
Total >30 days	215	$148.8m	0.27%	0.32%	414	$385.6m	0.51%	0.76%
Non Accrual	12	$6.0m	0.02%	0.01%	8	$05.6m	0.01%	0.01%
Total in Delinquency	227	$154.8m	0.28%	0.33%	422	$391.2m	0.52%	0.77%
Total Portfolio	79,735	$46,613.4m			81,138	$50,963.9m	100.00%	100.00%

It should be noted that the arrears figures above do not include "watch loans" (other loans of a customer where that customer has a loan that is greater than 30 days in arrears) unless those other loans are also greater than 30 days in arrears.

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

The statistics shown in the following table represent the foreclosure experience in respect of nab's overall mortgage portfolio for each of the years presented. "Hardship loans" are loans for which a customer has received approval from nab to reduce the amount of repayments or postpone principal and interest repayments for a time (or both) on the basis of hardship.

For personal use only

For personal use only

Write-Offs – Principal and Interest						
	Total Write-Offs A$	Write-Offs as a Percentage of Total Outstanding Portfolio Balance	Total Recoveries A$	Recoveries as a Percentage of Total Outstanding Portfolio Balance	Net Write Offs	Total Outstanding Portfolio Balance A$
At Fiscal year ended:						
September-19	$45.0m	0.023%	-$3.2m	-0.002%	$48.2m	$194.1b
September-20	$41.9m	0.020%	$0.8m	0.000%	$41.1m	$206.5b
September-21	$29.2m	0.013%	-$0.1m	0.000%	$29.3m	$222.8b
September-22	$18.2m	0.008%	$0.2m	0.000%	$18.0m	$237.3b
September-23	$13.4m	0.005%	$0.1m	0.000%	$13.3m	$245.8b
September-24	$15.2m	0.006%	$0.2m	0.000%	$15.0m	$259.3b

Write-Offs – Interest only						
	Total Write-Offs A$	Write-Offs as a Percentage of Total Outstanding Portfolio Balance	Total Recoveries A$	Recoveries as a Percentage of Total Outstanding Portfolio Balance	Net Write Offs	Total Outstanding Portfolio Balance A$
At Fiscal year ended:						
September-19	$2.9m	0.005%	-$1,361,930	-0.003%	$4.2m	$53.9b
September-20	$1.2m	0.003%	$0	0.000%	$1.2m	$39.7b
September-21	$1.5m	0.004%	$0	0.000%	$1.5m	$35.6b
September-22	$0.0m	0.000%	$0	0.000%	$0.0m	$40.7b
September-23	$0.0m	0.000%	$16,844	0.000%	$0.0m	$46.6b
September-24	$0.8m	0.001%	$354	0.000%	$0.8m	$51.0b

OVERVIEW OF THE PRINCIPAL DOCUMENTS

Bond Trust Deed

The Bond Trust Deed entered into between the Issuer, the Trust Manager, the Covered Bond Guarantor and the Bond Trustee on or about the Programme Date as amended, restated, supplemented, replaced or novated from time to time, is the principal agreement governing the Covered Bonds. The Bond Trust Deed contains provisions relating to:

(a) the constitution of the Covered Bonds and the terms and conditions of the Covered Bonds (as more fully set out under "*Conditions of the Covered Bonds*");

(b) the covenants of the Issuer and the Covered Bond Guarantor;

(c) the terms of the Covered Bond Guarantee (as described below);

(d) the enforcement procedures relating to the Covered Bonds and the Covered Bond Guarantee; and

(e) the appointment, powers and responsibilities of the Bond Trustee and the circumstances in which the Bond Trustee may resign or retire or be removed.

The Covered Bond Guarantee

The Covered Bond Guarantor has guaranteed to the Bond Trustee, for the benefit of Covered Bondholders, the prompt performance by the Issuer of its obligations to pay Guaranteed Amounts.

Following the occurrence of an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer (copied to the Covered Bond Guarantor) and a Notice to Pay on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee), the Covered Bond Guarantor must, as principal obligor, pay or procure to be paid on each Scheduled Payment Date (or on such later date provided for in the Bond Trust Deed) irrevocably and unconditionally to or to the order of the Bond Trustee (for the benefit of the Covered Bondholders), an amount equal to those Guaranteed Amounts which have become Due for Payment in accordance with the terms of the Bond Trust Deed (or which would have become Due for Payment but for any variation, release or discharge of the Guaranteed Amounts), but which have not been paid by the Issuer to the relevant Covered Bondholder and/or Couponholders on the relevant date for payment, provided that no Notice to Pay will be so served on the Covered Bond Guarantor until an Issuer Acceleration Notice has been served by the Bond Trustee on the Issuer.

Following the occurrence of a Covered Bond Guarantor Event of Default and the service by the Bond Trustee of a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee), in respect of the Covered Bonds of each Series which have become immediately due and repayable (or which would have become Due for Payment but for any variation, release or discharge of the Guaranteed Amounts), the Covered Bond Guarantor must, as principal obligor, pay or procure to be paid to or to the order of the Bond Trustee (for the benefit of itself and the Covered Bondholders), in the manner described in the Bond Trust Deed, the Guaranteed Amounts.

Notwithstanding any provision of any Programme Document (including without limitation the Bond Trust Deed) to the contrary, the Covered Bond Guarantor will only be required to make a payment, or procure a payment to be made, under the Covered Bond Guarantee to the extent that the Covered Bond Guarantor is required to make such payment in accordance with the Guarantee Priority of Payments.

Subject to the grace periods specified in Condition 9(b) of the Programme Conditions and/or, in the case of an N Covered Bond, the periods specified in the relevant Condition of the relevant N Covered Bond Conditions (if applicable), failure by the Covered Bond Guarantor to pay the Guaranteed Amounts when Due for Payment will constitute a Covered Bond Guarantor Event of Default.

For personal use only

Covered Bond Guarantor not obliged to pay additional amounts

All payments of Guaranteed Amounts by or on behalf of the Covered Bond Guarantor must be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessment or governmental charges of whatever nature imposed or levied by or on behalf of Australia or any political sub-division thereof or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law or regulation or administrative practice of any jurisdiction. If any such withholding or deduction is required, the Covered Bond Guarantor will pay the Guaranteed Amounts net of such withholding or deduction and will account to the appropriate Tax Authority for the amount required to be withheld or deducted. The Covered Bond Guarantor will not be obliged to pay any additional amount to the Bond Trustee or any holder of Covered Bonds and/or Coupons in respect of the amount of such withholding or deduction.

See further "*Taxation*".

Covered Bond Guarantor as principal debtor and not merely as surety

The Covered Bond Guarantor has agreed that its obligations under the Bond Trust Deed (including in respect of the Covered Bond Guarantee) will be as if it were principal debtor and not merely as surety or guarantor and will be direct, absolute and (to the extent that such obligations extend to the Covered Bond Guarantee, following service of an Issuer Acceleration Notice and Notice to Pay or a Covered Bond Guarantee Acceleration Notice) unconditional obligations of the Covered Bond Guarantor, secured as provided in the Security Deed and limited in recourse against the Covered Bond Guarantor, irrespective of, and unaffected by, any invalidity, irregularity, illegality or unenforceability of, or defect in, any provisions of the Bond Trust Deed or any other Programme Document, or the absence of any action to enforce the same or the waiver, modification or consent by the Bond Trustee, any of the Covered Bondholders or Couponholders in respect of any provisions of the same or the obtaining of any judgment or decree against the Issuer or any action to enforce the same or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of a guarantor.

Excess Proceeds

Following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice and Notice to Pay, any Excess Proceeds will be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the Covered Bond Guarantor, as soon as practicable, and will be held by the Covered Bond Guarantor in the GIC Account and the Excess Proceeds will thereafter form part of the Charged Property and will be used by the Covered Bond Guarantor in the same manner as all other moneys from time to time standing to the credit of the GIC Account pursuant to the Security Deed and the Establishment Deed. Any Excess Proceeds received by the Bond Trustee and held by it or under its control will discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds and Coupons (as applicable and to the extent of the amount so received and subject to restitution of the same if such Excess Proceeds will be required to be repaid by the Covered Bond Guarantor) (but will be deemed not to have so discharged the Issuer's obligations for the purposes of subrogation rights of the Covered Bond Guarantor contemplated by the Bond Trust Deed). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and Notice to Pay or if earlier, service of a Covered Bond Guarantee Acceleration Notice) unconditional and irrevocable and the receipt by, or on behalf of, the Bond Trustee of any Excess Proceeds will not reduce or discharge any such obligations.

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

For the avoidance of doubt, any payments by the Covered Bond Guarantor to the Covered Bondholders, out of the Excess Proceeds, will reduce the Guaranteed Amounts *pro tanto*.

The Bond Trust Deed (other than certain provisions of the Bond Trust Deed under which the Issuer covenants to the Bond Trustee to repay principal and to pay interest in respect of the Covered Bonds (but only in respect

For personal use only

of such provisions, to the extent that they relate to any A$ Registered Covered Bonds), certain provisions of the Bond Trust Deed constituting the A$ Covered Bonds and certain provisions of the Bond Trust Deed limiting recourse to the Covered Bond Guarantor and the Security Trustee) and any non-contractual obligations arising out of or in connection with it are governed by, and are construed in accordance with, English law. Those provisions of the Bond Trust Deed noted above which are not governed by English law, are governed by, and are construed in accordance with, the laws applying in the State of New South Wales, Australia.

Intercompany Note Subscription Agreement

Under the Intercompany Note Subscription Agreement, the Intercompany Note Subscriber has agreed to subscribe for intercompany notes to be issued by the Covered Bond Guarantor (each, an **Intercompany Note**) in an aggregate amount equal to the Total Intercompany Note Commitment, when requested to do so by the Covered Bond Guarantor. Each Intercompany Note may be issued either in the relevant Specified Currency of the related Series or Tranche of Covered Bonds and in an amount equal to the Principal Amount Outstanding as at the Issue Date of that Series or Tranche of Covered Bonds or in Australian Dollars in an amount equal to the Australian Dollar Equivalent of the Principal Amount Outstanding of the related Series or Tranche of Covered Bonds as at the Issue Date.

The proceeds of the issue of an Intercompany Note may only be used by the Covered Bond Guarantor (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Covered Bond Swap):

(a) in relation to the issue of a Series or Tranche of Covered Bonds, to fund (in whole or part) the Purchase Price of a New Mortgage Loan Portfolio to be purchased from the Seller in accordance with the terms of the Mortgage Sale Agreement;

(b) if a New Mortgage Loan Portfolio is purchased from the Seller in advance of an issue of a Series or Tranche of Covered Bonds using the proceeds from an issue or Increase of the Demand Note, to repay the Demand Note in an amount equal to the Series or Tranche of Covered Bonds issued which relate to the Intercompany Notes; and/or

(c) to invest in Substitution Assets (in an amount not exceeding the prescribed limit) to the extent required to meet the Asset Coverage Test,

and thereafter, the Covered Bond Guarantor may use such proceeds (if not denominated in Australian Dollars, upon exchange into Australian Dollars under the applicable Covered Bond Swap) (subject to complying with the Asset Coverage Test):

(i) if an existing Series or Tranche or part of an existing Series or Tranche of Covered Bonds is being refinanced by the issue of a further Series or Tranche of Covered Bonds to which the Intercompany Note being issued relates, to repay the Intercompany Note(s) corresponding to the Covered Bonds being so refinanced (after exchange into the currency of the Intercompany Note(s) being repaid, if necessary);

(ii) to make a repayment of the Demand Note in respect of the Senior Demand Note Component, provided that the Trust Manager has determined the principal amount outstanding of the Demand Note by calculating the Asset Coverage Test as at the Intercompany Note Issue Date having taken into account such repayment and the Trust Manager has confirmed that the Asset Coverage Test will continue to be met after giving effect to such repayment; and/or

(iii) to make a deposit of all or part of the proceeds into the GIC Account (including to fund the Reserve Fund up to an amount which ensures that the balance of the Reserve Fund does not exceed the Reserve Fund Required Amount).

For personal use only

The Issuer will not be relying on repayment of Intercompany Notes in order to meet its repayment obligations under the corresponding Covered Bonds. The Trust Manager must direct the Covered Bond Guarantor, and upon receiving such instructions, the Covered Bond Guarantor will pay amounts due in respect of each Intercompany Note in accordance with the Intercompany Note Subscription Agreement and the applicable Priority of Payments. Prior to the service of a Notice to Pay on the Covered Bond Guarantor, amounts due in respect of an Intercompany Note will be paid by the Covered Bond Guarantor (acting on the directions of the Trust Manager) to, or as directed by, the Intercompany Noteholder, on each Intercompany Note Interest Payment Date, subject to paying all higher ranking amounts in the Pre-Acceleration Revenue Priority of Payments or, as applicable, the Pre-Acceleration Principal Priority of Payments. Any failure by the Covered Bond Guarantor (acting on the directions of the Trust Manager) to pay any amounts due on an Intercompany Note will not affect the liability of the Issuer to pay the amount due on the corresponding Covered Bonds.

Any amounts owing by the Intercompany Note Subscriber (as issuer of a particular Series or Tranche of Covered Bonds (as the case may be)) to the Covered Bond Guarantor in respect of amounts paid by the Covered Bond Guarantor under the Covered Bond Guarantee in relation to the particular Series or Tranche of Covered Bonds or the purchase of the particular Series or Tranche of Covered Bonds by the Covered Bond Guarantor, as applicable, will be set-off automatically (and without any action being required by the Covered Bond Guarantor, the Trust Manager, the Intercompany Note Subscriber or the Security Trustee) against the principal amount outstanding of the Intercompany Note corresponding to the particular Series or Tranche of Covered Bonds together with any accrued but unpaid interest in relation to the Intercompany Note. The amount set-off will be the amount of the relevant payment made by the Covered Bond Guarantor under the Covered Bond Guarantee in relation to the relevant Covered Bonds or the Principal Amount Outstanding of any Covered Bonds purchased or otherwise acquired and cancelled in accordance with Condition 6(h) or Condition 6(i) of the Programme Conditions and/or, in the case of an N Covered Bond, in accordance with the relevant Condition of the relevant N Covered Bond Conditions (if applicable), as applicable, which amount will be applied to reduce the principal amount outstanding of the Intercompany Note corresponding to the Relevant Covered Bonds, any accrued but unpaid interest in relation to the Intercompany Note (in each case, converted into Australian Dollars at the applicable Covered Bond Swap Rate where the Intercompany Note is not denominated in Australian Dollars) and any amounts due and payable in relation to the Demand Note, in the following order of priority:

(a) *first*, to reduce and discharge interest (including accrued interest) due and unpaid on the principal amount outstanding in relation to such Intercompany Note;

(b) *second*, to reduce and discharge the principal amount outstanding in relation to such Intercompany Note;

(c) *third*, to reduce and discharge any other amounts due and payable by the Covered Bond Guarantor to the Intercompany Note Subscriber under the Intercompany Note Subscription Agreement; and

(d) *fourth*, to reduce and discharge amounts due and payable by the Covered Bond Guarantor to the Demand Note Subscriber under the Demand Note Subscription Agreement.

This set-off will apply notwithstanding the Priorities of Payment.

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

Demand Note Subscription Agreement

Under the Demand Note Subscription Agreement, the Demand Note Subscriber has agreed to subscribe for a demand note to be issued by the Covered Bond Guarantor (the **Demand Note**) and thereafter to subscribe for increases in the principal amount outstanding of the Demand Note previously issued (each, an **Increase**) in an aggregate amount up to the Total Demand Note Commitment when requested to do so by the Covered Bond Guarantor. The Demand Note will be denominated in Australian Dollars. Interest on the Demand Note accrues

For personal use only

from day to day and is to be calculated on actual days elapsed and a 365-day year. Such interest is payable in arrears on each Trust Payment Date and accrues at a rate to be determined by the Demand Note Subscriber and the Trust Manager.

The balance of the Demand Note will fluctuate over time, as described below.

The proceeds of the issue of the Demand Note or an Increase in relation to the Demand Note may only be used by, or on behalf of, the Covered Bond Guarantor:

(a) as whole or partial consideration for the acquisition of Mortgage Loans and Related Security from the Seller on a Transfer Date;

(b) to prevent or rectify a failure to meet the Asset Coverage Test;

(c) to rectify a breach of the Pre-Maturity Test;

(d) to rectify an Interest Rate Shortfall;

(e) to fund (in whole or in part) the repayment by the Covered Bond Guarantor of any outstanding Intercompany Notes issued by the Covered Bond Guarantor; or

(f) for any other purpose whatsoever as may be agreed from time to time between the Covered Bond Guarantor (acting at the direction of the Trust Manager) and the Demand Note Subscriber.

Unless otherwise agreed by the Demand Note Subscriber, the Demand Note Subscriber will not subscribe for the issue of, or an Increase in, the Demand Note following an Issuer Event of Default.

Senior Demand Note Component and Junior Demand Note Component

The Demand Note notionally comprises two separate tranches, a Senior Demand Note Component and a Junior Demand Note Component (each as defined below).

If the Issuer has determined that a Regulatory Event has occurred or is likely to occur and the Issuer has so notified the Covered Bond Guarantor and the Trust Manager, then:

(a) The **Senior Demand Note Component** will be the amount by which the then principal amount outstanding of the Demand Note is greater than the principal amount outstanding of the Demand Note which is required to satisfy the Asset Coverage Test. If there is no such excess, then the Senior Demand Note Component is equal to zero. In effect, the Senior Demand Note Component represents the voluntary over-collateralisation in the Trust over and above the over-collateralisation that is required to satisfy the Asset Coverage Test.

(b) The **Junior Demand Note Component** will be equal to the principal amount outstanding of the Demand Note less the Senior Demand Note Component. In effect, the Junior Demand Note Component represents the over-collateralisation that the Trust is required to hold to satisfy the Asset Coverage Test.

There is no Senior Demand Note Component unless the Issuer has made the determination described above and notified the Covered Bond Guarantor and Trust Manager accordingly.

Repayment of the Demand Note

The Covered Bond Guarantor must repay or otherwise satisfy the principal amount of the Demand Note in accordance with the applicable Priority of Payments and the terms of the Demand Note Subscription Agreement and the Establishment Deed.

For personal use only

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

- if, and only if, the Issuer has determined and notified the Covered Bond Guarantor and the Trust Manager of the occurrence or likely occurrence of a Regulatory Event, in respect of the Senior Demand Note Component, only either:
  - by way of set-off by application of the proceeds of the issue of Intercompany Notes as described in "*Intercompany Note Subscription Agreement*" above, which will be set-off as described below; or
  - by an *in specie* distribution of Mortgage Loans and the Related Security to the Demand Noteholder, except if there is an In Specie Failure, in which case, a payment pursuant to the applicable Priority of Payments is permissible; and
- otherwise, if the Issuer has not determined and notified the Covered Bond Guarantor and the Trust Manager of the occurrence or likely occurrence of a Regulatory Event or, if it has, in respect of the Junior Demand Note Component, by application of such amounts as are available under the Priorities of Payments. In addition, in respect of the Junior Demand Note Component, the Trust Manager may (at its discretion) direct the Covered Bond Guarantor to distribute any Mortgage Loans and the Related Security of the Trust in full *in specie* to satisfy any outstanding payment obligations to the Demand Noteholder.

Any *in specie* distribution will be without recourse to the Covered Bond Guarantor and the Trust Manager and without representation or warranty by the Covered Bond Guarantor. For the purposes of an *in specie* distribution, the value of the relevant Mortgage Loans to be distributed by the Covered Bond Guarantor will be determined by the Trust Manager by reference to the Current Principal Balance plus Accrued Interest and Arrears of Interest in respect of the corresponding Mortgage Loans calculated as at the date of the *in specie* distribution, and the Mortgage Loans and Related Security must be selected by the Trust Manager on a basis that is representative of the Mortgage Loans then forming part of the Asset Pool.

The principal amount outstanding of the Demand Note (or relevant part of it) will be repaid or otherwise satisfied by the Covered Bond Guarantor on an AU Business Day no later than the date which falls on the second Trust Payment Date falling after a demand is made by the Demand Noteholder to the Covered Bond Guarantor, unless on such day: (i) the Asset Coverage Test as calculated by the Trust Manager will not be satisfied after giving effect to such repayment and any other amounts to be paid pursuant to the applicable Priority of Payments on the next Trust Payment Date, in which case, only that portion of the amount of the Demand Note which could be repaid while remaining in compliance with the Asset Coverage Test will be due and payable on such day; or (ii) an Asset Coverage Test Breach Notice has been given on or prior to such day and has not been revoked.

If a Covered Bond Guarantee Acceleration Notice has been served, the principal amount of the Demand Note will be due and payable by the Covered Bond Guarantor in accordance with and subject to the Post-Enforcement Priority of Payments.

If the Covered Bonds of each Series and Tranche have been repaid in full and the Issuer has confirmed that no additional Covered Bonds will be issued under the Programme Documents, the principal amount of the Demand Note will be due and payable by the Covered Bond Guarantor in accordance with and subject to the applicable Priority of Payments.

The principal amount of the Demand Note relating to an Interest Rate Shortfall Demand Note Funding will be due and payable by the Covered Bond Guarantor in accordance with and subject to the applicable Priority of Payments.

For personal use only

Repayment of amounts due and payable by the Covered Bond Guarantor in respect of the Demand Note will:

- if, and only if, the Issuer has determined and notified the Covered Bond Guarantor and the Trust Manager of the occurrence or likely occurrence of a Regulatory Event, in respect of the Senior Demand Note Component, rank senior to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee and to the Intercompany Noteholder under the Intercompany Notes, as applicable, under the Pre-Acceleration Priority of Payment, the Guarantee Priority of Payment and the Post-Enforcement Priority of Payment unless there is an In Specie Failure, in which case, such amounts will be subordinated; and

- otherwise, if the Issuer has not determined and notified the Covered Bond Guarantor and the Trust Manager of the occurrence or like occurrence of a Regulatory Event or, if it has, in respect of the Junior Demand Note Component only, be subordinated to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee and to the Intercompany Noteholder under the Intercompany Notes, as applicable, under the Pre-Acceleration Priority of Payment, the Guarantee Priority of Payment and the Post-Enforcement Priority of Payment.

Any amounts owing by the Intercompany Note Subscriber (as Issuer of a particular Series or Tranche of Covered Bonds (as the case may be)) to the Covered Bond Guarantor in respect of amounts paid by the Covered Bond Guarantor under the Covered Bond Guarantee in relation to the particular Series or Tranche of Covered Bonds or the purchase of the particular Series or Tranche of Covered Bonds by the Covered Bond Guarantor, as applicable, which are not set-off in accordance with the order of priority contained in the Intercompany Note Subscription Agreement (set out in "*Intercompany Note Subscription Agreement*" above) will be set-off automatically (and without any action being required by the Covered Bond Guarantor, the Trust Manager, the Intercompany Note Subscriber, the Demand Note Subscriber or the Security Trustee) against any amounts payable by the Covered Bond Guarantor in respect of the Demand Note or under the Demand Note Subscription Agreement in the following order of priority:

(a) *first*, to reduce and discharge interest (including accrued interest) due and unpaid on the principal amount outstanding of the Demand Note;

(b) *second*, to reduce and discharge the principal amount outstanding of the Demand Note; and

(c) *third*, to reduce and discharge any other amounts due and payable by the Covered Bond Guarantor to the Demand Note Subscriber under the Demand Note Subscription Agreement.

This set-off will apply notwithstanding the Priorities of Payment.

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

Mortgage Sale Agreement

The Seller

Mortgage Loans and the Related Security will be sold to the Covered Bond Guarantor from time to time pursuant to the terms of the Mortgage Sale Agreement entered into on 11 November 2011 between nab (in its capacities as Seller, Trust Manager, Issuer, Servicer, Interest Rate Swap Provider and beneficiary of the Seller Trust), the Covered Bond Guarantor (including as Seller Trustee) and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.

For personal use only

Sale by the Seller of Mortgage Loans and Related Security

The Mortgage Loan Portfolio will consist of Mortgage Loans and the Related Security sold from time to time by the Seller to the Covered Bond Guarantor in accordance with the terms of the Mortgage Sale Agreement. The types of Mortgage Loans forming part of the Mortgage Loan Portfolio will vary over time provided that, at the time the relevant Mortgage Loans are sold to the Covered Bond Guarantor, the Mortgage Loans are Qualifying Mortgage Loans (as described below) on the relevant Transfer Date. Accordingly, Mortgage Loans sold by the Seller to the Covered Bond Guarantor on a Transfer Date may have characteristics that differ from Mortgage Loans already in the Mortgage Loan Portfolio as at that date.

Prior to the occurrence of an Issuer Event of Default or a Covered Bond Guarantor Event of Default, the Covered Bond Guarantor will acquire New Mortgage Loan Portfolios from the Seller in the four circumstances described below:

(a) prior to the issue of any Covered Bonds in accordance with the Programme, the Covered Bond Guarantor may issue the Demand Note or request an increase in the principal amount of the Demand Note from the Demand Note Subscriber, the proceeds of which may be applied by the Covered Bond Guarantor to acquire New Mortgage Loan Portfolios from the Seller on the relevant Transfer Date;

(b) in relation to the issue of Covered Bonds from time to time in accordance with the Programme, the Intercompany Note Subscriber will subscribe for an Intercompany Note issued by the Covered Bond Guarantor, the proceeds of which, together with (if applicable) any proceeds from the issue of or an increase in the principal amount of the Demand Note and any Available Principal Receipts available for that purpose, may be applied in whole or in part by the Covered Bond Guarantor to acquire New Mortgage Loan Portfolios from the Seller on the relevant Issue Date;

(c) pursuant to the Mortgage Sale Agreement, if at any time prior to the service of an Asset Coverage Test Breach Notice (which is not deemed to have been revoked) both:

  (i) the amount of Available Principal Receipts available for distribution on the immediately following Trust Payment Date exceeds the amount required to be applied under paragraphs (a) to (e) inclusive of the Pre-Acceleration Principal Priority of Payments; and

  (ii) the Trust Manager considers (having regard to the composition of the Mortgage Loan Portfolio, and the amount of Substitution Assets and Authorised Investments held by the Covered Bond Guarantor, at that time) that all or part of the Available Principal Receipts remaining after application under paragraphs (a) to (e) inclusive of the Pre-Acceleration Principal Priority of Payments should be utilised to acquire one or more New Mortgage Loan Portfolios,

  then the Covered Bond Guarantor must (at the direction of the Trust Manager) notify the Seller requesting that the Seller sell to the Covered Bond Guarantor such New Mortgage Loan Portfolios as are specified by the Trust Manager;

(d) the Trust Manager is required to ensure that the Adjusted Aggregate Mortgage Loan Amount is maintained at all relevant times in compliance with the Asset Coverage Test (as determined by the Trust Manager on each Calculation Date). If the Trust Manager notifies the Covered Bond Guarantor that, on any Calculation Date, the Asset Coverage Test is not satisfied, the Trust Manager must use all reasonable endeavours to arrange for the Covered Bond Guarantor to acquire one or more New Mortgage Loan Portfolios from the Seller in accordance with the Mortgage Sale Agreement as may be required to ensure that the Asset Coverage Test is satisfied on or before the immediately following Calculation Date; and

(e) if the Trust Manager notifies the Servicer and the Seller that having regard to the obligations of the Covered Bond Guarantor and the amount of the Interest Rate Shortfall further Mortgage Loans and

For personal use only

Related Security should be sold to the Covered Bond Guarantor to rectify the Interest Rate Shortfall, the Seller will use all reasonable efforts to offer to sell to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement such New Mortgage Loan Portfolios comprising Mortgage Loans which have a standard variable rate and/or other discretionary rates or margins sufficient to avoid the Interest Rate Shortfall on the next succeeding Calculation Date.

The Seller will not be obliged to sell Mortgage Loans and the Related Security as described above in paragraphs (a), (b), (c) and (d) if, in the reasonable opinion of the Seller, the sale would materially adversely affect the business or financial condition of the Seller.

In exchange for the sale of the Mortgage Loans and the Related Security to the Covered Bond Guarantor, the Seller will receive a cash payment of the purchase price equal to the Current Principal Balance of those Mortgage Loans sold by it as at the Transfer Date.

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

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

Qualifying Mortgage Loans

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

(a) it is due from a Qualifying Borrower;

(b) it is repayable in Australian Dollars;

(c) the term of the Mortgage Loan does not exceed 30 years;

(d) it is freely capable of being dealt with by the Seller as contemplated by the Mortgage Sale Agreement and any New Mortgage Loan Portfolio Notice;

(e) it is secured by a Mortgage over Property in Australia which is either:

  (i) a first ranking mortgage; or

  (ii) a second ranking mortgage where:

    (A) there are two mortgages over the Property securing the Mortgage Loan and the Seller is the registered first mortgagee; and

    (B) the registered first ranking mortgage is also being or has been acquired by the Covered Bond Guarantor;

(f) the Property subject to a Mortgage has erected on it a residential dwelling which is not under construction (excluding renovations permitted by the terms of the Mortgage Loan); and

(g) its Current Principal Balance then outstanding does not exceed A$2,500,000.

For personal use only

On each Transfer Date, the Representations and Warranties (described below in "*Representations and Warranties*") will be given by the Seller in respect of the Mortgage Loans and the Related Security sold by the Seller to the Covered Bond Guarantor on that Transfer Date.

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

Mortgage Loans and Related Securities will be sold by the Seller to the Covered Bond Guarantor by way of equitable assignment. Notice of the sale will not be initially provided to the Borrowers.

Any steps to perfect legal title in the Mortgage Loan Portfolio, including execution and lodgement of Mortgage Transfers with the land titles offices of the appropriate jurisdiction to achieve registration of the Related Security in the name of the Covered Bond Guarantor and the notification to the relevant Borrowers of the sale of Mortgage Loans in the Mortgage Loan Portfolio and the Related Security to the Covered Bond Guarantor, may only be completed by the Covered Bond Guarantor (acting on the directions of the Trust Manager), after the earliest to occur of the following events (**Title Perfection Events**):

(a) in respect of all Mortgage Loans and the Related Security in the Mortgage Loan Portfolio (other than any Selected Mortgage Loans and the Related Security specified in a Selected Mortgage Loan Extinguishment Notice which has been accepted by the Seller within the prescribed time), an Issuer Event of Default and the service on the Issuer of an Issuer Acceleration Notice and the service on the Covered Bond Guarantor of a Notice to Pay;

(b) in respect of the relevant Selected Mortgage Loans and the Related Security only, notice being delivered by the Covered Bond Guarantor (at the direction of the Trust Manager) of a Title Perfection Event, following the acceptance of an offer to sell any Selected Mortgage Loans and the Related Security (in accordance with the Programme Documents) to a Purchaser who is not the Seller;

(c) in respect of the affected Selected Mortgage Loans and the Related Security only, the Seller and/or the Covered Bond Guarantor being required to perfect legal title to any Mortgage Loans and the Related Security in the Mortgage Loan Portfolio by law or by an order of a court of competent jurisdiction;

(d) in respect of the affected Selected Mortgage Loans and the Related Security only, the Seller requesting that the Covered Bond Guarantor perfect its right, title and interest in, to and under, any Mortgage Loans and the Related Security in the Mortgage Loan Portfolio by giving notice in writing to that effect to the Covered Bond Guarantor and the Security Trustee;

(e) in respect of all Mortgage Loans and the Related Security in the Mortgage Loan Portfolio, the Security Trustee declaring that a Title Perfection Event occurs if, in the opinion of the Security Trustee (acting on the directions of the Bond Trustee (for so long as there are Covered Bonds outstanding) or (where no Covered Bonds are outstanding) the Majority Secured Creditors), the Security under the Security Deed or any material part of the Security is in jeopardy and the Security Trustee is directed by the Bond Trustee or the Majority Secured Creditors, as applicable, to declare that a Title Perfection Event has occurred, to reduce that jeopardy;

(f) in respect of all Mortgage Loans and the Related Security in the Mortgage Loan Portfolio, the termination or resignation of nab as Servicer under the Servicing Agreement unless:

  (i) at the relevant date of termination or resignation, any Substitute Servicer is a Related Entity of nab; or

  (ii) the Issuer has issued a Rating Affirmation Notice to the Covered Bond Guarantor, copied to the Security Trustee, in respect of the termination or resignation of nab as Servicer;

(g) in respect of all Mortgage Loans and the Related Security in the Mortgage Loan Portfolio, the occurrence of an Insolvency Event in relation to the Seller; or

For personal use only

(h) in respect of all Mortgage Loans and the Related Security in the Mortgage Loan Portfolio, the Seller's unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's or BBB- by Fitch (or, if Fitch has placed the Seller on ratings watch negative at the relevant time, BBB by Fitch).

On or before the first Transfer Date, the Seller will deliver irrevocable powers of attorney in registrable form in each applicable Australian jurisdiction appointing the Covered Bond Guarantor as its attorney to, among other things: (i) execute, deliver, lodge and register any Mortgage Transfer relating to any Mortgage Loans and any other documents referred to in a Mortgage Transfer which are ancillary to them or contemplated by them with any land titles office in any relevant Australian jurisdiction; (ii) give effect to the transactions contemplated by any Mortgage Transfer; and (iii) exercise any rights of the Seller to vary by notice to the Borrower the rate or amount of any interest or fees payable by the Borrower under the Mortgage Loan (the **Seller Powers of Attorney**) and/or do anything incidental to or conducive to the effective and expeditious exercise of its rights under the Seller Powers of Attorney. The Seller Powers of Attorney will not be exercisable by the Covered Bond Guarantor until the occurrence of a Title Perfection Event in relation to the relevant Mortgage Loan. Upon the occurrence of a Title Perfection Event, the Servicer must deliver to (or at the written direction of) the Covered Bond Guarantor all Mortgage Loan Files, and the Covered Bond Guarantor must (acting on the directions of the Trust Manager) as soon as practicable take all necessary steps to perfect and protect the Covered Bond Guarantor's interest in, and title to, the Mortgage Loans and the Related Security, including: (i) the execution (where necessary under the Seller Powers of Attorney) and lodging of the Mortgage Transfers with the land titles offices of each appropriate jurisdiction to achieve registration of the Related Security in the name of the Covered Bond Guarantor; (ii) initiating legal proceedings to take possession of the Mortgage Loan Files that have not been delivered by the Servicer; (iii) the completion (where necessary, executed under the Seller Powers of Attorney) and giving of notice of the sale of the Mortgage Loans in the Mortgage Loan Portfolio and Related Security to the Covered Bond Guarantor to the relevant Borrowers, insurers and other interested persons; and (iv) requiring each relevant Borrower to make all payments in respect of the relevant Mortgage Loans directly to the Covered Bond Guarantor.

Under the terms of the Mortgage Sale Agreement, the Seller indemnifies the Covered Bond Guarantor against all Liability arising from or incurred as a result of: (i) a failure by the Seller to perform any obligation under the Mortgage Sale Agreement (including any Title Penalty Payments which the Covered Bond Guarantor is required to pay personally or in its capacity as trustee of the Trust as a result of a failure by the Seller to comply with Sections 11A and 11B of the Land Titles Act); (ii) all Penalty Payments which the Covered Bond Guarantor is required to pay personally or in its capacity as trustee of the Trust as a result of a breach by the Seller of any of its representations and warranties under the Mortgage Sale Agreement or a Mortgage Loan or Related Security being in breach of the Consumer Credit Code or the National Consumer Credit Protection Laws or any other breach of the Consumer Credit Code or the National Consumer Credit Protection Laws as at the relevant Transfer Date; (iii) the occurrence of a Title Perfection Event; and (iv) any Borrower in respect of a Mortgage Loan in the Mortgage Loan Portfolio exercising a right of set-off against the Covered Bond Guarantor (provided that the amount of such indemnity in relation to such Mortgage Loan may not exceed the sum of the Current Principal Balance of that Mortgage Loan together with Accrued Interest and Arrears of Interest as at the date that the Borrower exercises the right of set-off). In this paragraph, a **right of set-off** means any right of set-off arising from a deposit of money made by the Borrower with the Seller, or if the Seller fails to advance an agreed Further Advance or a Cash Redraw, or from any transaction between the Borrower and the Seller other than one relating to the Mortgage Loan, but it does not include any agreement to reduce the Borrower's liability to pay interest contained in an Offset Mortgage Loan.

Representations and Warranties

The Seller makes the following representations and warranties (the **Representations and Warranties**) to the Covered Bond Guarantor, the Trust Manager and the Security Trustee in relation to a Mortgage Loan sold or to be sold to the Covered Bond Guarantor on the Transfer Date relating to that Mortgage Loan:

For personal use only

(a) at the time the Seller entered into the Mortgage Loan the Mortgage Loan, the related Mortgage and each other Related Security comply in all material respects with all applicable laws (including the Consumer Credit Code and the National Consumer Credit Protection Laws where applicable);

(b) the related Mortgage and each other Related Security has been or will be duly stamped;

(c) the terms of the Mortgage Loan, related Mortgage and each other Related Security, have not been impaired, waived, altered or modified in any respect, except by a written instrument forming part of the related Title Documents;

(d) the Mortgage Loan, related Mortgage and any other Related Security are enforceable in accordance with their terms against the relevant Borrower (subject to laws relating to insolvency and creditors' rights generally);

(e) the Mortgage Loan is a Qualifying Mortgage Loan as at the relevant Transfer Date;

(f) the Seller has not received any notice of the insolvency or bankruptcy of the Borrower or that the Borrower did not have the legal capacity to enter into the Mortgage Loan or Related Security;

(g) the Seller is the sole legal and beneficial owner of the Mortgage Loan and immediately prior to the assignment of the Mortgage Loan and Related Security under the Mortgage Sale Agreement, no Security Interest exists in relation to its right, title and interests in the Mortgage Loan;

(h) it holds all documents necessary to enforce the provisions of, and the security created by, the related Mortgage and each other Related Security;

(i) it has not received notice from any person that claims to have a Security Interest ranking in priority to or equal with the related Mortgage or any other Related Security;

(j) except if the Mortgage Loan is subject to a fixed rate of interest at any time, and except as may be provided by applicable laws or any binding provision, the interest payable on the Mortgage Loan is not subject to any limitation and no consent, additional memoranda or other writing is required from the Borrower to give effect to a change in the interest rate payable on the Mortgage Loan and any change will be effective on notice being given to the Borrower in accordance with the terms of the Mortgage Loan;

(k) it is entitled to assign the Mortgage Loan upon the terms and conditions of the Mortgage Sale Agreement and no consent to the sale and assignment of the Mortgage Loan or notice of that sale and assignment is required to be given by or to any person including any Borrower (or to the extent that any consent is required, such consent will have been obtained immediately prior to the assignment of the relevant Mortgage Loan);

(l) upon assignment, in accordance with the Mortgage Sale Agreement, beneficial ownership of the Mortgage Loan will vest in the Covered Bond Guarantor free and clear of all Security Interests (other than any Security Interests arising by operation of law); and

(m) the sale of the Mortgage Loan will not be held by a court to constitute a transaction at an undervalue, a fraudulent conveyance or a voidable preference under any insolvency law.

Seller Trust

The Mortgage in respect of a Mortgage Loan in the Mortgage Loan Portfolio may constitute an "all moneys mortgage" in that such Mortgage purports to secure the repayment of indebtedness which a Borrower owes, or may owe, to the Seller, as applicable, other than in respect of the relevant Mortgage Loan (such as business loans) (the **Associated Debt**) (each such mortgage an **All Moneys Mortgage**). Associated Debt secured by an

For personal use only

All Moneys Mortgage which is part of a New Mortgage Loan Portfolio assigned to the Covered Bond Guarantor will also form part of that New Mortgage Loan Portfolio. Pursuant to a trust to be established upon entry into the Mortgage Sale Agreement (the **Seller Trust**), the Covered Bond Guarantor (as the **Seller Trustee**) will hold:

(a) all of its right, title and interest in any such Associated Debt (including the proceeds of enforcement of such Associated Debt); and

(b) the balance (if any) of the All Moneys Mortgage securing that Associated Debt (after taking into account the Trust's interest in that All Moneys Mortgage),

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

Where:

(a) a Mortgage Loan forms part of the Mortgage Loan Portfolio;

(b) an Associated Debt forms part of the Seller Trust Assets; and

(c) there is an All Moneys Mortgage in respect of that Mortgage Loan and Associated Debt,

then all moneys received by the Seller Trustee, the Seller, the Servicer, the Trust Manager or the Covered Bond Guarantor or any receiver, receiver and manager or attorney under or in relation to that Mortgage Loan or that Associated Debt as a result of the enforcement of the All Moneys Mortgage will be applied in accordance with the directions of the Trust Manager and in the following order of priority:

(i) *first*, to meet all costs, charges and expenses of the Covered Bond Guarantor or the relevant mortgagee or any receiver, receiver and manager or attorney incurred in the enforcement of the Mortgage Loan;

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

(iii) *third*, in satisfaction of the Associated Debt.

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

Extinguishment and transfer

If a Mortgage Loan and Related Security becomes the subject of a Mortgage Loan Extinguishment Notice (which occurs in the circumstances described below under "*Breach of Representations and Warranties*", "*Product Switches, Further Advances and Cash Redraws*", "*Seller's right of extinguishment*" and "*Seller's right of pre-emption in respect of Selected Mortgage Loans*"), and such notice is served on the Covered Bond Guarantor and the Trust Manager by the Seller (and in the case of an exercise by the Seller of its right of pre-emption, such notice is countersigned by the Covered Bond Guarantor) in accordance with the Mortgage Sale Agreement, upon payment by the Seller to the Covered Bond Guarantor of the relevant Extinguishment Amount, without any further act or thing required, and without any other instrument being brought into

For personal use only

existence, the Covered Bond Guarantor's entire right, title and interest in, to and under the relevant Mortgage Loan, the Related Security and any other rights relating to the Mortgage Loan forming part of the Mortgage Loan Portfolio will be extinguished in favour of the Seller. The Covered Bond Guarantor will thereafter cease to have any interest in the relevant Mortgage Loan, the Related Security and any such other rights.

If the Covered Bond Guarantor has perfected its title to a Mortgage Loan and Related Security which becomes subject to a Mortgage Loan Extinguishment Notice, upon payment of the Extinguishment Amount by the Seller to the Covered Bond Guarantor, the Covered Bond Guarantor must take all action reasonably requested by the Seller which is required to transfer the Mortgage Loan and any Related Security to the Seller on such date.

The **Extinguishment Amount**, in respect of a Mortgage Loan the subject of a Mortgage Loan Extinguishment Notice, will be an amount equal to: (a) the Current Principal Balance of such Mortgage Loan plus all Accrued Interest and Arrears of Interest under the Mortgage Conditions relating to that Mortgage Loan as at the Extinguishment Date, provided that in relation to a Mortgage Loan, the subject of a Mortgage Loan Extinguishment Notice as a result of a Product Switch of such Mortgage Loan enabling the Borrower to "offset" mortgage payments against other amounts on deposit with the Seller, all Accrued Interest and Arrears of Interest of such Mortgage Loan must be calculated on the basis that no offset occurred for so long as the Mortgage Loan was in the Mortgage Loan Portfolio; or (b) in the case of a Mortgage Loan that is a Selected Mortgage Loan, an amount not less than the amount required in connection with the sale of such Mortgage Loan as described below under "*Establishment Deed –Method of Sale of Selected Mortgage Loans*".

Breach of Representations and Warranties

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

Product Switches, Further Advances and Cash Redraws

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

If the Seller agrees to make a Product Switch in relation to a Mortgage Loan in the Mortgage Loan Portfolio, during a Calculation Period, the Seller may serve a Mortgage Loan Extinguishment Notice on the Covered Bond Guarantor and pay the relevant Extinguishment Amount on the next Calculation Date, or such other date as specified by the Seller in the Mortgage Loan Extinguishment Notice.

A Mortgage Loan in the Mortgage Loan Portfolio will be subject to a Further Advance if an existing Borrower requests further moneys to be advanced to him or her under the relevant Mortgage Loan in circumstances which do not amount to a Cash Redraw and such request is granted. A Mortgage Loan in the Mortgage Loan

For personal use only

Portfolio will be subject to a Cash Redraw when the Seller agrees to a re-advance by the Seller of some or all of the Overpayments that the Borrower has made under the Mortgage Loan.

If the Seller agrees to make a Further Advance or a Cash Redraw in relation to a Mortgage Loan in the Mortgage Loan Portfolio, the Seller may request the Covered Bond Guarantor (such request to be copied to the Trust Manager) to reimburse the Seller for funding the Further Advance or Cash Redraw. The Covered Bond Guarantor is under no obligation whatsoever to reimburse the Seller for funding a Further Advance or Cash Redraw, and any such decision will be made at the Trust Manager's absolute discretion, provided that in no circumstances will the Trust Manager agree to reimburse the Seller for funding a Further Advance or Cash Redraw if: (i) the Trust Manager determines that a Mortgage Loan would not be a Qualifying Mortgage Loan immediately after the Further Advance or Cash Redraw is made; or (ii) on the next Trust Payment Date to occur following the Seller's request to be reimbursed, there are insufficient Available Principal Receipts that are able to be applied for that purpose in accordance with the Pre-Acceleration Principal Priority of Payments. The Trust Manager must notify the Seller on or before the Calculation Date immediately preceding the relevant Trust Payment Date as to whether it has directed the Covered Bond Guarantor to reimburse the Seller for funding the related Further Advance or Cash Redraw. Reimbursement by the Covered Bond Guarantor of a Further Advance or Cash Redraw will only be made if the Trust Manager so directs the Covered Bond Guarantor and will be made in accordance with the applicable Priority of Payments and the terms of the Establishment Deed and the Security Deed.

If the Trust Manager notifies the Seller that it has directed the Covered Bond Guarantor to decline a request from the Seller to reimburse the Seller for funding a Further Advance or Cash Redraw, or the Seller does not (in its discretion) make any such request, then the Seller may serve a Mortgage Loan Extinguishment Notice on the Covered Bond Guarantor and pay the relevant Extinguishment Amount on the next Calculation Date to occur following the notification by the Trust Manager or such other date as specified by the Seller in the Mortgage Loan Extinguishment Notice or, where the Seller has not made a request, following the funding of the Further Advance or Cash Redraw.

Defaulted Mortgage Loans

If a Mortgage Loan becomes a Defaulted Mortgage Loan, then that Defaulted Mortgage Loan will be attributed a zero value in the calculation of the Asset Coverage Test and the Amortisation Test on the relevant Calculation Date.

Seller's right of extinguishment

The Seller may, at any time prior to the occurrence of an Issuer Event of Default, serve a Mortgage Loan Extinguishment Notice on the Covered Bond Guarantor (and copied to the Trust Manager) thereby offering to extinguish the Covered Bond Guarantor's interest in a Mortgage Loan and its Related Security (unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio that is not subject to the offer contained in the Mortgage Loan Extinguishment Notice) by paying the relevant Extinguishment Amount on the date specified in the Mortgage Loan Extinguishment Notice, which must be no earlier than five AU Business Days after the date of that Mortgage Loan Extinguishment Notice. The Covered Bond Guarantor will be under no obligation whatsoever to accept such an offer. The Covered Bond Guarantor must only accept any such offer if directed to do so by the Trust Manager, and the Trust Manager must only direct the Covered Bond Guarantor to accept such offer if the Trust Manager has first confirmed that if the Mortgage Loan and Related Security ceased to form part of the Mortgage Loan Portfolio (following an extinguishment of the Covered Bond Guarantor's interest), the Asset Coverage Test will be met.

The Covered Bond Guarantor (at the direction of the Trust Manager) may accept an offer by the Seller in a Mortgage Loan Extinguishment Notice served in accordance with the process set out above by countersigning and returning to the Seller the Mortgage Loan Extinguishment Notice, whereupon the Seller must pay the relevant Extinguishment Amount on the date specified in the Mortgage Loan Extinguishment Notice.

For personal use only

Seller's right of pre-emption in respect of Selected Mortgage Loans

Under the terms of the Mortgage Sale Agreement, the Seller will have a right of pre-emption in respect of any sale, in whole or in part, of Selected Mortgage Loans and the Related Security. The Covered Bond Guarantor (at the direction of the Trust Manager) may be required to sell Selected Mortgage Loans and the Related Security in the circumstances described in "*Establishment Deed – Sale of Selected Mortgage Loans and Related Security if the Pre-Maturity Test is breached*", "*Establishment Deed – Sale of Selected Mortgage Loans and Related Security following service of an Asset Coverage Test Breach Notice*" and "*Establishment Deed – Sale of Selected Mortgage Loans and Related Security following service of a Notice to Pay*" below.

In connection with the sale of Mortgage Loans and Related Security, prior to the Trust Manager directing the Covered Bond Guarantor to make an offer to sell those Selected Mortgage Loans and the Related Security to Purchasers other than the Seller, the Trust Manager must immediately direct the Covered Bond Guarantor to serve on the Seller a Selected Mortgage Loan Extinguishment Notice in respect of those Selected Mortgage Loans and the Related Security. Following receipt of such notice, the Seller may: (A) serve a Mortgage Loan Extinguishment Notice on the Covered Bond Guarantor and the Trust Manager in respect of the relevant Selected Mortgage Loans and the Related Security (unless the Related Security also secures another Mortgage Loan in the Mortgage Loan Portfolio that is not also a relevant Selected Mortgage Loan) and pay the relevant Extinguishment Amount on the next Trust Payment Date or such later date as the Trust Manager may direct, such date not to be later than the earlier of 30 days after the Mortgage Loan Extinguishment Notice is served and the Final Maturity Date of the Earliest Maturing Covered Bonds; or (B) by notice in writing, require the Trust Manager to direct the Covered Bond Guarantor to make an offer to sell the relevant Selected Mortgage Loans and the Related Security to a Purchaser nominated by the Seller for an offer price not less than the relevant Extinguishment Amount (which amount will be payable by such Purchaser no later than the earlier to occur of 30 days after the Mortgage Loan Extinguishment Notice is served and the Final Maturity Date of the Earliest Maturing Covered Bonds).

If the Seller does not exercise these rights in relation to the Selected Mortgage Loans, the Covered Bond Guarantor will offer to sell the Selected Mortgage Loans and the Related Security to other Purchasers (as described under "*Establishment Deed – Method of Sale of Selected Mortgage Loans*", below).

Further drawings under the Mortgage Loans

The Seller will be solely responsible for funding all further drawings, if any, in respect of Mortgage Loans in the Mortgage Loan Portfolio (including, but not limited to, Further Advances and Cash Redraws).

Offset Mortgage Loans

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

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

Servicing Agreement

Pursuant to the terms of the Servicing Agreement entered into on 11 November 2011 between the Covered Bond Guarantor, nab (in its separate capacities as Trust Manager, Servicer and as Seller) and the Security Trustee, the Servicer has been appointed by the Covered Bond Guarantor to administer and service the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security and to provide certain other administrative and management services for the benefit of the Covered Bond Guarantor.

For personal use only

The Servicer will be required to administer and service the Mortgage Loans in the Mortgage Portfolio and the Related Security in accordance with:

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

(b) the terms and provisions of the Servicing Agreement.

Duties of Servicer

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

(a) service the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security in accordance with the Servicing Procedures;

(b) make all reasonable efforts to collect all payments (including Mortgage Loan Scheduled Payments) in respect of the Mortgage Loans in the Mortgage Loan Portfolio and credit all such Mortgage Loan Scheduled Payments made by a Borrower to the GIC Account;

(c) take all reasonable action to protect or enforce the terms of the Mortgage Loans in the Mortgage Loan Portfolio and the Related Security;

(d) to make claims on behalf of the Covered Bond Guarantor to the extent it is able to make a claim under any Insurance Policy relating to a Mortgage Loan in the Mortgage Loan Portfolio; and

(e) comply with its obligations under the Programme Documents to which it is a party.

Undertakings of the Servicer

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

(a) provide the Services in such manner and with the same degree of diligence and care expected of an appropriately qualified and prudent servicer of receivables similar to those receivables which constitute the Mortgage Loans in the Mortgage Loan Portfolio following such collection procedures as it follows with respect to comparable mortgage loans beneficially owned and serviced by it;

(b) comply with any directions, orders and instructions which the Covered Bond Guarantor, the Trust Manager or the Security Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement as to the manner in which the Services are to be performed;

(c) maintain in full force and effect the authorisations and licences necessary for it to enter into the Programme Documents to which it is a party and the transactions contemplated by them and to comply with its obligation under them;

(d) comply in all material respects with all applicable laws and any codes of practice binding on it in exercising its rights and carrying out its obligations under the Programme Documents to which it is a party (including the National Consumer Credit Protection Laws); and

(e) make all payments required to be made by it pursuant to the Programme Documents to which it is a party on the due date for payment thereof in Australian Dollars (or as otherwise required under the Programme Documents) in immediately available funds for value on such day without set-off

For personal use only

(including, without limitation, any fees owed to it) or counterclaim, but subject to any deductions required by law.

Interest Rate Shortfall Test

The Servicer must determine on each Calculation Date, having regard to:

(a) the standard variable rate and any other discretionary rate or margin in respect of the Mortgage Loans in the Mortgage Loan Portfolio which the Servicer proposes to set under the Servicing Agreement for the next succeeding Trust Payment Period (**relevant Trust Payment Period**); and

(b) the other resources available to the Covered Bond Guarantor, including amounts payable to the Covered Bond Guarantor under the Covered Bond Swap Agreements and the Reserve Fund (as advised by the Trust Manager),

whether the Covered Bond Guarantor would receive an amount of income during the relevant Trust Payment Period which, when aggregated with the funds otherwise available to the Covered Bond Guarantor, is less than the amount which is the aggregate of:

(i) the amount of interest which would be payable (or provisioned to be paid) by or on behalf of the Covered Bond Guarantor under the Intercompany Notes (or, if a Notice to Pay has been served on the Covered Bond Guarantor, the Covered Bond Guarantee), and the Demand Note on the Trust Payment Date falling at the end of the relevant Trust Payment Period and the relevant amounts payable (or provisioned to be paid) to the relevant Swap Providers under the applicable Covered Bond Swap Agreements in respect of all Covered Bonds on the Trust Payment Date falling at the end of the relevant Trust Payment Period; and

(ii) the other expenses payable (or provisioned to be paid) by the Covered Bond Guarantor on the Trust Payment Date falling at the end of the relevant Trust Payment Period ranking equally or in priority thereto in accordance with the relevant Priority of Payments applicable prior to a Covered Bond Guarantor Event of Default,

(the **Interest Rate Shortfall Test**). Any interest rate shortfall will be referred to as the **Interest Rate Shortfall**.

If the Servicer determines that the Interest Rate Shortfall Test will not be met, it will give written notice to the Covered Bond Guarantor and the Seller (copied to the Trust Manager and the Security Trustee), within five AU Business Days of the relevant Calculation Date, of the amount of the Interest Rate Shortfall following which:

(a) the Servicer must, subject as provided below, set the standard variable rate and/or other discretionary rates or margins applicable to Mortgage Loans in the Mortgage Loan Portfolio at such levels as may be required in order for the Interest Rate Shortfall to be rectified on the next succeeding Calculation Date; and/or

(b) provided that a Notice to Pay has not been served on the Covered Bond Guarantor and/or a Covered Bond Guarantor Event of Default has not occurred, the Trust Manager may notify the Servicer and the Seller that, having regard to the obligations of the Covered Bond Guarantor and the amount of the Interest Rate Shortfall, either:

(i) further Mortgage Loans and the Related Security should be sold by the Seller to the Covered Bond Guarantor pursuant to the Mortgage Sale Agreement to rectify the Interest Rate Shortfall, in which case, the Seller will use all reasonable efforts to offer to sell in accordance with the Mortgage Sale Agreement sufficient New Mortgage Loans and the Related Security to the Covered Bond Guarantor on or before the next succeeding Calculation Date to rectify the Interest Rate Shortfall on that next succeeding Calculation Date; or

For personal use only

(ii) the Trust Manager may request the Demand Note Subscriber to fund an Increase in the Demand Note under the Demand Note Facility in a principal amount (as determined by the Trust Manager) required to rectify the Interest Rate Shortfall on the next Calculation Date.

The Seller will not be obliged to sell to the Covered Bond Guarantor, and the Covered Bond Guarantor will not be obliged to acquire, Mortgage Loans and the Related Security as described above if, in the reasonable opinion of the Seller, the sale to the Covered Bond Guarantor of such Mortgage Loans and the Related Security would materially adversely affect the business or financial condition of the Seller.

Yield Shortfall Test

In addition, the Servicer must determine on each Calculation Date following an Issuer Event of Default, and for so long as that Issuer Event of Default continues unremedied, having regard to the aggregate of:

(a) the standard variable rate and any other discretionary rate or margin, in respect of the Mortgage Loans in the Mortgage Loan Portfolio which the Servicer proposes to set under the Servicing Agreement for the relevant Trust Payment Period; and

(b) the resources available to the Covered Bond Guarantor under the Swap Agreements,

whether the Covered Bond Guarantor would receive an aggregate amount of interest from the Mortgage Loans in the Mortgage Loan Portfolio and amounts under the Swap Agreements during the relevant Trust Payment Period which would give a weighted average annual yield on the Mortgage Loans in the Mortgage Loan Portfolio of an amount that is sufficient to enable the Covered Bond Guarantor to make the payments and provisions under paragraphs (a) to (k) (inclusive) of the Pre-Acceleration Revenue Priority of Payments in full on the next Trust Payment Date to occur following the end of the Calculation Period in which such Calculation Date falls (the **Yield Shortfall Test**). Any yield shortfall will be referred to as the **Yield Shortfall**.

If the Servicer determines that the Yield Shortfall Test will not be met, it will give written notice to the Trust Manager, the Covered Bond Guarantor and the Security Trustee, within one AU Business Day of the relevant Calculation Date, of the amount of the Yield Shortfall and the standard variable rate and the other discretionary rates or margins in respect of the Mortgage Loans in the Mortgage Loan Portfolio which would, in the Servicer's opinion, need to be set in order for no Yield Shortfall to arise, and the Yield Shortfall Test to be met, having regard to the date(s) on which the change to the standard variable rate and the other discretionary rates or margins would take effect and at all times acting in accordance with the Servicing Procedures. If the Trust Manager notifies the Servicer that, having regard to the obligations of the Covered Bond Guarantor, the standard variable rate and/or the other discretionary rates or margins should be increased, the Servicer will take all steps which are necessary to increase the standard variable rate and/or any other discretionary rates or margins including giving any notice which is required to be given to Borrowers in accordance with the Mortgage Conditions and the Servicing Procedures.

Remuneration

The Servicer is entitled to a fee for the provision of the Services in such amount as may be agreed in writing between the Covered Bond Guarantor (acting at the direction of the Trust Manager) and the Servicer. Any such fee will be paid by the Covered Bond Guarantor on each Trust Payment Date in accordance with the applicable Priority of Payments.

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

For personal use only

Collections

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

The Servicer must, if it credits money received during a Collection Period to the GIC Account in accordance with the Servicing Agreement, on the Trust Payment Date ending immediately following the end of that Trust Payment Period, credit an additional amount to the GIC Account calculated as interest on the amount of money held by the Servicer during that Collection Period. Any such interest is to be calculated as at the last day of the Collection Period by the Servicer in its absolute discretion on the daily balance of the amount of money held by the Servicer and the rate as determined by the Servicer in its sole discretion. This requirement does not apply if on the Trust Payment Date any amount is to be paid to the Residual Income Unitholder in accordance with paragraph (m) of the Pre-Acceleration Revenue Priority of Payments.

Servicing Procedures

The Trust Manager and the Servicer may amend the Servicing Procedures from time to time. The Trust Manager and the Servicer must not amend the Servicing Procedures in a manner which would materially change the rights or obligations of the Covered Bond Guarantor, without the prior approval of the Covered Bond Guarantor and the Security Trustee or breach the National Consumer Credit Protection Laws, any other applicable laws or any code of practice binding on the Servicer.

Delegation

The Servicer may employ agents and attorneys and may delegate in relation to some or all of its obligations under the Servicing Agreement and the other Programme Documents to which it is a party with notice to the Covered Bond Guarantor, the Trust Manager, the Seller and the Security Trustee of the delegation. The Servicer agrees to exercise reasonable care in selecting delegates and to supervise their actions. The Servicer is responsible, and remains liable, for any loss arising due to any acts or omissions of any person appointed by it and for the payment of any fees of that person. The Servicer remains responsible for all of its obligations under the Programme Documents notwithstanding any delegation by it.

Removal or resignation of the Servicer

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

(a) the Servicer does not pay any amount payable by it in under any Programme Document on time and in the manner required under the relevant Programme Document unless, in the case of a failure to pay on time, the Servicer pays the amount within ten AU Business Days of notice from any of the Covered Bond Guarantor, the Trust Manager or the Security Trustee, except where that amount is subject to a good faith dispute between the Servicer and the Covered Bond Guarantor, the Trust Manager or the Security Trustee;

For personal use only

(b) the Servicer does not comply with any other obligation under any of the Programme Documents which the Security Trustee considers, acting on the directions of:

(i) for so long as there are any Covered Bonds outstanding, the Bond Trustee, is materially prejudicial to the Covered Bondholders; or

(ii) where no Covered Bonds are outstanding, the Majority Secured Creditors, is materially prejudicial to the Secured Creditors,

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

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

(i) for so long as there are any Covered Bonds outstanding, the Bond Trustee, that such failure is likely to be materially prejudicial to the Covered Bondholders; or

(ii) where no Covered Bonds are outstanding, the Majority Secured Creditors, that such failure is likely to be materially prejudicial to the Secured Creditors,

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

(d) it becomes unlawful for the Servicer to administer and service the Mortgage Loans in the Mortgage Loan Portfolio;

(e) an Insolvency Event occurs in relation to the Servicer; or

(f) the Servicer's unsecured, unsubordinated, long-term senior debt obligations have been downgraded below Baa3 by Moody's or BBB- by Fitch (or, if Fitch has placed the Servicer on credit ratings watch negative at the relevant time, BBB by Fitch).

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

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

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

For personal use only

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

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

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

Cover Pool Monitor Agreement

Under the terms of the Cover Pool Monitor Agreement entered into on or about the Programme Date between the Cover Pool Monitor, the Covered Bond Guarantor, nab (in its capacities as Issuer, Seller and Trust Manager), the Bond Trustee and the Security Trustee, the Cover Pool Monitor has agreed, subject to the receipt of certain information to be provided by the Trust Manager to the Cover Pool Monitor, to report on the arithmetic accuracy of certain calculations performed by the Trust Manager on the Calculation Date immediately preceding each half-yearly and yearly anniversary of the Programme Date, for the purposes of determining compliance or non-compliance by the Covered Bond Guarantor with the Legislated Collateralisation Test and the Asset Coverage Test or the Amortisation Test, as applicable, on that Calculation Date. In the case of the Asset Coverage Test and the Amortisation Test, the relevant test to be conducted by the Cover Pool Monitor depends on whether the Calculation Date falls prior to or after a Notice to Pay is served on the Covered Bond Guarantor. The Cover Pool Monitor is only required to test the Legislated Collateralisation Test, the Asset Coverage Test and the Amortisation Test if, on the relevant Calculation Date, there are any Covered Bonds outstanding.

The Cover Pool Monitor has also agreed, subject to due receipt of the information to be provided by the Trust Manager to the Cover Pool Monitor, as soon as reasonably practicable following each Calculation Date immediately preceding each half-yearly and yearly anniversary of the Programme Date (each, a **Reporting Date**) to examine the records of the assets of the Trust kept by the Trust Manager in accordance with the terms of the Establishment Deed to:

(a) assess whether the Trust Manager is keeping an accurate register of the assets of the Trust; and

(b) determine whether:

(i) the assets of the Trust comprising the Asset Pool are assets of a kind specified in Section 31(1) of the Australian Banking Act;

(ii) the assets of the Trust comprising the Asset Pool are not assets prescribed by regulation for the purposes of Section 31(3) of the Australian Banking Act; and

(iii) the aggregate amount of Substitution Assets or any particular class of Substitution Assets does not exceed the limits set out in the Establishment Deed.

The Cover Pool Monitor must carry out the tests and examinations above with a view to providing a report in accordance with the Cover Pool Monitor Agreement and may use sampling in accordance with the auditing standards under the Corporations Act in carrying out such testing and examination.

If the long-term unsecured, unguaranteed and unsubordinated debt obligation credit ratings of the Trust Manager (or if the Trust Manager is not so rated, if the long-term unsecured, unguaranteed and unsubordinated debt obligation credit ratings of the Trust Manager's holding company) fall below Baa3 by Moody's or BBB- by Fitch (or, if Fitch has placed the Issuer on credit ratings watch negative at the relevant time, BBB by Fitch) (and for as long as they remain below such ratings), the Cover Pool Monitor will, subject to receipt of the relevant information from the Trust Manager, be required to perform such tests on the arithmetic accuracy of

For personal use only

the relevant tests referred to above (other than the Legislated Collateralisation Test) as soon as reasonably practicable (and in any event not later than ten AU Business Days following receipt of the relevant information from the Trust Manager) following every Calculation Date after any such downgrade.

If any test conducted by the Cover Pool Monitor as described above reveals arithmetic errors in the relevant calculations performed by the Trust Manager, such that:

(a) the Asset Coverage Test or the Amortisation Test was not satisfied on the relevant Calculation Date (where the Trust Manager had recorded it as being satisfied); or

(b) the reported Adjusted Aggregate Mortgage Loan Amount or the reported Amortisation Test Aggregate Mortgage Loan Amount, as applicable, was misstated by the Trust Manager by an amount exceeding 1 per cent. of the actual Adjusted Aggregate Mortgage Loan Amount or the actual Amortisation Test Aggregate Mortgage Loan Amount, as applicable (as at the date of the relevant Asset Coverage Test or the relevant Amortisation Test),

the Cover Pool Monitor will be required to conduct such tests in respect of every Calculation Date occurring during the period ending six months after the date of the Asset Coverage Test and/or the Amortisation Test which included the relevant arithmetic errors.

The Cover Pool Monitor will be entitled, in the absence of manifest error, to assume that all information provided to it by the Trust Manager for the purpose of reporting on the arithmetic accuracy is true and correct and is complete and not misleading, and is not required to conduct an audit or other similar examination in respect of or otherwise take steps to verify the accuracy or completeness of any such information. The Cover Pool Monitor Report, together with the reports prepared in respect of the records of the assets of the Trust kept by the Trust Manager, will be delivered to the Issuer, Seller, Trust Manager, the Covered Bond Guarantor, nab, the Bond Trustee and the Security Trustee.

The Covered Bond Guarantor will pay to the Cover Pool Monitor for the performance of its obligations a fee as agreed with the Issuer.

Pursuant to the Cover Pool Monitor Agreement, the Cover Pool Monitor has undertaken to:

(a) exercise reasonable skill and care in the performance of its obligations under the Cover Pool Monitor Agreement;

(b) to the extent permitted by law, comply with all material legal and regulatory requirements applicable to the conduct of its business so that it can lawfully attend to the performance of its obligations under the Cover Pool Monitor Agreement; and

(c) at all times:

  (i) be registered as an auditor under Part 9.2 of the Corporations Act; or

  (ii) hold an Australian financial services licence (as defined in the Corporations Act) which licence extends to the provision of financial services as Cover Pool Monitor; or

  (iii) be exempt from holding an Australian financial services licence (as defined in the Corporations Act) which exemption extends to the provision of financial services as Cover Pool Monitor.

For personal use only

The Trust Manager may:

(a) at any time, but only with the prior written consent of the Security Trustee, direct the Covered Bond Guarantor to terminate the appointment of the Cover Pool Monitor by giving at least 60 days' prior written notice to the Cover Pool Monitor; or

(b) at any time, direct the Covered Bond Guarantor to terminate the appointment of the Cover Pool Monitor, if the Cover Pool Monitor is unable to comply with the requirements set out in Sections 30(2) and 30(3) of the Australian Banking Act,

provided that such termination will (for the purposes of (a) above) and may, at the discretion of the Trust Manager (for the purposes of (b) above), not be effective unless and until a replacement has been found by the Trust Manager.

The Cover Pool Monitor may, at any time, resign by giving at least 60 days' prior written notice to the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee, and the Security Trustee.

Upon giving notice of termination or receiving notice of resignation, the Trust Manager will use its best endeavours to arrange for the Covered Bond Guarantor to promptly appoint a substitute cover pool monitor pursuant to an agreement on substantially the same terms as the terms of the Cover Pool Monitor Agreement, to provide the services set out in the Cover Pool Monitor Agreement. If a substitute cover pool monitor is not appointed by the date which is 30 days prior to a date when tests are to be carried out in accordance with the terms of the Cover Pool Monitor Agreement, then the Trust Manager will use all reasonable endeavours to arrange for the Covered Bond Guarantor to appoint an accountancy firm or trustee company of national standing in Australia or a firm recognised as having expertise in managing assets on behalf of investors to carry out the relevant tests on a one-off basis. The Trust Manager will promptly notify the Rating Agencies of the appointment of any substitute cover pool monitor, or any accountancy or other firm or trustee company to carry out the relevant tests.

The Cover Pool Monitor will not be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by the Covered Bond Guarantor, the Security Trustee and/or any other person as a result of a breach by any of the other parties to the Cover Pool Monitor Agreement of any provision of the Cover Pool Monitor Agreement, save to the extent that such loss, liability, claim, expense or damage is suffered or incurred as a result of any negligence, fraud, or wilful default of the Cover Pool Monitor or as a result of a breach by the Cover Pool Monitor of the terms and provisions of the Cover Pool Monitor Agreement or any other Programme Document to which the Cover Pool Monitor is a party (in its capacity as such). The liability of the Cover Pool Monitor is limited by a scheme approved under professional standards, except where the Cover Pool Monitor is a financial services licensee. If the Cover Pool Monitor's liability is not limited pursuant to the scheme, the liability of the Cover Pool Monitor for any loss, liability, claim, expense or damage suffered or incurred by any of the other parties caused by breach of any provision of the Cover Pool Monitor Agreement, tort (including negligence), breach of fiduciary duty or other actionable wrong of any kind will be limited to ten times the fees paid for the report the subject of the loss, liability, claim, expense or damage.

None of the Covered Bond Guarantor, the Bond Trustee nor the Security Trustee are obliged to act as Cover Pool Monitor or to monitor or supervise the performance of the Cover Pool Monitor in any circumstances.

The Cover Pool Monitor Agreement is, and is construed in accordance with, the laws applying in the State of New South Wales, Australia.

Establishment Deed

The Establishment Deed, made between the Covered Bond Guarantor and nab as the Issuer, the Seller, the Trust Manager and the Servicer establishes the nab Covered Bond Trust and provides that the Covered Bond Guarantor will be the trustee of the Trust. Pursuant to the Establishment Deed, the Trust is established for purposes relating only to Covered Bonds including (without limitation) the acquisition, management and sale

For personal use only

of, among other things, Mortgage Loans and the Related Security; the borrowing of moneys to fund the acquisition of such assets; the hedging of risks associated with such assets and such funding; the acquisition, management and sale of Substitution Assets and Authorised Investments; the giving of guarantees; the granting of security; and any purpose which is ancillary or incidental to any of those purposes listed above.

Unitholders

The beneficial interest in the assets of the Trust is vested in the Residual Income Unitholder as holder of one Residual Income Unit and the Residual Capital Unitholder as holder of ten Residual Capital Units. Pursuant to the Establishment Deed, the Residual Income Unitholder is entitled to distributions of the net income, if any, of the Trust for each fiscal year. The Residual Capital Unitholder's interest in the Trust comprises an interest in its proportion of any assets of the Trust remaining after payment of any amount of net income due to the Residual Income Unitholder in satisfaction of the Residential Income Unitholder's entitlement to the net income of the Trust.

The right of any Unitholder to recover any amounts in respect of its interests described above is limited to the assets of the Trust available for distribution after payments or distributions have been made to all other parties under the Priorities of Payment.

Asset Coverage Test

Under the terms of the Establishment Deed, the Trust Manager must ensure that for so long as Covered Bonds remain outstanding on each Calculation Date prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, the Adjusted Aggregate Mortgage Loan Amount is at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date (the **Asset Coverage Test**). The Trust Manager will perform all calculations required on each Calculation Date, and any other date on which the Asset Coverage Test is required to be calculated, to determine whether the Mortgage Loan Portfolio is in compliance with the Asset Coverage Test.

If on any Calculation Date prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer the Asset Coverage Test as calculated on that Calculation Date is not satisfied, then the Trust Manager must immediately notify the Covered Bond Guarantor, the Bond Trustee and the Security Trustee in writing and the Trust Manager will undertake to use all reasonable endeavours to arrange for the Covered Bond Guarantor to acquire sufficient additional Mortgage Loans and Related Security from the Seller in accordance with the Mortgage Sale Agreement (see "*Mortgage Sale Agreement – Sale by the Seller of Mortgage Loans and Related Security*" above), and must direct the Covered Bond Guarantor to purchase Substitution Assets or request subscriptions from the Demand Note Subscriber for an increase in the principal amount of the Demand Note to ensure that the Asset Coverage Test is satisfied on any date on or before the immediately following Calculation Date (by reference to the Adjusted Aggregate Mortgage Loan Amount and the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds, in each case, as calculated on such date). If the Asset Coverage Test remains unsatisfied for a second consecutive Calculation Date, the Trust Manager must immediately notify the Covered Bond Guarantor, the Bond Trustee and the Security Trustee in writing and the Bond Trustee must serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the non-satisfaction of the Asset Coverage Test). The Bond Trustee will be deemed to have revoked an Asset Coverage Test Breach Notice if, on any Calculation Date falling on or prior to the third consecutive Calculation Date, the Asset Coverage Test is subsequently satisfied, and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If the Bond Trustee is deemed to have revoked an Asset Coverage Test Breach Notice, the Trust Manager must immediately notify (in writing) the Bond Trustee of such revocation.

For personal use only

Following service of an Asset Coverage Test Breach Notice (which has not been revoked):

(a) the Covered Bond Guarantor may be required to sell Selected Mortgage Loans and the Related Security (as further described under "*Sale of Selected Mortgage Loans and Related Security following service of an Asset Coverage Test Breach Notice*" below);

(b) prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice, the Pre-Acceleration Priority of Payments will be modified as described in "*Cashflows – Allocation and Distribution of Available Revenue Receipts following the service of an Asset Coverage Test Breach Notice*" and "*Cashflows –Allocation and Distribution of Available Principal Receipts following service of an Asset Coverage Test Breach Notice*"; and

(c) the Issuer will not be permitted to issue any further Covered Bonds.

If an Asset Coverage Test Breach Notice has not been revoked as described above, then the Asset Coverage Test will be breached and an Issuer Event of Default will occur on the next following Calculation Date after the service of such Asset Coverage Test Breach Notice and the Trust Manager must immediately give written notice of that occurrence to the Covered Bond Guarantor, the Bond Trustee and the Security Trustee.

For the purposes hereof:

Adjusted Aggregate Mortgage Loan Amount means the amount calculated on each Calculation Date as follows:

A + B + C + D + E – Z,

where:

A = the lower of:

(a) the aggregate of the LVR Adjusted Mortgage Loan Balance Amounts of the Mortgage Loans in the Mortgage Loan Portfolio as at such Calculation Date; and

(b) the aggregate of the Asset Percentage Adjusted Mortgage Loan Balance Amounts of the Mortgage Loans in the Mortgage Loan Portfolio as at such Calculation Date,

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

The **LVR Adjusted Mortgage Loan Balance Amount** will be calculated for a Mortgage Loan, on the relevant Calculation Date, as:

(i) for each Mortgage Loan in the Mortgage Loan Portfolio that is not then a Defaulted Mortgage Loan, the lesser of:

(A) the outstanding Current Principal Balance of the Mortgage Loan as at the relevant Calculation Date; and

(B) the product of M and L, where:

(I) M is 80 per cent.; and

For personal use only

(II) L is the Indexed Valuation for the Property which secures the Mortgage Loan as at the relevant Calculation Date (but without double counting across Mortgage Loans); and

(ii) for each Mortgage Loan in the Mortgage Loan Portfolio that is a Defaulted Mortgage Loan, zero,

less:

(iii) where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security in respect of which the Seller was, in the immediately preceding Calculation Period, known by the Covered Bond Guarantor or the Trust Manager to be in breach of the Representations and Warranties contained in the Mortgage Sale Agreement as at the date of its sale to the Covered Bond Guarantor or where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security was the subject of a Product Switch and, in either case, the Seller has not repurchased the Mortgage Loan and the Related Security to the extent required by the terms of the Mortgage Sale Agreement, an amount equal to the LVR Adjusted Mortgage Loan Balance Amount (as calculated pursuant to paragraphs (i) and (ii) above) for each Mortgage Loan to which this paragraph (iii) applies; and

(iv) where the Seller, in any preceding Calculation Period, was in material breach of any other warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Calculation Period, in material breach of a term of the Servicing Agreement, an amount equal to the resulting financial loss incurred by the Covered Bond Guarantor in the immediately preceding Calculation Period (such financial loss to be calculated by the Trust Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the Covered Bond Guarantor by the Seller or by the Servicer (as applicable) to indemnify the Covered Bond Guarantor for such financial loss).

The **Asset Percentage Adjusted Mortgage Loan Balance Amount** will be calculated for a Mortgage Loan, on the relevant Calculation Date, as the Asset Percentage multiplied by:

(i) for each Mortgage Loan in the Mortgage Loan Portfolio that is not then a Defaulted Mortgage Loan, the lesser of:

(A) the outstanding Current Principal Balance of the Mortgage Loan as at the relevant Calculation Date; and

(B) the product of M and L, where:

(I) M is 100 per cent.; and

(II) L is the Latest Valuation for the Property which secures the Mortgage Loan as at the relevant Calculation Date (but without double counting across Mortgage Loans); and

(ii) for each Mortgage Loan in the Mortgage Loan Portfolio that is a Defaulted Mortgage Loan, zero,

less:

(iii) where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security in respect of which the Seller was, in the immediately preceding Calculation Period, known by the Covered Bond Guarantor or the Trust Manager to be in breach of the Representations and Warranties contained in the Mortgage Sale Agreement as at the date of its sale to the Covered Bond

For personal use only

Guarantor or where a Mortgage Loan in the Mortgage Loan Portfolio or the Related Security was the subject of a Product Switch and, in either case, the Seller has not repurchased the Mortgage Loan and the Related Security to the extent required by the terms of the Mortgage Sale Agreement, an amount equal to the Asset Percentage Adjusted Mortgage Loan Balance Amount (as calculated pursuant to paragraphs (i) and (ii) above on the relevant Calculation Date) for each Mortgage Loan to which this paragraph (iii) applies; and

(iv) where the Seller, in any preceding Calculation Period, was in material breach of any other warranty under the Mortgage Sale Agreement and/or the Servicer was, in any preceding Calculation Period, in material breach of a term of the Servicing Agreement, an amount equal to the resulting financial loss incurred by the Covered Bond Guarantor in the immediately preceding Calculation Period (such financial loss to be calculated by the Trust Manager without double counting and to be reduced by any amount paid (in cash or in kind) to the Covered Bond Guarantor by the Seller or by the Servicer (as applicable) to indemnify the Covered Bond Guarantor for such financial loss);

B = the aggregate amount of any proceeds of each issue of any Intercompany Notes and/or any increase in the principal amount of the Demand Note which have not been applied as contemplated in the Programme Documents as at the relevant Calculation Date;

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

D = the aggregate amount of Mortgage Loan Principal Receipts standing to the credit of the GIC Account as at the relevant Calculation Date (without double counting any amounts already covered in B above) but excluding any amounts due to be applied on or before the next Trust Payment Date in accordance with the applicable Priority of Payments;

E = the amount of any Sale Proceeds standing to the credit of the Pre-Maturity Ledger as at the relevant Calculation Date (without double counting any amounts already covered in D above); and

Z = the product of:

(i) the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding calculated by the Trust Manager as at the relevant Calculation Date (provided that if such amount is less than one, it will be deemed for the purposes of this calculation, to be one);

(ii) the Australian Dollar Equivalent of the then aggregate Principal Amount Outstanding of the Covered Bonds; and

(iii) the then Negative Carry Factor, where the **Negative Carry Factor** is:

(A) zero, for so long as the Interest Rate Swaps are in effect in accordance with their terms; or

(B) if the Interest Rate Swaps are not in effect in accordance with their terms, then either:

(I) 0.50 per cent. if the then Weighted Average Spread is less than or equal to 0.10 per cent. per annum; or

(II) 0.40 per cent., plus the Weighted Average Spread, if such Weighted Average Spread is greater than 0.10 per cent., per annum,

where:

For personal use only

(III) the **Spread** is: (I) in the case of a Series of floating rate Covered Bonds, the Specified Currency of which is Australian Dollars and in respect of which there is no Covered Bond Swap in place, the margin for the Series specified in the Applicable Final Terms; and (II) in any other case the spread used to calculate the floating amounts denominated in Australian Dollars payable by the Covered Bond Guarantor in accordance with the applicable Covered Bond Swap; and

(IV) the **Weighted Average Spread** is the weighted average Spread (as determined under (III) above) then payable on each Series of Covered Bonds (determined by reference to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the applicable Series).

There is no obligation on the Covered Bond Guarantor or the Issuer to ensure that a AAA credit rating is maintained by Fitch or an Aaa credit rating is maintained by Moody's in respect of the Covered Bonds and the Trust Manager is under no obligation to change the percentage figure determined by it and notified to Fitch or Moody's, as applicable, and Covered Bond Guarantor and the Security Trustee in line with the level of credit enhancement required to ensure a AAA credit rating by Fitch or an Aaa credit rating by Moody's.

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

Amortisation Test

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

If on any Calculation Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Amortisation Test Aggregate Mortgage Loan Amount is less than the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date, then the Amortisation Test will be breached and a Covered Bond Guarantor Event of Default will occur. The Trust Manager must immediately notify the Covered Bond Guarantor, the Security Trustee and (for so long as Covered Bonds are outstanding) the Bond Trustee of any breach of the Amortisation Test.

The **Amortisation Test Aggregate Mortgage Loan Amount** will be calculated by the Trust Manager on each relevant Calculation Date as follows:

A + B + C - Z

For personal use only

where:

A = the aggregate of the **Amortisation Test Current Principal Balance** of each Mortgage Loan, which will be the product of L and M, where:

(a) L is the lesser of:

(i) the outstanding Current Principal Balance of the Mortgage Loan as calculated on the relevant Calculation Date; and

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

(b) M is:

(i) for each Mortgage Loan that is not then a Defaulted Mortgage Loan M = 1.0; or

(ii) for each Mortgage Loan that is then a Defaulted Mortgage Loan, M = zero;

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

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

Z = the product of:

(a) the weighted average remaining maturity of all Covered Bonds then outstanding (expressed in years) (but if less than 1, then deemed to be 1);

(b) the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds; and

(c) the Negative Carry Factor.

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

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

The Establishment Deed will provide for the sale of Selected Mortgage Loans and the Related Security in circumstances where the Pre-Maturity Test has been breached in relation to a Series of Hard Bullet Covered Bonds. The Pre-Maturity Test will be breached in relation to a Series of Hard Bullet Covered Bonds if the credit ratings of the Issuer fall below a specified level and such Series of Hard Bullet Covered Bonds is due for repayment within a specified period of time thereafter. The Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must, sell Selected Mortgage

For personal use only

Loans in the Mortgage Loan Portfolio and the Related Security, subject to the rights of pre-emption enjoyed by the Seller pursuant to the terms of the Mortgage Sale Agreement (as described in "*Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loans*" above) and subject to any Pre-Maturity Demand Note Funding having been provided by the Demand Note Subscriber from time to time. The proceeds from any such sale which constitute Available Principal Receipts will be credited to the Pre-Maturity Ledger and deposited into the GIC Account. If the Issuer fully repays a Series of Hard Bullet Covered Bonds on their Final Maturity Date, any amount standing to the credit of the Pre-Maturity Ledger in the GIC Account following such repayment in full will be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager) in accordance with the applicable Priority of Payments unless the Issuer is failing the Pre-Maturity Test in respect of any other Series of Hard Bullet Covered Bonds, in which case, the Trust Manager must ensure that sufficient cash is retained on the Pre-Maturity Ledger in order to provide liquidity for that other Series of Hard Bullet Covered Bonds. Otherwise, the proceeds will be applied as set out in "*Cashflows*".

For a description of the Pre-Maturity Test, see "*Credit Structure – Pre-Maturity Test*" below.

Sale of Selected Mortgage Loans and Related Security following service of an Asset Coverage Test Breach Notice

After service of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to the service of a Notice to Pay, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction the Covered Bond Guarantor must sell Selected Mortgage Loans in the Mortgage Loan Portfolio and the Related Security in accordance with the Establishment Deed (as described below), subject to the rights of pre-emption enjoyed by the Seller pursuant to the Mortgage Sale Agreement (as described in "*Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loans*" above) and subject to any Pre-Maturity Demand Note Funding having been provided by the Demand Note Subscriber from time to time. The proceeds from any such sale will be credited to the GIC Account and applied as set out in "*Cashflows – Allocation and Distribution of Available Revenue Receipts following the service of an Asset Coverage Test Breach Notice*" and "*Cashflows – Allocation and Distribution of Available Principal Receipts following service of an Asset Coverage Test Breach Notice*".

Sale of Selected Mortgage Loans and Related Security following service of a Notice to Pay

After a Notice to Pay has been served on the Covered Bond Guarantor following the occurrence of an Issuer Event of Default, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must, sell Selected Mortgage Loans in the Mortgage Loan Portfolio and the Related Security in accordance with the Establishment Deed (as described below), subject to the rights of pre-emption enjoyed by the Seller pursuant to the Mortgage Sale Agreement (as described in "*Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loans*"). The proceeds from any such sale will be credited to the GIC Account and applied as set out in the Guarantee Priority of Payments.

Method of Sale of Selected Mortgage Loans

If the Covered Bond Guarantor is required to sell Selected Mortgage Loans in the Mortgage Loan Portfolio and the Related Security to Purchasers following the service of an Asset Coverage Test Breach Notice, a breach of the Pre-Maturity Test or the service of a Notice to Pay on the Covered Bond Guarantor, the Trust Manager must ensure that before offering Selected Mortgage Loans in the Mortgage Loan Portfolio and the Related Security for sale:

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

For personal use only

(b) the Selected Mortgage Loans have an aggregate Current Principal Balance in an amount (the **Required Current Principal Balance Amount**) which is as close as possible to the amount calculated as follows:

(i) following the service of an Asset Coverage Test Breach Notice (but prior to service of a Notice to Pay on the Covered Bond Guarantor), such amount that would ensure that, if the Selected Mortgage Loans were sold at their Current Principal Balance plus the Arrears of Interest and Accrued Interest thereon, the Asset Coverage Test would be satisfied on the next Calculation Date taking into account the payment obligations of the Covered Bond Guarantor on the Trust Payment Date following that Calculation Date; or

(ii) following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor:

$$N \times \left[\frac{\text{aggregate Current Principal Balance for all Mortgage Loans in the Mortgage Loan Portfolio}}{\text{Australian Dollar Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding}} \right]$$

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

(x) in respect of Selected Mortgage Loans and the Related Security being sold following a breach of the Pre-Maturity Test, the Required Redemption Amount of the relevant Series of Hard Bullet Covered Bonds less amounts standing to the credit of the Pre-Maturity Ledger that are not otherwise required to provide liquidity for any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant series of Hard Bullet Covered Bonds; or

(y) in respect of Selected Mortgage Loans and the Related Security being sold following the service of a Notice to Pay on the Covered Bond Guarantor, the Required Redemption Amount of the Earliest Maturing Covered Bonds less amounts standing to the credit of the GIC Account and the principal amount of any Substitution Assets or Authorised Investments (excluding all amounts to be applied on the next following Trust Payment Date to repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds).

The Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will, offer the Selected Mortgage Loans and the Related Security for sale to Purchasers for the best price reasonably available but in any event:

(a) following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay on the Covered Bond Guarantor), for an amount not less than the Current Principal Balance of the Selected Mortgage Loans plus the Arrears of Interest and Accrued Interest thereon; and

(b) following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor, for an amount not less than the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds.

Following breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor if the Selected Mortgage Loans and the Related Security have not been sold (in whole or in part) in an amount equal to the Adjusted Required Redemption Amount by the date which is six months prior to:

For personal use only

(a) in respect of a sale in connection with the service of a Notice to Pay on the Covered Bond Guarantor:

(i) where the relevant Covered Bonds are not subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Final Maturity Date in respect of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto); and

(ii) where the relevant Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Earliest Maturing Covered Bonds (after taking into account all payments, provisions and credits to be made in priority thereto); or

(b) in respect of a sale in connection with a breach of the Pre-Maturity Test, the Final Maturity Date of the relevant Series of Hard Bullet Covered Bonds,

then the Covered Bond Guarantor (acting at the direction of the Trust Manager) will offer the Selected Mortgage Loans for sale for the best price reasonably available, notwithstanding that such amount may be less than the Adjusted Required Redemption Amount. Following the service of a Notice to Pay on the Covered Bond Guarantor, but prior to the occurrence of a Covered Bond Guarantor Event of Default, in addition to offering Selected Mortgage Loans for sale to Purchasers in respect of the Earliest Maturing Covered Bonds, the Trust Manager may direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor (subject to the right of pre-emption in favour of the Seller in the Mortgage Sale Agreement) will offer for sale a portfolio of Selected Mortgage Loans, in accordance with the provisions summarised above, in respect of other Series of Covered Bonds.

The Covered Bond Guarantor (acting at the direction of the Trust Manager) is also permitted to offer for sale to Purchasers a part of any portfolio of Selected Mortgage Loans (a **Partial Portfolio**). Except in circumstances where the portfolio of Selected Mortgage Loans is being sold within six months of, as applicable, the Final Maturity Date or, if the Covered Bonds are subject to an Extended Due for Payment Date in respect of the Covered Bond Guarantee, the Extended Due for Payment Date in respect of the Series of Covered Bonds to be repaid from such proceeds of the sale of the Partial Portfolio, the sale price of the Partial Portfolio will (as a proportion of the Adjusted Required Redemption Amount) be at least equal to the proportion that the aggregate Current Principal Balance of the Mortgage Loans in the Partial Portfolio bears to the aggregate Current Principal Balance of the Mortgage Loans in the relevant portfolio of Selected Mortgage Loans.

The Covered Bond Guarantor (acting at the direction of the Trust Manager) will through a tender process to appoint a portfolio manager of recognised standing on a basis intended to incentivise the portfolio manager to achieve the best price for the sale of the Selected Mortgage Loans (if such terms are commercially available in the market) to advise it in relation to the sale of the Selected Mortgage Loans to Purchasers (except where the Seller is exercising its rights of pre-emption in respect of the Selected Mortgage Loans under the Mortgage Sale Agreement, as described in "*Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loans*" above). The terms of the agreement giving effect to the appointment in accordance with such tender must be approved by the Security Trustee.

In respect of any sale of Selected Mortgage Loans and the Related Security following service of an Asset Coverage Test Breach Notice (if not revoked) or a Notice to Pay on the Covered Bond Guarantor, the Trust Manager will instruct such portfolio manager to use all reasonable endeavours to procure that Selected Mortgage Loans are sold as quickly as reasonably practicable (in accordance with the recommendations of the portfolio manager), taking into account the market conditions at that time and the scheduled repayment dates of the Covered Bonds and the terms of the Establishment Deed.

The terms of any sale and purchase agreement with respect to the sale of Selected Mortgage Loans (which will give effect to the recommendations of the portfolio manager) will be subject to the prior written approval of the Security Trustee (unless the Seller has exercised its rights of pre-emption under the Mortgage Sale

For personal use only

Agreement, as described in "*Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loans*" above). The Security Trustee will not be required to release the Selected Mortgage Loans from the Security unless the conditions relating to the release of the Security (as described under "*Security Deed – Release of Security*" below) are satisfied.

The Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must, subject to the paragraph above, enter into a sale and purchase agreement with the related Purchasers (except where the Seller has exercised its rights of pre-emption under the Mortgage Sale Agreement, as described in "*Mortgage Sale Agreement – Seller's right of pre-emption in respect of Selected Mortgage Loans*" above), which will require, among other things, a cash payment from the relevant Purchasers. Any such sale will not include any representations or warranties from the Covered Bond Guarantor or the Seller in respect of the Selected Mortgage Loans and the Related Security unless expressly agreed by the Security Trustee and otherwise agreed with the Seller.

Limit on Investing in Substitution Assets and Authorised Investments

Provided no Asset Coverage Test Breach Notice is outstanding, and prior to the service of a Notice to Pay on the Covered Bond Guarantor, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must, invest Available Revenue Receipts, Available Principal Receipts and the proceeds of the issue of Intercompany Notes and the Demand Note (or the proceeds of any increase in the principal amount of the Demand Note) standing to the credit of the GIC Account in Substitution Assets, provided that:

(a) the aggregate amount so invested in:

  (i) any assets which fall within paragraph (a) of the definition of Substitution Assets does not exceed 15 per cent. of the total assets of the Trust at any one time (or such other percentage required to ensure compliance with any limits in the Australian Banking Act on substitution assets that may collateralise covered bonds); and

  (ii) any particular class of Substitution Assets does not exceed any limits in the Australian Banking Act on substitution assets of that class that may collateralise covered bonds; and

(b) such investments are made in accordance with the terms of the Management Agreement and the Establishment Deed.

Depositing any amounts in any Trust Account will not constitute an investment in Substitution Assets for these purposes.

Following the service of a Notice to Pay on the Covered Bond Guarantor or a breach of the Pre-Maturity Test, all Substitution Assets must be sold by the Covered Bond Guarantor (acting at the direction of the Trust Manager) as quickly as reasonably practicable, and the proceeds credited to the GIC Account after which the Covered Bond Guarantor, (acting at the direction of the Trust Manager) will be permitted to invest all available moneys in Authorised Investments, provided that such sales or investments are made in accordance with the terms of the Management Agreement and the Establishment Deed.

Negative Covenants

Except as provided in or permitted by the Programme Documents, the Trust Manager must not direct the Covered Bond Guarantor to:

(a) create or permit to subsist any Security Interest over the whole or any part of the assets of the Trust;

For personal use only

(b) transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of the assets of the Trust or any interest, estate, right, title or benefit in or to such assets or agree or attempt or purport to do so;

(c) have an interest in any bank account;

(d) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any such indebtedness;

(e) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(f) have any employees or premises or subsidiaries;

(g) acquire any assets;

(h) invest in assets of a kind prescribed by the regulations issued for the purposes of Section 31(3) of the Australian Banking Act;

(i) enter into any contracts, agreements or other undertakings;

(j) compromise, compound or release any debt due to it; and

(k) commence, defend, settle or compromise any litigation or other claims relating to it or any of its assets.

The Covered Bond Guarantor will:

(a) remain Tax Resident in Australia throughout the period for which it is acting as trustee of the Trust; and

(b) not perform any of its duties or exercise any rights in relation to the Trust outside of Australia.

Other Provisions

The allocation and distribution of Available Revenue Receipts, Available Principal Receipts and all other amounts received by the Covered Bond Guarantor is described under "*Cashflows*".

Retirement and Removal of the Covered Bonds Guarantor

Mandatory Retirement

The Covered Bond Guarantor must retire as trustee of the Trust if:

(a) the Covered Bond Guarantor ceases to carry on business in all respects or as a professional trustee;

(b) the Covered Bond Guarantor merges or consolidates with another entity, unless:

(i) that entity assumes the obligations of the Covered Bond Guarantor under the Programme Documents; and

(ii) each Rating Agency has been notified of, and the Issuer has delivered a Rating Affirmation Notice to the Covered Bond Guarantor in respect of, the proposed retirement;

(c) an Insolvency Event occurs in respect of the Covered Bond Guarantor in its personal capacity;

For personal use only

(d) an Extraordinary Resolution requiring removal of the Covered Bond Guarantor as trustee of the Trust is passed at a meeting of Covered Bondholders of all Series taken together as a single Series with the nominal amount of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate and such retirement is approved in writing by each Secured Creditor (such approval not to be unreasonably withheld or delayed); or

(e) the Covered Bond Guarantor does not comply with a material obligation under the Programme Documents and does not remedy the non-compliance within 30 days of being requested to do so by the Trust Manager.

Where the Covered Bond Guarantor does not retire within 30 days of the occurrence of any of the events described above, the Trust Manager may by written notice remove the Covered Bond Guarantor as trustee of the Trust. The Trust Manager must appoint another trustee to be the trustee of the Trust as soon as practicable after notification of the Covered Bond Guarantor's retirement or removal.

Voluntary Retirement

The Covered Bond Guarantor may voluntarily retire as trustee of the Trust if the Covered Bond Guarantor gives the Trust Manager not less than three months' (or such other period as the Trust Manager may agree) written notice of its intention to do so, subject to the Covered Bond Guarantor's procurement of, at least 30 days before the date on which that removal becomes effective, another person to assume all of its obligations under the Programme Documents to which it is a party and to execute such documents as the Trust Manager requires for that person to become bound by those Programme Documents and such appointment of the successor Covered Bond Guarantor is approved by the Trust Manager.

Any mandatory or voluntary retirement or removal of the Covered Bond Guarantor is conditional upon the Issuer having delivered a Rating Affirmation Notice to the Covered Bond Guarantor (copied to the Trust Manager, the Bond Trustee and the Security Trustee) in respect of such mandatory or voluntary retirement, removal and appointment by the Trust Manager.

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

Management Agreement

The Trust Manager will act as trust manager of the Trust and in doing so will provide certain Trust Management Services and Calculation Management Services to the Covered Bond Guarantor and the Security Trustee pursuant to the terms of the Management Agreement entered into on 11 November 2011 between the Covered Bond Guarantor, nab (in its capacities as Trust Manager, Issuer, Seller, Servicer and Account Bank) and the Security Trustee.

The **Trust Management Services** will include, but will not be limited to:

(a) maintaining the Ledgers on behalf of the Covered Bond Guarantor;

(b) determining the amount of Mortgage Loan Revenue Receipts and the Mortgage Loan Principal Receipts received and Available Revenue Receipts and Available Principal Receipts to be distributed in accordance with the Priorities of Payments described under "*Cashflows*";

(c) determining the amount of Losses incurred on the Mortgage Loans in the Mortgage Loan Portfolio during each Calculation Period and the amounts payable by the Covered Bond Guarantor on the immediately following Trust Payment Date under the applicable Priority of Payments described under "*Cashflows*";

For personal use only

(d) distributing the Available Revenue Receipts and the Available Principal Receipts in accordance with the Priorities of Payment described under "*Cashflows*"; and

(e) maintaining records of all Authorised Investments and Substitution Assets, as applicable.

The **Calculation Management Services** will include, but will not be limited to:

(a) determining whether the Asset Coverage Test is satisfied on each Calculation Date prior to an Issuer Event of Default and service of a Notice to Pay and/or a Covered Bond Guarantee Acceleration Notice in accordance with the Establishment Deed, as more fully described under "*Credit Structure – Asset Coverage Test*";

(b) determining whether the Amortisation Test is satisfied on each Calculation Date following an Issuer Event of Default and service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer) in accordance with the Establishment Deed, as more fully described under "*Credit Structure – Amortisation Test*"; and

(c) on each AU Business Day during the Pre-Maturity Test Period prior to the occurrence of an Issuer Event of Default and/or the occurrence of a Covered Bond Guarantor Event of Default, determining whether the Pre-Maturity Test for each Series of Hard Bullet Covered Bonds is satisfied, as more fully described under "*Credit Structure – Pre-Maturity Test*" below.

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

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

Swap Agreements

In order to hedge certain interest rate, currency or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and from certain other assets in the Asset Pool, amounts payable by the Covered Bond Guarantor under the Intercompany Note Subscription Agreement to nab and/or amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee to Covered Bondholders in respect of the Covered Bonds on issue, the Covered Bond Guarantor will enter into certain swap transactions with swap providers as described below.

Each such swap transaction (including, without limitation, the Interest Rate Swaps and each Covered Bond Swap) (together, the **Swaps**) will be evidenced by a confirmation that supplements, forms part of and is subject to, an ISDA 2002 Master Agreement as published by the International Swaps & Derivatives Association, Inc.

For personal use only

(ISDA) and schedule and credit support document thereto (such credit support document to be in the form of the ISDA 1995 Credit Support Annex (Bilateral Form – Transfer) published by ISDA), between a swap provider (a **Swap Provider**), the Covered Bond Guarantor, the Trust Manager and the Security Trustee (together, a **Swap Agreement**).

Interest Rate Swap Agreement

Some of the Mortgage Loans in the Mortgage Loan Portfolio from time to time pay a variable amount of interest. Other Mortgage Loans pay a fixed rate of interest for a period of time. However, the Australian Dollar payments to be made by the Covered Bond Guarantor under the Covered Bond Swaps and the Intercompany Notes and the Demand Note will be based on the Bank Bill Rate for Australian Dollar deposits. To provide a hedge against the variance between:

(a) the rates of interest payable on the Mortgage Loans in the Mortgage Loan Portfolio and certain other assets in the Asset Pool; and

(b) the Bank Bill Rate for Australian Dollar deposits,

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

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

Covered Bond Swap Agreements

Where Covered Bonds are issued in a currency and/or on an interest rate basis different to the payments due from the Interest Rate Swap Provider under the Interest Rate Swaps, the Covered Bond Guarantor will enter into one or more Covered Bond Swaps, each under a Covered Bond Swap Agreement with a Covered Bond Swap Provider. Each Covered Bond Swap may be either a **Forward Starting Covered Bond Swap** or a **Non-Forward Starting Covered Bond Swap**. Where the Covered Bond Guarantor enters into a Forward Starting Covered Bond Swap, the payments made under the Intercompany Notes will be made in Australian Dollars, regardless of the currency of the relevant Series or Tranche, as applicable, of Covered Bonds.

Each Forward Starting Covered Bond Swap will provide a hedge (after service of a Notice to Pay on the Covered Bond Guarantor) against certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and the Interest Rate Swaps and amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of the Covered Bonds.

Each Non-Forward Starting Covered Bond Swap will provide a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and the Interest Rate Swaps and amounts payable by the Covered Bond Guarantor under the Intercompany Note Subscription Agreement (prior to service of a Notice to Pay on the Covered Bond Guarantor) and under the Covered Bond Guarantee in respect of the Covered Bonds (after service of a Notice to Pay on the Covered Bond Guarantor).

Where required to hedge such risks, there will be one (or more) Covered Bond Swap Agreement(s) and Covered Bond Swap(s) in relation to each Series or Tranche, as applicable, of Covered Bonds.

Under the Forward Starting Covered Bond Swaps, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date (or, if a Notice to Pay is served on an Interest Payment Date, on the second Business Day following such Interest Payment Date) after service of a Notice to Pay on the Covered Bond Guarantor, an amount equal to the relevant amounts that are then payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of interest payable under the relevant Series or Tranche of Covered Bonds. In return, the Covered Bond Guarantor will pay to the Covered Bond Swap

For personal use only

Provider on each Trust Payment Date or other payment date (as specified in the relevant confirmation) after service of a Notice to Pay on the Covered Bond Guarantor an amount in Australian Dollars calculated by reference to the Bank Bill Rate for Australian Dollar deposits (for such period as specified in the relevant confirmation) or such other rate as may be specified in the relevant Confirmation plus a spread. Unless the Covered Bond Swap terminates earlier, on the first to occur of: (i) the date on which the Early Redemption Amount is payable; and (ii) the Final Maturity Date, in each case, in relation to the relevant Series or Tranche of Covered Bonds, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor an amount equal to the Early Redemption Amount or the Final Redemption Amount (as the case may be) of the relevant Series or Tranche of Covered Bonds in exchange for payment by the Covered Bond Guarantor of the Australian Dollar Equivalent of that amount.

Under the Non-Forward Starting Covered Bond Swaps:

(a) if the related Intercompany Note is made in Australian Dollars (where the related Series of Covered Bonds are denominated in Australian Dollars), the Covered Bond Guarantor will pay to the Covered Bond Swap Provider on each Trust Payment Date or such other payment date (as specified in the relevant confirmation) an amount in Australian Dollars calculated by reference to the Bank Bill Rate for Australian Dollar deposits (for such period as specified in the relevant confirmation) or such other rate as may be specified in the relevant confirmation plus a spread. In return, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date an amount in Australian Dollars calculated by reference to the rate of interest payable on the related Series or Tranche of Covered Bonds; and

(b) if the related Intercompany Note is made in a currency other than in Australian Dollars, on the relevant Issue Date, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider an amount equal to the amount received by the Covered Bond Guarantor under the related Intercompany Note (being the aggregate nominal amount of such Series or Tranche, as applicable, of Covered Bonds) and, in return, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor the Australian Dollar Equivalent of the first mentioned amount. Thereafter, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date an amount equal to the relevant amounts that would be payable by the Covered Bond Guarantor under either the related Intercompany Note in accordance with the terms of the Intercompany Note Subscription Agreement or the Covered Bond Guarantee in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider on each Trust Payment Date or such other payment date (as specified in the relevant confirmation) an amount in Australian Dollars calculated by reference to the Bank Bill Rate for Australian Dollar deposits (for such period as specified in the relevant confirmation) or such other rate as may be specified in the relevant confirmation plus a spread and the Australian Dollar Equivalent of the relevant portion of any principal due to be repaid in respect of the related Intercompany Note in accordance with the Intercompany Note Subscription Agreement. Unless the Covered Bond Swap terminates earlier, on the first to occur of: (i) the date on which the Early Redemption Amount is payable; and (ii) the Final Maturity Date, in each case, in relation to the relevant Series or Tranche of Covered Bonds, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor an amount in the relevant currency equal to the principal then outstanding on the related Intercompany Note in exchange for payment by the Covered Bond Guarantor of the Australian Dollar Equivalent of that amount.

Each Non-Forward Starting Covered Bond Swap and each Forward Starting Covered Bond Swap will terminate on the Final Maturity Date of the relevant Series or Tranche of Covered Bonds or, if the Covered Bond Guarantor notifies the Covered Bond Swap Provider, prior to the Final Maturity Date, of the inability of the Covered Bond Guarantor to pay in full or in part Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series or Tranche of Covered Bonds, the final Interest Payment Date on which an amount representing any or all of the Final Redemption Amount is paid (but in any event not later than the Extended Due for Payment Date).

For personal use only

Rating Downgrade Event

Under the terms of each Swap Agreement, in the event that the credit rating(s) of the relevant Swap Provider is downgraded by a Rating Agency below the credit rating(s) specified in such Swap Agreement (in accordance with the requirements of such Rating Agency) for that Swap Provider, that Swap Provider will, in accordance with such Swap Agreement, be required to take certain remedial measures, which may include:

(a) providing collateral for its obligations under such Swap Agreement;

(b) arranging for its obligations under such Swap Agreement to be transferred to a replacement entity, provided that either (i) such entity is an entity with the ratings required by the relevant Rating Agency or (ii) in some cases, the relevant Rating Agency has confirmed that such transfer will not adversely affect the credit ratings of the then outstanding Series of Covered Bonds in effect immediately prior to the downgrade;

(c) procuring another entity to become co-obligor or guarantor in respect of its obligations under such Swap Agreement provided that either (i) such entity is an entity with the credit ratings required by the relevant Rating Agency or (ii) in some cases, the relevant Rating Agency has confirmed that such co-obligor or guarantor will not adversely affect the credit ratings of the then outstanding Series of Covered Bonds in effect immediately prior to the downgrade; or

(d) taking such other as it may agree with the relevant Rating Agency.

A failure to take such steps within the time periods specified in the relevant Swap Agreement will allow the Covered Bond Guarantor to terminate one or more of the Swaps under such Swap Agreement.

Other Termination Events

One or more Swaps under a Swap Agreement may also be terminated early in certain other circumstances, including:

(a) at the option of any party to such Swap Agreement, if there is a failure by the other party to pay any amounts due under such Swap Agreement;

(b) upon the occurrence of an insolvency event in relation to the relevant Swap Provider, or the Covered Bond Guarantor, or the merger of one of the parties to such Swap Agreement without an assumption of the obligations under such Swap Agreement;

(c) if there is a change of law or change in application of the relevant law which results in the Covered Bond Guarantor or the relevant Swap Provider (or both) being obliged to make a withholding or deduction on account of a tax on a payment to be made by such party to the other party under such Swap Agreement, and the relevant Swap Provider thereby being required under the terms of such Swap Agreement to gross up payments made to the Covered Bond Guarantor, or to receive net payments from the Covered Bond Guarantor (who is not required under the terms of such Swap Agreement to gross up payments made to the relevant Swap Provider);

(d) if there is a change in law which results in the illegality of the obligations to be performed by either party under such Swap Agreement;

(e) in relation to a Covered Bond Swap only, if the corresponding Series of Covered Bonds are redeemed or cancelled;

(f) if a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor;

For personal use only

(g) upon the making of an amendment (without the consent of the relevant Swap Provider) to the Priorities of Payment which has a material adverse effect on the amounts paid to the relevant Swap Provider under the Priorities of Payment; and

(h) upon the making of an amendment (without the consent of the relevant Swap Provider) to any Programme Document, which has the effect of requiring the relevant Swap Provider to pay more or receive less under such Swap Agreement than would otherwise have been the case or that results in an adverse consequence to the relevant Swap Provider.

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

Swap Agreement Credit Support Document

The Covered Bond Guarantor and each Swap Provider will also enter into a credit support document under the relevant Swap Agreement (such credit support document in the form of the ISDA 1995 Credit Support Annex (Bilateral Form - Transfer) published by ISDA (each, a **Swap Agreement Credit Support Document**). Each Swap Agreement Credit Support Document will provide that, from time to time, if required to do so following its downgrade and subject to the conditions specified in such Swap Agreement Credit Support Document, the relevant Swap Provider will make transfers of collateral to the Covered Bond Guarantor in support of its obligations under the relevant Swap Agreement (the **Swap Collateral**) and the Covered Bond Guarantor will be obliged to return equivalent collateral in accordance with the terms of such Swap Agreement Credit Support Document.

Swap Collateral required to be transferred by the relevant Swap Provider pursuant to the terms of the Swap Agreement Credit Support Document may be delivered in the form of cash or securities. Cash amounts will be paid into an account designated as a **Swap Collateral Cash Account**. References to a Swap Collateral Cash Account and to payments from such accounts are deemed to be a reference to payments from such accounts as and when opened by the Covered Bond Guarantor.

If a Swap Collateral Cash Account is opened, cash (and all income in respect thereof) transferred as collateral will only be available to be applied in returning collateral (and income thereon) or in satisfaction of amounts owing by the relevant Swap Provider in accordance with the terms of the relevant Swap Agreement Credit Support Document.

Any Swap Collateral Excluded Amounts will be paid to the relevant Swap Provider directly and not via the Priorities of Payments.

Limited Recourse

All obligations of the Covered Bond Guarantor to the relevant Swap Provider under the Swap Agreements are limited in recourse as described in the Establishment Deed.

Governing Law

Each Swap Agreement (including the Swap Agreement Credit Support Document under such Swap Agreement) will be governed by, and construed in accordance with, the laws applying in the State of New South Wales, Australia.

Account Bank Agreement

Pursuant to the terms of the Account Bank Agreement entered into on 11 November 2011 between the Covered Bond Guarantor, the Seller Trustee, nab (in its capacities as Account Bank, Trust Manager and beneficiary of the Seller Trust) and the Security Trustee, the Trust Manager will establish the Trust Accounts with the

For personal use only

Account Bank, which will be operated by the Account Bank (which must comply with any direction given by the Instructing Party) in accordance with the Account Bank Agreement, the relevant Account Bank Mandate and nab's standard terms and conditions applicable to accounts and electronic banking. At any time, the Covered Bond Guarantor may revoke the Trust Manager's authority as the Instructing Party which instructs the Account Bank in relation to the Trust Accounts by written notice to the Trust Manager and the Account Bank.

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

(a) if a deduction or withholding for or on account of any Tax is imposed, or it appears likely that such a deduction or withholding will be imposed, in respect of the interest payable on any Trust Account, as applicable; or

(b) if the Account Bank fails to make payment on the due date of any payment due and payable by it under the Account Bank Agreement and such default is not waived by the Covered Bond Guarantor (acting at the direction of the Trust Manager, with the prior written consent of the Security Trustee) or the Security Trustee, as applicable, and such default continues unremedied for a period of five AU Business Days; or

(c) if the Account Bank fails to perform any of its other material obligations under the Account Bank Agreement, the Security Deed or any other Programme Document to which it is a party which is, in the opinion of the Security Trustee, materially prejudicial to the holders of Covered Bonds (and such failure is not waived by the Covered Bond Guarantor (acting at the direction of the Trust Manager) with the prior written consent of the Security Trustee and such failure remains unremedied for a period of 10 AU Business Days after the Trust Manager or the Security Trustee has given notice of such failure to the Account Bank,

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

(i) if the Account Bank ceases to be a Qualified Institution and the Account Bank does not, within 60 days of the occurrence of such event, obtain a guarantee of its obligations under the Account Bank Agreement from a Qualified Institution provided that the Rating Agencies have confirmed that the then-current credit ratings of the Covered Bonds would not be reduced, qualified or withdrawn as a result of obtaining such guarantee; or

(ii) if an Insolvency Event occurs in respect of the Account Bank.

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

Security Deed

Pursuant to the terms of the Security Deed entered into on 10 November 2011 by, among others, the Covered Bond Guarantor, the Trust Manager and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time, as security for payment of the Secured Obligations, the Covered Bond Guarantor charges all of its present and future rights, title and interest in, and all of its present and future rights in relation to the Charged Property (**Charged Property**), in favour of the Security Trustee.

The Security referred to above, is a floating charge. To the extent the Security is a floating charge, it will become a fixed charge automatically and immediately in respect of all Charged Property subject to the floating charge:

For personal use only

(a) without the need for any notice to or act by the Security Trustee, following the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer; and

(b) in respect of any such Charged Property specified in any notice which may be given by the Security Trustee to the Covered Bond Guarantor and the Trust Manager at any time if, in the opinion of the Security Trustee, that Charged Property is at risk of being seized, taken or becoming subject to any Security Interest other than any Security Interest expressly permitted under the Programme Documents.

Release of Security

In the event of any sale or transfer of Mortgage Loans (including Selected Mortgage Loans) and their Related Security (and any other related rights under the same) by or on behalf of the Covered Bond Guarantor (including by way of *in specie* distributions to the Covered Bond Guarantor), or extinguishment of the Covered Bond Guarantor's interest in Mortgage Loan (including Selected Mortgage Loans) and the Related Security (and any other related rights under the same) pursuant to and in accordance with the Programme Documents, such Mortgage Loans and the Related Security (and any other related rights under the same) will no longer form part of the Mortgage Loan Portfolio and the Security Trustee will, if so directed in writing by the Trust Manager (at the sole cost and expense of the Covered Bond Guarantor) take all reasonable steps necessary to ensure the release or discharge of those Mortgage Loans and the Related Security (and any other related rights under the same) from the Security Interests created by and pursuant to the Security Deed on or prior to the date of such sale, provided that the Trust Manager has provided to the Security Trustee a certificate that such sale of Mortgage Loans and the Related Security has been made in accordance with the terms of the Programme Documents and, in the case of Selected Mortgage Loans only, that the Selected Mortgage Loans have been selected on a basis that is representative of the Mortgage Loans in the Mortgage Loan Portfolio as a whole.

Retirement and removal of Security Trustee

The Security Trustee may retire as trustee of the Security Trust at any time upon giving three calendar months' prior written notice to the Trust Manager.

The Security Trustee must retire if:

(a) it ceases to carry on business as a professional security trustee;

(b) an Insolvency Event occurs in respect of the Security Trustee in its personal capacity (but not in its capacity as trustee of any other trust); or

(c) the removal of the Security Trustee is approved by an Extraordinary Resolution at (i) a meeting of the Covered Bondholders of all Series taken together as a single Series or (ii) (if there are no Covered Bonds outstanding) a meeting of the Majority Secured Creditors.

If the Security Trustee does not retire within 30 days following any of the events described above the Trust Manager may remove the Security Trustee from office as trustee of the Security Trust and will use its best endeavours to ensure that a successor security trustee is appointed as soon as possible.

The retirement or removal of the Security Trustee takes effect when a successor security trustee is appointed, the successor security trustee obtains title to (or the benefit of) this document and any other Programme Documents to which the Security Trustee is party, and the parties to such documents have the same rights among themselves as if they would have had if the successor security trustee had been party to them at the dates of such Programme Documents.

If no successor security trustee is appointed within 90 days of notice of the retirement or removal of the Security Trustee, the Security Trustee may itself appoint a successor security trustee or apply to the court for a successor security trustee to be appointed.

For personal use only

Any mandatory or voluntary retirement or removal of the Security Trustee is conditional upon the Issuer having delivered a Rating Affirmation Notice to the Covered Bond Guarantor (copied to the Trust Manager, the Issuer, the Rating Agencies and the Security Trustee) in respect of such mandatory or voluntary retirement, removal and appointment by the Trust Manager.

Enforcement

If a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer, the Security Trustee will be entitled to appoint a Receiver, and/or enforce the Security constituted by the Security Deed (including selling the Mortgage Loan Portfolio), and/or take such steps as it will deem necessary, subject, in each case, to being indemnified and/or prefunded and/or secured to its satisfaction. All proceeds received by the Security Trustee from the enforcement or realisation of the Security will be applied in accordance with the Post-Enforcement Priority of Payments described under "*Cashflows*" other than any Swap Collateral Excluded Amounts which will be paid to the relevant Swap Provider directly and not via the Post-enforcement Priority of Payments.

The Security Deed is governed by, and will be construed in accordance with, the laws applying in the State of New South Wales, Australia.

For personal use only

For personal use only

CREDIT STRUCTURE

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

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

(a) the Covered Bond Guarantee provides credit support to the Issuer;

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

(c) the Asset Coverage Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds on a monthly basis;

(d) the Amortisation Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds following the occurrence of an Issuer Event of Default, service on the Issuer (copied to the Covered Bond Guarantor) of an Issuer Acceleration Notice and service of a Notice to Pay on the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee);

(e) a Reserve Fund will be established in the GIC Account to trap Available Revenue Receipts up to the Reserve Fund Required Amount or the proceeds of the issue of an Intercompany Note if nab's credit ratings fall below the Moody's Specified Rating and/or the Fitch Specified Rating; and

(f) under the terms of the Account Bank Agreement, the Account Bank has agreed to pay a rate of interest per annum as it determines on all amounts held by the Covered Bond Guarantor in the GIC Account.

Certain of these factors are considered more fully in the remainder of this section.

Covered Bond Guarantee

Pursuant to the terms of the Bond Trust Deed, the Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds issued by the Issuer. The Covered Bond Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same becomes Due for Payment but which would otherwise be unpaid by the Issuer. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute direct, absolute, unconditional (following an Issuer Event of Default, service of an Issuer Acceleration Notice and service of a Notice to Pay or following a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice) and (subject as provided in Condition 17 of the Programme Conditions and/or, in the case of an N Covered Bond, as provided in the relevant Condition of the relevant N Covered Bond Conditions (if applicable)) obligations of the Covered Bond Guarantor, secured as provided in the Security Deed and limited in recourse against the Covered Bond Guarantor. The Bond Trustee will be required to serve a Notice to Pay on the Covered Bond Guarantor following the occurrence of an Issuer Event of Default and the service by the Bond Trustee of an Issuer Acceleration Notice on the Issuer (whereupon the Covered Bonds will become immediately due and payable as against the Issuer but not at such time as against the Covered Bond Guarantor).

A Covered Bond Guarantee Acceleration Notice may be served by the Bond Trustee on the Issuer and the Covered Bond Guarantor following the occurrence of a Covered Bond Guarantor Event of Default. If a Covered Bond Guarantee Acceleration Notice is served, the Covered Bonds will become immediately due and payable (if they have not already become due and payable) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will be accelerated and the Security Trustee will be entitled to enforce the Security. Payments made by the Covered Bond Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the Guarantee Priority of Payments. Payments made by the Security Trustee will be made subject to, and in accordance with, the Post-Enforcement Priority of Payments.

See further "*Overview of the Principal Documents – Bond Trust Deed*" as regards the terms of the Covered Bond Guarantee.

See further "*Cashflows – Guarantee Priority of Payments*" as regards the payment of amounts payable by the Covered Bond Guarantor to Covered Bondholders and other Secured Creditors following service of a Notice to Pay.

Pre-Maturity Test

Each Series of Hard Bullet Covered Bonds is subject to a Pre-Maturity Test (as defined below) on each AU Business Day during the Pre-Maturity Test Period prior to the occurrence of an Issuer Event of Default and/or a Covered Bond Guarantor Event of Default. The Pre-Maturity Test is intended to ensure that the Covered Bond Guarantor has sufficient liquidity for such Covered Bonds.

The Issuer will fail and be in breach of the pre-maturity test (the **Pre-Maturity Test**) on any Pre-Maturity Test Date in respect of a Series of Hard Bullet Covered Bonds if the Issuer's:

(a) long-term credit rating from Moody's is lower than A2 and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within 12 months from the relevant Pre-Maturity Test Date; or

(b) short-term credit rating from Moody's is lower than P-1 or from Fitch is lower than F1+ and the Final Maturity Date of the Series of Hard Bullet Covered Bonds will fall within 12 months from the relevant Pre-Maturity Test Date.

Asset Coverage Test

The Asset Coverage Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds on a monthly basis. This is to ensure that the assets of the Covered Bond Guarantor do not fall below a certain threshold and are sufficient for the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee and senior expenses which rank in priority or *pari passu* and rateably with amounts due on the Covered Bonds.

The Establishment Deed provides that, prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor, the assets of the Covered Bond Guarantor are subject to the Asset Coverage Test. Accordingly, for so long as the Covered Bonds remain outstanding, the Trust Manager must ensure that on each such Calculation Date, the Adjusted Aggregate Mortgage Loan Amount will be at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date. The Asset Coverage Test will be tested by the Trust Manager on each such Calculation Date and:

(a) on any day, to the extent that the Adjusted Aggregate Mortgage Loan Amount is at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on that day, the Asset Coverage Test will be satisfied; and

For personal use only

(b) on any day, to the extent that the Adjusted Aggregate Mortgage Loan Amount is not at least equal to the Australian Dollar Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on that day, the Asset Coverage Test will not be satisfied.

If on any Calculation Date prior to the service of a Notice to Pay on the Covered Bond Guarantor and/or a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor, the Asset Coverage Test is not satisfied, then pursuant to the terms of the Establishment Deed, the Trust Manager must:

(i) use all reasonable endeavours to arrange for the Covered Bond Guarantor to acquire sufficient additional Mortgage Loans and the Related Security from the Seller in accordance with the Mortgage Sale Agreement; and

(ii) direct the Covered Bond Guarantor to purchase Substitution Assets or request subscriptions from the Demand Note Subscriber for an increase in the principal amount outstanding of the Demand Note,

in order to ensure that the Asset Coverage Test will be satisfied on any date on or before the immediately following Calculation Date. The consideration payable to the Seller for the sale of such Mortgage Loans and Related Security to the Covered Bond Guarantor may be funded by: (i) cash available to the Covered Bond Guarantor to pay for such Mortgage Loans and Related Security in accordance with the Pre-Acceleration Principal Priority of Payments; and/or (ii) the proceeds of an increase in the principal amount outstanding of the Demand Note.

If the Trust Manager has not taken sufficient action in accordance with the above paragraph such that the Asset Coverage Test remains unsatisfied for a second consecutive Calculation Date, the Bond Trustee must serve an Asset Coverage Test Breach Notice on the Covered Bond Guarantor (subject to the Bond Trustee having actual knowledge or express notice of the non-satisfaction of the Asset Coverage Test). The Bond Trustee will be deemed to have revoked an Asset Coverage Test Breach Notice if on the Calculation Date falling on or prior to the third consecutive Calculation Date, the Asset Coverage Test is subsequently satisfied and neither a Notice to Pay nor a Covered Bond Guarantee Acceleration Notice has been served. If the Asset Coverage Test Breach Notice has not been revoked in accordance with the foregoing, then an Issuer Event of Default will occur.

See further "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*".

Amortisation Test

The Amortisation Test is intended to ensure that, following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the assets of the Covered Bond Guarantor do not fall below a certain threshold and are sufficient to meet its obligations under the Covered Bond Guarantee and senior expenses which rank in priority or *pari passu* with amounts due on the Covered Bonds.

Pursuant to the Establishment Deed, the Trust Manager must, for so long as any Covered Bonds remain outstanding, ensure that on each Calculation Date following service of a Notice to Pay on the Covered Bond Guarantor (but prior to the service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer), the Amortisation Test Aggregate Mortgage Loan Amount is in an amount at least equal to the Australian Dollar Equivalent of the then aggregate Principal Amount Outstanding of the Covered Bonds.

See further "*Overview of the Principal Documents – Establishment Deed – Amortisation Test*".

Legislated Collateralisation Test

The Programme benefits from the Issuer's obligation to comply with the minimum over-collateralisation requirements set out in the Australian Banking Act. This is described in more detail in the section "*Description*

For personal use only

of the Covered Bond Provisions of the Australian Banking Act" in this Prospectus. As the Legislative Collateralisation Test is a minimum requirement, the Issuer expects that its obligation in respect of this legal requirement will be satisfied in all circumstances in which the Asset Coverage Test or the Amortisation Test, as applicable, is satisfied.

Reserve Fund

If the Issuer's credit ratings fall below the Moody's Specified Rating and/or Fitch Specified Rating, the Covered Bond Guarantor is required to establish a reserve fund as a ledger within the GIC Account and to credit, on the next Trust Payment Date, to the Reserve Fund the proceeds of Available Revenue Receipts (in accordance with the Pre-Acceleration Revenue Priority of Payments) or the remaining subscription proceeds of an issue of Intercompany Notes up to an amount equal to the Reserve Fund Required Amount.

For personal use only

CASHFLOWS

As described above under Credit Structure, until a Notice to Pay is served on the Covered Bond Guarantor or a Covered Bond Guarantee Acceleration Notice is served on the Covered Bond Guarantor and the Issuer, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not the Issuer has received any corresponding payment from the Covered Bond Guarantor.

This section summarises the Priorities of Payments of the Covered Bond Guarantor, as to the allocation and distribution of amounts standing to the credit of the Trust Accounts and their order of priority:

(a) prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice;

(b) following service of a Notice to Pay (but prior to the service of a Covered Bond Guarantee Acceleration Notice); and

(c) following the service of a Covered Bond Guarantee Acceleration Notice and/or realisation of the Security,

all in accordance with the Establishment Deed and Security Deed, as applicable.

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

Allocation and distribution of Available Revenue Receipts prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice

Prior to the service of a Notice to Pay on the Covered Bond Guarantor or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, Available Revenue Receipts standing to the credit of the Trust Accounts will be allocated and distributed as described below.

On the Calculation Date immediately preceding each Trust Payment Date, the Trust Manager must calculate:

(a) the amount of Available Revenue Receipts available for distribution on the following Trust Payment Date;

(b) the Reserve Fund Required Amount if applicable; and

(c) if the Pre-Maturity Test has been breached in respect of a Series of Hard Bullet Covered Bonds, on each Calculation Date falling within the Pre-Maturity Test Period, whether or not the amount standing to the credit of the Pre-Maturity Ledger at such date is less than the Australian Dollar Equivalent of the Required Redemption Amount for the relevant Series of Hard Bullet Covered Bonds at such date (after deducting from the balance standing to the credit of the Pre-Maturity Ledger such amount as is then required to repay any Series of Hard Bullet Covered Bonds which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds).

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

(a) the amount required to make the payments or credits described below; and

(b) the amount of Available Revenue Receipts standing to the credit of the GIC Account.

For personal use only

Pre-Acceleration Revenue Priority of Payments

On each Trust Payment Date (except for amounts due to third parties by the Covered Bond Guarantor described below under paragraph (c)(iii) which, in each case, must be paid, at the direction of the Trust Manager, when due and, for the avoidance of doubt, any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements which must be paid, at the direction of the Trust Manager, directly to the relevant Swap Providers in accordance with the terms of the relevant Swap Agreements), the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will, apply Available Revenue Receipts from the Transaction Accounts to make the following payments and provisions in the following order of priority (**Pre-Acceleration Revenue Priority of Payments**) (in each case, only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, $1 to the Residual Income Unitholder;

(b) *second*, in or towards satisfaction of any Accrued Interest Adjustment due and payable to the Seller in connection with the transfer of any Mortgage Loans to the Trust during the Calculation Period immediately preceding that Trust Payment Date;

(c) *third*, in or towards satisfaction *pari passu* and rateably of:

(i) any amounts due and payable by the Covered Bond Guarantor to itself as trustee of the Trust, the Bond Trustee and the Security Trustee;

(ii) any amounts due and payable to each Agent under the provisions of the Agency Agreements;

(iii) any amounts due and payable to other third parties and incurred without breach by the Covered Bond Guarantor of the Programme Documents to which it is a party (and for which payment has not been provided for elsewhere in the relevant Priorities of Payments); and

(iv) any liability of the Covered Bond Guarantor for Taxes,

and to provide for any such amounts expected to become due and payable by the Covered Bond Guarantor in the Trust Payment Period in which such Trust Payment Date occurs;

(d) *fourth*, in or towards satisfaction *pari passu* and rateably of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement in the Trust Payment Period in which such Trust Payment Date occurs, together with applicable GST (or other similar Taxes) thereon;

(ii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with applicable GST (or other similar Taxes) thereon;

(iii) amounts due and payable to the Cover Pool Monitor pursuant to the terms of the Cover Pool Monitor Agreement (other than the amounts referred to in paragraph (k) below), together with applicable GST (or other similar Taxes) thereon; and

(iv) any remuneration then due and payable to the Trust Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Trust Manager pursuant to the Establishment Deed and the Management Agreement in the Trust Payment Period in which such Trust Payment Date occurs, together with any applicable GST (or other similar Taxes) thereon;

For personal use only

(e) *fifth*, if the Interest Rate Swap Provider is not the Issuer or, if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards payment on the Trust Payment Date or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine of any amount due or to become due and payable to the Interest Rate Swap Provider in respect of the Interest Rate Swaps (including any termination payment due and payable by the Covered Bond Guarantor under the Interest Rate Swap Agreement but excluding any relevant Excluded Swap Termination Amount);

(f) *sixth*, in or towards payment on the Trust Payment Date or to provide for payment on such date in the future of such proportion of the relevant payments falling due in the future as the Trust Manager may reasonably determine, *pari passu* and rateably of:

(i) if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has not occurred or is not likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards payment on the Trust Payment Date or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine of any amount due or to become due and payable to the Interest Rate Swap Provider in respect of the Interest Rate Swaps (including any termination payment due and payable by the Covered Bond Guarantor under the Interest Rate Swap Agreement but excluding any relevant Excluded Swap Termination Amount);

(ii) any amounts due or to become due and payable to each relevant Covered Bond Swap Provider (other than in respect of principal) *pari passu* and rateably in respect of each Covered Bond Swap (including any termination payment due and payable (other than in respect of principal) by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) (except to the extent that such amounts have already been paid out as contemplated in "*Termination payments in respect of Swaps*", below from any termination payments received from any terminated Covered Bond Swap Provider) in accordance with the terms of each relevant Covered Bond Swap Agreement; and

(iii) any interest amount due, or to become due and payable, in respect of the Intercompany Notes, *pari passu* and rateably to the Intercompany Noteholders in accordance with the terms of the Intercompany Note Subscription Agreement, but in the case of any such payment, after taking into account any amounts (other than principal) receivable from each relevant Covered Bond Swap Provider under each Covered Bond Swap Agreement on the Trust Payment Date or such date in the future as the Trust Manager may reasonably determine,

but, in the case of any such payment or provision, after taking into account any amounts receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement on the Trust Payment Date or such date in the future as the Trust Manager may reasonably determine;

(g) *seventh*, if the Pre-Maturity Test has been breached by the Issuer in respect of any Series of Hard Bullet Covered Bonds, towards a credit to the Pre-Maturity Ledger and deposit into the GIC Account in an amount up to, but not exceeding the amount by which x exceeds y, where:

x is the Australian Dollar Equivalent of the Required Redemption Amount calculated on the immediately preceding Calculation Date for the relevant Series of Hard Bullet Covered Bonds; and

y is the aggregate of:

For personal use only

(i) any amounts standing to the credit of the Pre-Maturity Ledger on the immediately preceding Calculation Date after having deducted the Australian Dollar Equivalent of the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds, as calculated on that Calculation Date, which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Test has been breached; and

(ii) any amount to be credited to the Pre-Maturity Ledger on that Trust Payment Date pursuant to paragraph (a) of the Pre-Acceleration Principal Priority of Payments;

(h) *eighth*, if a Servicer Termination Event has occurred, all remaining Available Revenue Receipts to be deposited into the GIC Account (with a corresponding credit to the Revenue Ledger) until such Servicer Termination Event is either remedied by the Servicer or waived by the Security Trustee (acting on the directions of the Bond Trustee, or, if no Covered Bonds are outstanding, the Majority Secured Creditors) or a replacement servicer is appointed to service the Mortgage Loan Portfolio (or any relevant part);

(i) *ninth*, in or towards a credit to the Reserve Ledger and deposit into the GIC Account of an amount up to but not exceeding the amount by which the Reserve Fund Required Amount exceeds the existing balance on the Reserve Ledger as calculated on the immediately preceding Calculation Date;

(j) *tenth*, in or towards payment *pari passu* and rateably of any Excluded Swap Termination Amounts due and payable by the Covered Bond Guarantor under the Swap Agreements;

(k) *eleventh*, in or towards payment of any indemnity amount due to the Cover Pool Monitor pursuant to the Cover Pool Monitor Agreement;

(l) *twelfth*, in or towards payment of any interest amounts or any principal amount of the Demand Note relating to an Interest Rate Shortfall Demand Note Funding due or to become due and payable in respect of the Demand Note pursuant to the terms of the Demand Note Subscription Agreement; and

(m) *thirteenth*, the remainder to the Residual Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust.

Allocation and Distribution of Available Revenue Receipts following the service of an Asset Coverage Test Breach Notice

At any time after service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked), but prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, all Available Revenue Receipts will continue to be applied in accordance with the Pre-Acceleration Revenue Priority of Payments provided that, while any Covered Bonds remain outstanding, the Trust Manager will ensure that:

(a) it will not direct the Covered Bond Guarantor to apply any moneys under paragraph (f)(iii), (l) or (m) of the Pre-Acceleration Revenue Priority of Payments; and

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

For personal use only

Allocation and Distribution of Available Principal Receipts prior to the service of a Notice to Pay or a Covered Bond Guarantee Acceleration Notice

Prior to the service of a Notice to Pay on the Covered Bond Guarantor or a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, Available Principal Receipts standing to the credit of the Transaction Accounts must be allocated and distributed as described below.

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

On each Trust Payment Date, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will, transfer funds from the GIC Account to the Transaction Accounts, in an amount equal to the lower of:

(a) the amount required to make the payments or credits described below; and

(b) the amount of all Available Principal Receipts standing to the credit of the GIC Account.

Pre-Acceleration Principal Priority of Payments

On each Trust Payment Date, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will, apply Available Principal Receipts from the Transaction Accounts (for the avoidance of doubt, excluding any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements which will be paid, at the direction of the Trust Manager, directly to the relevant Swap Providers in accordance with the terms of the relevant Swap Agreements) and any In Specie Mortgage Loans (but only in the case of paragraphs (d) and (g)) in making the following payments or provisions or credits in the following order or priority (**Pre-Acceleration Principal Priority of Payments**) (in each case, only if and to the extent that payments or provisions of a higher priority have been paid in full to the extent the same are payable on the relevant Trust Payment Date):

(a) *first*, if the Pre-Maturity Test has been breached by the Issuer in respect of any Series of Hard Bullet Covered Bonds, towards a credit to the Pre-Maturity Ledger and deposit into the GIC Account in an amount up to, but not exceeding the amount by which x exceeds y, where:

x is the Australian Dollar Equivalent of the Required Redemption Amount calculated on the immediately preceding Calculation Date for the relevant Series of Hard Bullet Covered Bonds; and

y is the aggregate of:

(i) any amounts standing to the credit of the Pre-Maturity Ledger on the immediately preceding Calculation Date after having deducted the Australian Dollar Equivalent of the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds, as calculated on that Calculation Date, which mature prior to or on the same date as the relevant Series of Hard Bullet Covered Bonds; and

(ii) any amount to be credited to the Pre-Maturity Ledger on that Trust Payment Date pursuant to paragraph (g) of the Pre-Acceleration Revenue Priority of Payments;

(b) *second*, to acquire New Mortgage Loans and the Related Security offered to the Covered Bond Guarantor by the Seller in accordance with the terms of the Mortgage Sale Agreement in an amount sufficient to ensure that taking into account the other resources available to the Covered Bond Guarantor, the Asset Coverage Test is satisfied and thereafter to acquire Substitution Assets in an amount not to exceed the prescribed limits (as specified in the Establishment Deed) sufficient to ensure

For personal use only

that, after taking into account the other resources available to the Covered Bond Guarantor, the Asset Coverage Test is satisfied;

(c) *third*, to deposit the remaining Available Principal Receipts into the GIC Account (with a corresponding credit to the Principal Ledger) in an amount sufficient to ensure that, taking into account the other resources available to the Covered Bond Guarantor, the Asset Coverage Test is satisfied;

(d) *fourth*, if a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards repayment of the principal amount of the Demand Note which is due or to become due and payable pursuant to the terms of the Demand Note Subscription Agreement, to the extent that such payment would not cause the Asset Coverage Test to be breached;

(e) *fifth*, in or towards repayment on the Trust Payment Date (or to provide for repayment on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine) of the principal amount of the Intercompany Notes by making the following payments:

(i) the amounts (in respect of principal) due or to become due and payable to each relevant Covered Bond Swap Provider *pari passu* and rateably in respect of each Covered Bond Swap (including any termination payment (relating solely to principal) due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) in accordance with the terms of each relevant Covered Bond Swap Agreement; and

(ii) where appropriate, after taking into account any amounts in respect of principal receivable from each relevant Covered Bond Swap Provider under each Covered Bond Swap on the Trust Payment Date or such date in the future as the Trust Manager may reasonably determine, the amounts (in respect of principal) due or to become due and payable to the Intercompany Noteholders *pari passu* and rateably in respect of each relevant Intercompany Note;

(f) *sixth*, *pari passu* and rateably, to:

(i) pay the Purchase Price for New Mortgage Loans and the Related Security offered to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement following receipt by the Seller of a notice from the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement; and

(ii) reimburse the Seller for funding any Further Advances and/or Cash Redraws that the Covered Bond Guarantor has agreed to reimburse the Seller for in accordance with the Mortgage Sale Agreement;

(g) *seventh*, in or towards repayment of any principal amount of the Demand Note (other than any principal amount relating to an Interest Rate Shortfall Demand Note Funding):

(i) which remains due and payable pursuant to clause 10.1(d) of the Demand Note Subscription Agreement after any distribution as a result of the Covered Bonds having been repaid and confirmation from the Issuer that no additional Covered Bonds will be issued under the Programme;

(ii) for which a demand is made by the Demand Noteholder in accordance with the Demand Note Subscription Agreement and at which time the Issuer has not determined and notified the Covered Bond Guarantor and the Trust Manager that a Regulatory Event has occurred or is likely to occur, to the extent that such payment would not cause the Asset Coverage Test to be breached; or

For personal use only

(iii) where the Issuer has determined and notified the Covered Bond Guarantor and the Trust Manager that a Regulatory Event has occurred or is likely to occur and an In Specie Failure has also occurred, that amount which would otherwise have been satisfied under paragraph (d) above, to the extent that such payment would not cause the Asset Coverage Test to be breached;

(h) *eighth*, to be paid to the Residual Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust remaining unpaid; and

(i) *ninth*, to be paid to the Residual Capital Unitholders *pari passu* and rateably among them in respect of the Residual Capital Units.

No payment of Available Principal Receipts will be made under paragraph (d) above by the Covered Bond Guarantor. The Trust Manager must ensure that paragraph (d) is satisfied by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loans pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*". The Trust Manager may, but is not obliged to, satisfy any amount payable by the Covered Bond Guarantor in accordance with paragraph (g) by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loans pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*".

Allocation and Distribution of Available Principal Receipts following service of an Asset Coverage Test Breach Notice

At any time after the service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked), but prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, all Available Principal Receipts will continue to be applied in accordance with the Pre-Acceleration Principal Priority of Payments provided that, while any Covered Bonds remain outstanding, no moneys will be applied under paragraphs (b), (e)(ii), (f), (g), (h) and (i) of the Pre-Acceleration Principal Priority of Payments, and the remainder (if any) will be deposited into the GIC Account (with a corresponding credit to the Principal Ledger) and applied as Available Principal Receipts on the next succeeding Trust Payment Date.

Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts following service of a Notice to Pay

At any time after the service of a Notice to Pay on the Covered Bond Guarantor, but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, all Available Revenue Receipts and Available Principal Receipts will be applied as described below (under "*Guarantee Priority of Payments*").

On each Trust Payment Date, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will transfer funds from the GIC Account to the Transaction Accounts, in an amount equal to the lower of:

(a) the amount required to make the payments set out in the Guarantee Priority of Payments, as described below; and

(b) the amount of all Available Revenue Receipts and Available Principal Receipts standing to the credit of the GIC Account.

The Trust Manager will create and maintain the Pre-Maturity Ledger for each Series of Hard Bullet Covered Bonds and record amounts allocated to the Pre-Maturity Ledger in respect of such Series of Hard Bullet Covered Bonds in accordance with the Programme Documents, and such amounts, once allocated, will only

For personal use only

be available to pay amounts due under the Covered Bond Guarantee and amounts due under the relevant Covered Bond Swap in respect of the relevant Series of Hard Bullet Covered Bonds on the scheduled repayment dates of such Hard Bullet Covered Bonds.

If a Notice to Pay has been served on the Covered Bond Guarantor, on the Final Maturity Date of a Series of Hard Bullet Covered Bonds, the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor must, apply all moneys (if any) standing to the credit of the Pre-Maturity Ledger (and transferred from the GIC Account to the Transaction Accounts) to repay the Covered Bonds comprising the relevant Series.

Guarantee Priority of Payments

On each Trust Payment Date (except for amounts due to third parties described below under paragraph (e)(ii) which, in each case, will be paid, at the direction of the Trust Manager, when due, and for the avoidance of doubt, any Swap Collateral Excluded Amounts due to the relevant Swap Providers by the Covered Bond Guarantor under the relevant Swap Agreements which must be paid, at the direction of the Trust Manager, directly to the relevant Swap Providers) the Trust Manager must direct the Covered Bond Guarantor to and, upon receiving that direction, the Covered Bond Guarantor will, apply Available Revenue Receipts, Available Principal Receipts and any In Specie Mortgage Loans (but only in the case of paragraphs (c) and (o) below) to make the following payments and provisions in the following order of priority (**Guarantee Priority of Payments**) (in each case, only if and to the extent that payments or provisions of a higher priority have been made in full):

(a) *first*, A$1 to the Residual Income Unitholder;

(b) *second*, in or towards satisfaction of any Accrued Interest Adjustment due and payable to the Seller in connection with the transfer of any Mortgage Loans to the Trust during the Calculation Period immediately preceding that Trust Payment Date;

(c) *third*, if a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards repayment of the principal amount of the Demand Note which is due or to become due and payable pursuant to a demand from the Demand Noteholder under the terms of the Demand Note Subscription Agreement to the extent that such payment would not cause the Asset Coverage Test to be breached;

(d) *fourth*, in or towards satisfaction *pari passu* and rateably of:

(i) all amounts due and payable or to become due and payable to the Bond Trustee (excluding all amounts otherwise payable to the Covered Bondholders and Couponholders under the Guarantee Priority of Payments) in the Trust Payment Period in which such Trust Payment Date occurs together with interest and applicable GST (or other similar Taxes) thereon;

(ii) all amounts due and payable or to become due and payable to the Security Trustee (excluding all amounts otherwise payable to the Covered Bondholders and Couponholders under the Guarantee Priority of Payments) in the Trust Payment Period in which such Trust Payment Date occurs together with interest and applicable GST (or other similar Taxes) thereon; and

(iii) all amounts due and payable or to become due and payable to itself as trustee of the Trust in the Trust Payment Period in which such Trust Payment Date occurs together with interest and any applicable GST thereon;

(e) *fifth*, in or towards satisfaction *pari passu* and rateably of:

(i) any remuneration then due and payable to the Agents under the provisions of the Agency Agreements together with applicable GST (or other similar Taxes) thereon;

For personal use only

(ii) any amounts then due and payable by the Covered Bond Guarantor to third parties and incurred without breach by the Covered Bond Guarantor of the Programme Documents to which it is a party (and for which payment has not been provided for elsewhere in this Guarantee Priority of Payments) and to provide for any such amounts expected to become due and payable by the Covered Bond Guarantor in the Trust Payment Period in which such Trust Payment Date occurs; and

(iii) any liability of the Covered Bond Guarantor for Taxes;

(f) *sixth*, in or towards satisfaction *pari passu* and rateably of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the Trust Payment Period in which such Trust Payment Date occurs under the provisions of the Servicing Agreement together with applicable GST (or other similar Taxes) thereon;

(ii) amounts (if any) due and payable to the Account Bank (including costs) pursuant to the terms of the Account Bank Agreement, together with applicable GST (or other similar Taxes) thereon;

(iii) amounts due and payable to the Trust Manager under the Establishment Deed and the Management Agreement; and

(iv) amounts due and payable to the Cover Pool Monitor (other than the amounts referred to in paragraph (n) below) pursuant to the terms of the Cover Pool Monitor Agreement, together with applicable GST (or other similar Taxes) thereon;

(g) *seventh*, if the Interest Rate Swap Provider is not the Issuer or, if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards payment on the Trust Payment Date, or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine, of any amount due or to become due and payable to the Interest Rate Swap Provider in respect of the Interest Rate Swaps (including any termination payment due and payable by the Covered Bond Guarantor under the Interest Rate Swap Agreement but excluding any relevant Excluded Swap Termination Amount) in accordance with the terms of the Interest Rate Swap Agreement;

(h) *eighth*, in or towards payment on the Trust Payment Date or to provide for payment on such date in the future of such proportion of the relevant payments falling due in the future as the Trust Manager may reasonably determine, *pari passu* and rateably of:

(i) if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has not occurred or is not likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards payment on the Trust Payment Date, or to provide for payment on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine, of any amount due or to become due and payable to the Interest Rate Swap Provider in respect of the Interest Rate Swaps (including any termination payment due and payable by the Covered Bond Guarantor under the Interest Rate Swap Agreement but excluding any relevant Excluded Swap Termination Amount) in accordance with the terms of the Interest Rate Swap Agreement;

(ii) any amounts due or to become due and payable to each relevant Covered Bond Swap Provider (other than in respect of principal) *pari passu* and rateably in respect of each Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded

For personal use only

Swap Termination Amount) in accordance with the terms of each relevant Covered Bond Swap Agreement; and

(iii) Scheduled Interest that is Due for Payment (or that will become Due for Payment in the Trust Payment Period in which such Trust Payment Date occurs) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the applicable Agent on behalf of the Covered Bondholders and Couponholders *pari passu* and rateably in respect of each Series of Covered Bonds,

but, in the case of any such payment or provision, after taking into account any amounts receivable from the Interest Rate Swap Provider under the Interest Rate Swap Agreement and, if applicable, any amounts (other than principal) receivable from each relevant Covered Bond Swap Provider under each Covered Bond Swap Agreement on the Trust Payment Date or such date in the future as the Trust Manager may reasonably determine, provided that if the amount available for distribution under this paragraph (h) (excluding any amounts received or to be received from the relevant Covered Bond Swap Providers) would be insufficient to pay the Australian Dollar Equivalent of the Scheduled Interest that is or will be Due for Payment in respect of each Series of Covered Bonds under paragraph (h)(iii) above, the shortfall will be divided among all such Series of Covered Bonds on a *pari passu* and rateable basis and the amount payable by the Covered Bond Guarantor to each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap in respect of each relevant Series of Covered Bonds or provision to be made in respect of such amount under paragraph (h)(ii) above will be correspondingly reduced to take into account the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(i) *ninth* in or towards payment on the Trust Payment Date or to provide for payment in the immediately succeeding Trust Payment Period, *pari passu* and rateably of:

(i) any amounts (in respect of principal) due or to become due and payable to each relevant Covered Bond Swap Provider *pari passu* and rateably in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement to the extent not already paid under paragraph (h)(ii) above, but excluding any relevant Excluded Swap Termination Amount) in accordance with the terms of each relevant Covered Bond Swap Agreement; and

(ii) (where appropriate, after taking into account any amounts in respect of principal receivable from the relevant Covered Bond Swap Provider and available to make payments in respect thereof) Scheduled Principal that is Due for Payment (or that will become Due for Payment in the immediately succeeding Trust Payment Period) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the applicable Agent on behalf of the Covered Bonds *pari passu* and rateably in respect of each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (i) (excluding any amounts received or to be received from each relevant Covered Bond Swap Provider) would be insufficient to pay the Australian Dollar Equivalent of the Scheduled Principal that is or will be Due for Payment in respect of each Series of Covered Bonds under paragraph (i)(ii) above, the shortfall will be divided among all such Series of Covered Bonds on a *pari passu* and rateable basis and the amount payable by the Covered Bond Guarantor to each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under paragraph (i)(i) above will be correspondingly reduced to take into account the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(j) *tenth*, in or towards payment on the Trust Payment Date (if such date is an Interest Payment Date) or to provide for payment on any Interest Payment Date prior to the immediately succeeding Trust

For personal use only

Payment Date of the Final Redemption Amount (or portion thereof remaining unpaid) of any Series of Covered Bonds to which an Extended Due for Payment Date applies and whose Final Redemption Amount was not paid in full by the Extension Determination Date, by making the following payments, *pari passu* and rateably of:

(i) any amounts due or to become due and payable to each relevant Covered Bond Swap Provider (whether or not in respect of principal) *pari passu* and rateably in respect of each Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) in accordance with the terms of each relevant Covered Bond Swap Agreement; and

(ii) such Final Redemption Amount *pari passu* and rateably under the Covered Bond Guarantee in respect of each relevant Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the applicable Agent on behalf of the Covered Bondholders,

but, in the case of any such payment or provision, after taking into account any amounts receivable from the Interest Rate Swap Provider in respect of the Interest Rate Swap Agreement and, if applicable, any amounts (whether or not in respect of principal) receivable from each relevant Covered Bond Swap Provider in respect of each relevant Covered Bond Swap, provided that if the amount available for distribution under this paragraph (j) (excluding any amounts received or to be received from the relevant Covered Bond Swap Providers) would be insufficient to pay the Australian Dollar Equivalent of such Final Redemption Amount in respect of the relevant Series of Covered Bonds under paragraph (j)(ii) above, the shortfall will be divided among all such Series of Covered Bonds on a *pari passu* and rateable basis and any amount payable by the Covered Bond Guarantor to each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap in respect of each Series of Covered Bonds under paragraph (j)(i) above will be correspondingly reduced to take into account the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(k) *eleventh*, to deposit the remaining moneys in the GIC Account for application on the immediately succeeding Trust Payment Date in accordance with the priority of payments described in paragraphs (a)-(j) (inclusive) above, until the Covered Bonds have been fully repaid or provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds);

(l) *twelfth*, in or towards payment *pari passu* and rateably of any Excluded Swap Termination Amounts due and payable by the Covered Bond Guarantor under the Swap Agreements;

(m) *thirteenth*, in and towards payment of any amounts due and payable (whether in respect of principal or interest) in respect of the Intercompany Notes *pari passu* and rateably in respect of each Intercompany Note pursuant to the terms of the Intercompany Note Subscription Agreement;

(n) *fourteenth*, in or towards payment of certain costs, expenses and indemnity amounts due by the Covered Bond Guarantor to the Cover Pool Monitor pursuant to the Cover Pool Monitor Agreement;

(o) *fifteenth*, in or towards satisfaction of all amounts due and payable in respect of the Demand Note or otherwise outstanding under the Demand Note Subscription Agreement (to the extent not already satisfied in accordance with paragraph (c) above) including upon the occurrence of a Regulatory Event and an In Specie Failure, any amounts that would otherwise have been satisfied under paragraph (c) above;

(p) *sixteenth*, to be paid to the Residual Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust remaining unpaid; and

For personal use only

(q) *seventeenth*, to be paid to the Residual Capital Unitholders *pari passu* and rateably among them in respect of the Residual Capital Units.

No payment of Available Revenue Receipts and Available Principal Receipts will be made under paragraph (c) above by the Covered Bond Guarantor. The Trust Manager must ensure that paragraph (c) is satisfied by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loans pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*". The Trust Manager may, but is not obliged to, satisfy any amount payable by the Covered Bond Guarantor in accordance with paragraph (o) by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loans pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*".

Amounts received on or after the Trust Payment Date

(a) Subject to paragraph (c) below, any amounts (other than in respect of principal and any Swap Collateral Excluded Amounts) received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap Agreement on or after a Trust Payment Date but prior to the immediately succeeding Trust Payment Date will be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager), together with any provision for such payments made on any preceding Trust Payment Date, to make payments (other than principal) due and payable *pari passu* and rateably in respect of each Covered Bond Swap under the relevant Covered Bond Swap Agreement or, as the case may be, in respect of interest on each relevant Intercompany Note in accordance with the Intercompany Note Subscription Agreement, or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine.

(b) Subject to paragraph (c) below, any amounts (other than any Swap Collateral Excluded Amounts) in respect of principal received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap Agreement on or after a Trust Payment Date but prior to the immediately succeeding Trust Payment Date will be applied, by the Covered Bond Guarantor (acting at the direction of the Trust Manager), together with any provision for such payments made on any preceding Trust Payment Date, (provided that all principal amounts outstanding under the related Series of Covered Bonds which have fallen due for repayment on such date have been repaid in full by the Issuer), to make payments in respect of principal due and payable to the Intercompany Noteholders in respect of the corresponding Intercompany Notes in accordance with the Intercompany Note Subscription Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Trust Manager may reasonably determine.

(c) At any time after the service of a Notice to Pay on the Covered Bond Guarantor, but prior to service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, any amounts (other than any Swap Collateral Excluded Amounts) received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap Agreement (whether or not in respect of principal) on or after a Trust Payment Date but prior to the immediately succeeding Trust Payment Date will be applied, by the Covered Bond Guarantor (acting at the directions of the Trust Manager) together with any provision for such payments made on any preceding Trust Payment Date, to make payments of Scheduled Interest or Scheduled Principal under the Covered Bond Guarantee *pari passu* and rateably in respect of each relevant Series of Covered Bonds.

(d) Any amounts (other than in respect of principal and any Swap Collateral Excluded Amounts) received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap Agreement on or after a Trust Payment Date but prior to the immediately succeeding Trust Payment Date that are not applied towards a payment or provision in accordance with paragraph (f) of the Pre-Acceleration Revenue Priority of Payments, paragraph (h) of the Guarantee Priority of Payments or paragraph (a) or (c) above, will be credited (acting at the direction of the Trust Manager) to the Revenue Ledger, deposited

For personal use only

into the GIC Account (acting at the direction of the Trust Manager) and form part of the Available Revenue Receipts to be applied (acting at the direction of the Trust Manager) on that Trust Payment Date (if received on that day) or on the immediately succeeding Trust Payment Date (if received after that day).

(e) Any amounts (other than any Swap Collateral Excluded Amounts) of principal received under a Covered Bond Swap Agreement on a Trust Payment Date or any date prior to the immediately succeeding Trust Payment Date which are not applied towards a payment or provision in accordance with paragraph (e) of the Pre-Acceleration Principal Priority of Payments, paragraph (j) of the Guarantee Priority of Payments or paragraphs (b) or (c) above, will be credited (acting at the direction of the Trust Manager) into the GIC Account and will form part of the Available Principal to be applied (acting at the direction of the Trust Manager) on that Trust Payment Date (if received on that day) or on the immediately succeeding Trust Payment Date (if received after that day).

(f) Any amounts of principal received from the Seller in respect of an extinguishment of the Seller's interest in, or transfer by the Seller of, Mortgage Loans and the Related Security to enable the Covered Bond Guarantor (acting at the direction of the Trust Manager) to apply such amounts to repay any relevant Intercompany Notes on the date on which the Covered Bonds corresponding to such Intercompany Notes mature will not be applied in accordance with the Pre-Acceleration Principal Priority of Payment and will (after being swapped if necessary under the relevant Covered Bond Swaps) be applied or be deemed to be applied by the Covered Bond Guarantor (acting at the direction of the Trust Manager) in repayment of the relevant Intercompany Notes on the date on which the Covered Bonds corresponding to such Intercompany Notes mature, subject to the Asset Coverage Test being satisfied on the date of such repayment and after giving effect to such repayment after taking into account amounts that will be paid or provided for on the immediately following Trust Payment Date.

Termination payments in respect of Swaps

If the Covered Bond Guarantor receives any termination payment from a Swap Provider in respect of a Swap, the Trust Manager will direct the Covered Bond Guarantor to use such termination payment (prior to the occurrence of a Covered Bond Guarantor Event of Default and service of a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer and only at the direction of the Trust Manager) first towards the payment to a replacement Swap Provider to enter into a replacement Swap with the Covered Bond Guarantor, unless a replacement Swap has already been entered into on behalf of the Covered Bond Guarantor, in which case, the Trust Manager will direct the Covered Bond Guarantor to apply the termination payment in accordance with the applicable Priorities of Payment and in the case that the full amount of the termination payment is not required to pay the replacement Swap Provider, the remaining part of the termination payment will be applied in accordance with the applicable Priorities of Payment. If the Covered Bond Guarantor receives any premium from a replacement Swap Provider in respect of a replacement Swap, such premium will form part of the Available Revenue Receipts and the Trust Manager will direct the Covered Bond Guarantor to apply such premium in accordance with the applicable Priorities of Payment.

Application of moneys received by the Security Trustee following the service of a Covered Bond Guarantee Acceleration Notice

From and including the time when the Bond Trustee serves a Covered Bond Guarantee Acceleration Notice on the Covered Bond Guarantor and the Issuer, no amount may be withdrawn from the Trust Accounts without the prior written consent of the Security Trustee.

Post-Enforcement Priority of Payments

All moneys received or recovered by the Security Trustee or any Receiver (excluding all amounts due or to become due in respect of any Third Party Amounts and excluding any Swap Collateral Excluded Amounts due

For personal use only

to the relevant Swap Providers by the Covered Bond Guarantor, under the relevant Swap Agreements which will be paid directly to the relevant Swap Providers in accordance with the terms of the relevant Swap Agreements) and any In Specie Mortgage Loans (but only in the case of paragraphs (f) and (j)), after the service of a Covered Bond Guarantee Acceleration Notice, for the benefit of the Secured Creditors in respect of the Secured Obligations, will be held by it in the Trust Accounts on trust to be applied, in the following order of priority (and, in each case, only if and to the extent that payments or provisions of a higher order of priority have been made in full) (the **Post-Enforcement Priority of Payments**):

(a) *first*, in or towards satisfaction of any Accrued Interest Adjustment outstanding to the Seller in connection with the transfer of any Mortgage Loans to the Trust;

(b) *second*, in or towards satisfaction *pari passu* and rateably of:

(i) all amounts due and payable or to become due and payable to the Bond Trustee under the provisions of the Bond Trust Deed (but not including amounts otherwise payable to Covered Bondholders under this Post-Enforcement Priority of Payments) together with interest and any applicable GST (or similar Taxes) thereon;

(ii) all amounts due and payable or to become due and payable to the Security Trustee and any Receiver (but not including amounts otherwise payable to Covered Bondholders under this Post-Enforcement Priority of Payments) together with interest and any applicable GST (or similar Taxes) thereon; and

(iii) all amounts due and payable or to become due and payable to the Covered Bond Guarantor together with interest and any applicable GST (or similar Taxes) thereon;

(c) *third*, in or towards satisfaction of all amounts due and payable to the Agents under or pursuant to the Agency Agreements together with any applicable GST (or similar Taxes) thereon;

(d) *fourth*, in or towards satisfaction *pari passu* and rateably of:

(i) any remuneration then due and payable to the Servicer and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Agreement, together with any applicable GST (or other similar Taxes) thereon;

(ii) amounts due to the Account Bank (including any costs, charges, liabilities and expenses) pursuant to the terms of the Account Bank Agreement, together with any applicable GST (or other similar Taxes) thereon; and

(iii) any remuneration then due and payable to the Trust Manager and any costs, charges, liabilities and expenses then due or to become due and payable to the Trust Manager under the provisions of the Establishment Deed and the Management Agreement in the Trust Payment Period during which the application of moneys is made, together with any applicable GST (or other similar Taxes) thereon;

(e) *fifth*, if the Interest Rate Swap Provider is not the Issuer or, if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards satisfaction of any amounts due and payable to the Interest Rate Swap Provider (including any termination payment, but excluding any relevant Excluded Swap Termination Amount) pursuant to the terms of the Interest Rate Swap Agreement;

(f) *sixth*, if a Regulatory Event has occurred or is likely to occur (as determined by the Issuer and notified to the Security Trustee or any Receiver and the Trust Manager), subject to the Asset Coverage Test

For personal use only

being met, in or towards satisfaction of any amounts due and payable in respect of the Demand Note pursuant to the terms of the Demand Note Subscription Agreement;

(g) *seventh*, in or towards satisfaction of *pari passu* and rateably of:

(i) if the Interest Rate Swap Provider is the Issuer and a Regulatory Event has not occurred or is not likely to occur (as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager), in or towards satisfaction of any amounts due and payable to the Interest Rate Swap Provider (including any termination payment, but excluding any relevant Excluded Swap Termination Amount) pursuant to the terms of the Interest Rate Swap Agreement;

(ii) any amounts due and payable to each relevant Covered Bond Swap Provider *pari passu* and rateably in respect of each Covered Bond Swap (including any termination payment due and payable by the Covered Bond Guarantor under each relevant Covered Bond Swap Agreement, but excluding any relevant Excluded Swap Termination Amount) in accordance with the terms of each relevant Covered Bond Swap Agreement; and

(iii) the amounts due and payable under the Covered Bond Guarantee, to the Bond Trustee or (if so directed by the Bond Trustee) the relevant Agent on behalf of the Covered Bondholders *pari passu* and rateably in respect of interest and principal due and payable on each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (g) (excluding any amounts received from the Covered Bond Swap Provider) would be insufficient to pay the Australian Dollar Equivalent of the amounts due and payable under the Covered Bond Guarantee in respect of each Series of Covered Bonds under paragraph (g)(iii) above, the shortfall will be divided among all such Series of Covered Bonds on a *pari passu* and rateable basis and any amount payable by the Covered Bond Guarantor to each relevant Covered Bond Swap Provider under each relevant Covered Bond Swap in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under paragraph (g)(ii) above will be correspondingly reduced to take account of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(h) *eighth*, in or towards satisfaction *pari passu* and rateably according to the respective amounts thereof, of any Excluded Swap Termination Amounts due and payable by the Covered Bond Guarantor under the Swap Agreements;

(i) *ninth*, in or towards satisfaction of all amounts due and payable in respect of the Intercompany Notes or otherwise outstanding under the Intercompany Note Subscription Agreement;

(j) *tenth*, in or towards satisfaction of all amounts due and payable in respect of the Demand Note or otherwise outstanding under the Demand Note Subscription Agreement (to the extent not already satisfied in accordance with paragraph (f) above) including upon the occurrence of a Regulatory Event and an In Specie Failure, any amounts that would otherwise have been satisfied under paragraph (f) above;

(k) *eleventh*, to be paid to the Residual Income Unitholder in whole or partial satisfaction of any entitlement to Net Trust Income of the Trust remaining unpaid; and

(l) *twelfth*, to be paid to the Residual Capital Unitholders *pari passu* and rateably among them in respect of the Residual Capital Units.

No monies will be applied under paragraph (f) above by the Security Trustee and any Receiver. The Security Trustee and any Receiver must ensure that paragraph (f) is satisfied by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loans pursuant to the section "*Overview of the Principal Documents* –

For personal use only

Demand Note Subscription Agreement – Repayment of the Demand Note". The Security Trustee and any Receiver may, but is not obliged to, satisfy any amount payable by the Covered Bond Guarantor in accordance with paragraph (j) by an *in specie* distribution to the Demand Noteholder of the In Specie Mortgage Loans pursuant to the section "*Overview of the Principal Documents – Demand Note Subscription Agreement – Repayment of the Demand Note*".

For personal use only

For personal use only

THE MORTGAGE LOAN PORTFOLIO

Each New Mortgage Loan Portfolio acquired by the Covered Bond Guarantor consists of Mortgage Loans and the Related Security sold by the Seller to the Covered Bond Guarantor from time to time, in accordance with the terms of the Mortgage Sale Agreement, as more fully described under "*Overview of the Principal Documents – Mortgage Sale Agreement*".

For the purposes hereof:

New Mortgage Loan Portfolio means a portfolio of Mortgage Loans and the Related Security (other than any Mortgage Loans and the Related Security included in such portfolio which have been redeemed in full prior to the relevant Transfer Date in respect of such portfolio), particulars of which are set out in, or attached to, a New Mortgage Loan Portfolio Notice, and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (g) (inclusive) below:

(a) all sums of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Expenses and Capitalised Arrears) and any other sum due or to become due under or in respect of such Mortgage Loans and the Related Security on or after the Transfer Date in respect of such Mortgage Loans and including the right to demand, sue for, recover and give receipts for all such principal, interest or other amounts, the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Conditions;

(b) the benefit of all other securities for such principal, interest and other sums payable (including any interest of the Seller in any life policy), any guarantee in respect of such Mortgage Loans or any other collateral security for the repayment of the relevant Mortgage Loans secured by the Related Security;

(c) the right to exercise all the powers of the Seller in relation thereto subject to and in accordance with the relevant Mortgage Conditions;

(d) all the estate, title and interest in the Properties in relation thereto vested in the Seller;

(e) to the extent they are assignable or capable of being put into trust, each certificate of title and valuation report and any right of action of the Seller against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any such New Mortgage Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Mortgage Loans or part thereof;

(f) the benefit of certain Insurance Policies, in each case, so far as they relate to such Mortgage Loans comprised in that portfolio of Mortgage Loans and the Related Security, including the right to receive the proceeds of all claims made or to be made by or on behalf of the Seller or to which the Seller is or may become entitled; and

(g) any Associated Debt secured by any All Moneys Mortgage that relates to such Mortgage Loans.

Any schedule of New Mortgage Loans attached to any New Mortgage Loan Portfolio Notice may be provided in a document stored upon electronic media (including, but not limited to, electronic mail and CD-ROM) in a format acceptable to the Trust Manager (acting reasonably).

See also the following risk factors under "Risk Factors – *Factors that may affect the Covered Bond Guarantor's ability to fulfil its obligations under Covered Bonds issued under the Programme – Covered Bondholders receive a limited description of the Mortgage Loan Portfolio*" and "Risk Factors – *Factors that may affect the Covered Bond Guarantor's ability to fulfil its obligations under Covered Bonds issued under the Programme* – Maintenance of Portfolio".

DESCRIPTION OF THE COVERED BOND PROVISIONS OF THE AUSTRALIAN BANKING ACT

The *Banking Amendment (Covered Bonds) Act 2011* (Cth) (the **Amendment Act**) came into force on 17 October 2011 and amended the Australian Banking Act to specifically facilitate the issuance of covered bonds by Australian authorised deposit-taking institutions (**ADIs**). The Amendment Act sets out a detailed regulatory framework for the issuance of covered bonds (the **Covered Bonds Provisions**). At the date of this Prospectus, there are no regulations in support of the Covered Bonds Provisions. On 13 June 2019, APRA issued an updated final prudential standard (Prudential Standard APS 121 Covered Bonds) which sets out the prudential requirements that apply to ADIs that issue covered bonds in accordance with the Covered Bonds Provisions. On 25 October 2022, APRA released minor consequential amendments arising from the ADI capital reforms to 11 prudential standards, including APS 121. The amended APS 121 became effective on 1 January 2023. The key requirements of this Prudential Standard are that an authorised deposit-taking institution must adopt policies and procedures to manage risks relating to its issuance of covered bonds, and apply an appropriate capital treatment to exposures associated with covered bond issuance.

Eligible issuers

The Australian Banking Act allows for ADIs that are regulated by APRA to issue covered bonds subject to compliance with the requirements of the Australian Banking Act. Any such covered bonds must be secured by assets beneficially owned by a covered bond special purpose vehicle. The Covered Bond Guarantor is a "covered bond special purpose vehicle" for the purposes of the Australian Banking Act.

Cap on issuance

Under the Australian Banking Act, an ADI is precluded from issuing covered bonds if, at the time of issuance, the value of the assets in all Cover Pools (as defined below) maintained by the ADI exceeds 8 per cent. (or such other percentage prescribed by regulation for the purposes of Section 28 of the Australian Banking Act) of the value of the ADI's assets in Australia at that time.

Cover Pool and Eligible Assets

The Australian Banking Act provides that the cover pool for covered bonds consists of the assets beneficially owned by the covered bond special purpose vehicle to the extent that they secure the liabilities to the covered bondholders equally or in priority to any other liabilities (**Cover Pool**). It also sets out the assets eligible for inclusion in a cover pool held by the covered bond special purpose vehicle for the purposes of securing covered bonds issued by an ADI. Accordingly, the assets in a Cover Pool must be one of the following:

(a) at call deposits held with an ADI and convertible into cash within two business days;

(b) bank accepted bills or certificates of deposit not issued by the Issuer that are eligible for repurchase transactions with the RBA and mature within 100 days;

(c) government debt instruments issued or guaranteed by the Commonwealth, a State or a Territory;

(d) residential mortgage loans;

(e) commercial mortgage loans;

(f) mortgage insurance policies or other assets related to a loan referred to in paragraphs (d) and (e) above;

(g) a contractual right relating to the holding or management of another asset in the Cover Pool;

(h) certain types of derivatives; and

For personal use only

(i) any other asset prescribed from time to time by regulation for the purposes of Section 31(1)(i) of the Australian Banking Act.

The value of assets in the Cover Pool which are bank accepted bills or certificates of deposit as described in paragraph (b) above must not exceed 15 per cent. of the face value of the covered bonds. There is currently no such limit prescribed in relation to the other types of assets set out above.

Further, the Cover Pool must not contain an asset of a kind prescribed by regulation for the purposes of Section 31(3) of the Australian Banking Act. There are currently no such assets prescribed by regulation.

The Covered Bonds Provisions expressly provide that a statutory manager or an external administrator of the issuing ADI has no powers in relation to the assets in the cover pool apart from the contractual powers that the issuing ADI may have and the contractual obligations of the issuing ADI in relation to the assets.

Any Swap Collateral Excluded Amount will not form part of the Cover Pool and will be paid to the relevant Swap Provider directly and not via the Priorities of Payment.

APRA's powers under the Australian Banking Act

In addition to the powers that APRA had in relation to an ADI under the Australian Banking Act prior to the enactment of the Covered Bonds Provisions, the Amendment Act has given APRA specific powers relating to covered bond issuances. Those powers include the following:

(a) *No issue*: APRA has the power to direct an issuing ADI not to issue covered bonds where APRA gives a direction under Section 11CA of the Australian Banking Act or in circumstances where APRA has reason to believe that the ADI has contravened the Covered Bonds Provisions, the Australian Banking Act, a prudential requirement, regulation or a prudential standard relating to covered bonds.

(b) *No top-up*: APRA has the power to direct the issuing ADI, in certain circumstances, not to transfer any asset to the covered bond special purpose vehicle. The relevant circumstances in which APRA may exercise such a power include, among other circumstances, where APRA has reason to believe that the issuing ADI has or is likely to contravene the Covered Bonds Provisions, the Australian Banking Act, a prudential requirement regulation or a prudential standard relating to covered bonds; the issuing ADI is unable to meet its liabilities; there has been a material deterioration in the issuing ADI's financial condition; the issuing ADI is conducting its affairs in an improper or financially unsound way; the failure to issue a direction would materially prejudice the interests of the issuing ADI's depositors or the issuing ADI is conducting its affairs in a way that may cause or promote instability of the Australian financial system.

Further, APRA also has the power to direct a covered bond special purpose vehicle in certain circumstances to return assets to the issuing ADI which do not secure covered bond liabilities. A covered bond liability does not include a liability to the issuing ADI (other than a liability in respect of derivatives and for the provision of services) which is secured in priority to any liability to covered bondholders. However, as described under "*Cover Pool and Eligible Assets*" above, to the extent that assets secure the covered bond liabilities of the issuing ADI, the Covered Bonds Provisions expressly provide that a statutory manager or an external administrator of the issuing ADI has no powers in relation to those assets.

For a more detailed description of APRA's powers and the potential consequences for the Programme, see "Risk Factors – Risks related to the Covered Bonds generally – APRA's powers under the Australian Banking Act" above.

Maintenance of the Cover Pool

The Covered Bonds Provisions require the issuing ADI to maintain the value of the Cover Pool at an amount which is no less than a specified minimum. The issuing ADI must ensure that the value of the assets in the

For personal use only

Cover Pool is at least 103 per cent. of the face value of the outstanding covered bonds. For the purpose of calculating the value of the assets in the Cover Pool, the Australian Banking Act imposes a maximum loan to value ratio of no greater than 80 per cent. in respect of loans secured by a mortgage over residential property and a maximum loan to value ratio of no greater than 60 per cent. in respect of loans secured by a mortgage over commercial property, in each case, taking into account any prior or equal ranking loans secured by that property.

The Australian Banking Act does not specify a maximum level of over-collateralisation which affords ADIs the flexibility to determine the appropriate level of over-collateralisation. However APRA has the power to prevent an ADI from maintaining the Cover Pool in particular circumstances, such as where the ADI is facing financial difficulty. See "*Risk Factors – Risks related to the Covered Bonds generally – APRA's powers under the Australian Banking Act*" above.

Cover Pool Monitor

The Covered Bonds Provisions require a cover pool monitor to be appointed in respect of the Cover Pool securing the covered bonds issued by an ADI. The cover pool monitor must be an auditor registered under the Corporations Act or the holder of an Australian Financial Services Licence (**AFSL**) covering the provision of financial services as a cover pool monitor or be exempt from holding such an AFSL. The issuing ADI or an associated entity (as defined in the Corporations Act) of the issuing ADI is not permitted to be the cover pool monitor.

The functions of the cover pool monitor include, among others, to:

(a) assess the maintenance of an accurate register by the ADI or the covered bond special purpose vehicle of the assets in the Cover Pool at least every six months;

(b) assess the Issuer's compliance with Sections 31 and 31A of the Australian Banking Act;

(c) provide reports relating to the cover pool to APRA on written request by APRA; and

(d) other functions prescribed by regulation for the purposes of Section 30 of the Australian Banking Act.

For personal use only

For personal use only

BOOK-ENTRY CLEARANCE SYSTEMS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Covered Bond Guarantor, the Bond Trustee nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Covered Bond Guarantor nor any other party to the Agency Agreements will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Covered Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

N Covered Bonds will not be cleared through any Clearing Systems (including Euroclear, Clearstream, Luxembourg, Austraclear and DTC).

Book-entry Systems

Clearing and settlement in Australia

Upon the issuance of an A$ Registered Covered Bond, the Issuer will (unless otherwise agreed with the Covered Bondholder including by specification of such in the relevant Applicable Final Terms) procure that the A$ Registered Covered Bond is entered into the Austraclear System. Upon entry, Austraclear will become the sole registered holder (**Registered Holder**) of the A$ Registered Covered Bond.

Members of the Austraclear System (**Accountholders**) may acquire rights against the Registered Holder in relation to an A$ Registered Covered Bond entered in the Austraclear System. If potential investors are not Accountholders, they may hold their interest in the relevant A$ Registered Covered Bond through a nominee who is an Accountholder. All payments in respect of A$ Registered Covered Bonds entered in the Austraclear System will be made directly to an account of the Registered Holder or as it directs in accordance with the Austraclear Regulations.

Secondary market transfers

Secondary market transfers of A$ Registered Covered Bonds held in the Austraclear System will be conducted in accordance with the Austraclear Regulations and the A$ Registry Agreement.

Relationship of Accountholders with the Registered Holder

Each of the persons shown in the records of the Austraclear System as having an interest in an A$ Registered Covered Bond issued by the Issuer must look solely to Austraclear for such person's share of each payment made to the Registered Holder in respect of that A$ Registered Covered Bond and to any other rights arising under that A$ Registered Covered Bond, subject to and in accordance with the Austraclear Regulations. Unless and until such A$ Registered Covered Bond Covered Bonds are uplifted from the Austraclear System and registered in the name of an Accountholder, such person has no claim directly against the Issuer or the Covered Bond Guarantor in respect of payments by the Issuer or the Covered Bond Guarantor and such obligations of the Issuer or the Covered Bond Guarantor will be discharged by payment to the Registered Holder (or as it directs) in respect of each amount so paid. Where a Registered Holder is registered as the holder of A$ Registered Covered Bonds that are lodged in the Austraclear System, the Registered Holder may, in its absolute discretion, instruct the A$ Registrar to transfer or "uplift" the A$ Registered Covered Bonds to the person in whose "Security Record" (as defined in the Austraclear Regulations) those A$ Registered Covered Bonds are recorded without any consent or action of such transferee and, as a consequence, remove those A$ Registered Covered Bonds from the Austraclear System.

For personal use only

Austraclear and Cross-Trading with Euroclear and Clearstream

Subject to the rules of the relevant clearing and settlement system, Covered Bondholders may elect to hold interests in A$ Registered Covered Bonds (i) directly through the Austraclear System, (ii) indirectly through Euroclear or Clearstream if they are participants in such systems or (iii) indirectly through organisations which are participants in the Austraclear System, Euroclear or Clearstream Luxembourg. The Issuer has been advised that Euroclear and Clearstream, Luxembourg will hold interests on behalf of their participants through customers' securities accounts in their respective names on the books of their respective Australian sub-custodians, which in turn will hold such interests in customers' securities accounts in the names of the Australian sub-custodians. The rights of a holder of interests in A$ Registered Covered Bonds held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the Austraclear Regulations. Participants in any of such systems should contact the relevant clearing system(s) if they have any questions in relation to clearing, settlement and cross-market transfers and/or trading.

DTC

DTC has advised the Issuer that it is a limited purpose trust company organised under the New York Banking Law, a "banking organisation" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Registered Covered Bonds among Direct Participants on whose behalf it acts with respect to Covered Bonds accepted into DTC's book-entry settlement system (**DTC Covered Bonds**) as described below and receives and transmits distributions of principal and interest on DTC Covered Bonds. The Rules are on file with the SEC. Direct Participants and Indirect Participants with which beneficial owners of DTC Covered Bonds (**Owners**) have accounts with respect to the DTC Covered Bonds similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Covered Bonds through Direct Participants or Indirect Participants will not possess Registered Covered Bonds, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Covered Bonds.

Purchases of DTC Covered Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Covered Bonds on DTC's records. The ownership interest of each actual purchaser of each DTC Covered Bond (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Covered Bonds are to be accomplished by entries made on the books of participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Covered Bonds, except in the event that use of the book-entry system for the DTC Covered Bonds is discontinued.

To facilitate subsequent transfers, all DTC Covered Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of DTC Covered Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Covered Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Covered Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If less than all of the DTC Covered Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Covered Bonds. Under its usual procedures, DTC mails an omnibus proxy to the Issuer as soon as possible after the record date. The omnibus proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Covered Bonds are credited on the record date (identified in a listing attached to the omnibus proxy).

Principal and interest payments on the DTC Covered Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts, on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has a reason to believe that it will not receive payment on the due date. Payments by participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participant and not of DTC or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Covered Bonds, DTC will exchange the DTC Covered Bonds for Registered Definitive Covered Bonds, which it will distribute to its participants in accordance with their proportionate entitlements and which, if representing interests in a Rule 144A Global Covered Bond, will be legended as set forth under "*Subscription and Sale and Transfer and Selling Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Beneficial Owner desiring to pledge DTC Covered Bonds to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Covered Bonds, will be required to withdraw its Registered Covered Bonds from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

For personal use only

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of DTC Covered Bonds

The Issuer may apply to DTC in order to have any Tranche of Covered Bonds represented by a Registered Global Covered Bond accepted in its book-entry settlement system. Upon the issue of any such Registered Global Covered Bond, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Registered Global Covered Bond to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Registered Global Covered Bond will be limited to Direct Participants or Indirect Participants, including, in the case of any Regulation S Global Covered Bond, the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Registered Global Covered Bond accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and interest in respect of a Registered Global Covered Bond accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Covered Bond. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Registered Global Covered Bond in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participant's account.

The Issuer expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuer also expects that payments by Participants to beneficial owners of Covered Bonds will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Registrar, the Transfer Agent or the Issuer. Payment of principal, premium, if any, and interest, if any, on Covered Bonds to DTC is the responsibility of the Issuer.

Transfers of Covered Bonds represented by Registered Global Covered Bonds

Transfers of any interests in Covered Bonds represented by a Registered Global Covered Bond within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system, which may change from time to time. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Covered Bonds represented by a Registered Global Covered Bond to such persons may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to pledge such Covered Bonds to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Covered Bonds may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. The ability of any holder of Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to resell, pledge or otherwise transfer such Covered Bonds may be impaired if the proposed transferee of such Covered Bonds is not eligible to hold such Covered Bonds through a direct or indirect participant in the DTC system.

For personal use only

Subject to compliance with the transfer restrictions applicable to the Registered Covered Bonds described under "*Subscription and Sale and Transfer and Selling Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Principal Paying Agent and any custodian (**Custodian**) with whom the relevant Registered Global Covered Bonds have been deposited.

On or after the Issue Date for any Series, transfers of Covered Bonds of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Covered Bonds of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interests in the relevant Registered Global Covered Bonds will be effected through the Registrar, the Principal Paying Agent and the Custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Covered Bonds among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Bond Trustee, the Security Trustee, the Issuer, the Covered Bond Guarantor, the Agents or any Dealer will be responsible for any performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Covered Bonds represented by Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial interests.

For personal use only

TAXATION

Unless otherwise specified herein, the following Taxation section does not apply to N Covered Bonds.

Australian Taxation

The following taxation summary is of a general nature only and addresses only some of the key Australian tax implications that may arise for a prospective Covered Bondholder as a result of acquiring, holding or transferring a Covered Bond. The following is not intended to be and should not be taken as a comprehensive taxation summary for a prospective Covered Bondholder.

*The taxation summary is based on the Australian taxation laws in force and the administrative practices of the Australian Taxation Office (the **ATO**) generally accepted as at the date of this Prospectus. Any of these may change in the future without notice and legislation introduced to give effect to announcements may contain provisions that are currently not contemplated and may have retroactive effect.*

Prospective Covered Bondholders should also be aware that particular terms of issue of any Series or Tranche of Covered Bonds may affect the tax treatment of that and other Series or Tranches of Covered Bonds. Covered Bondholders should consult their professional advisers in relation to their tax position. Covered Bondholders who may be liable to taxation in jurisdictions other than Australia in respect of their acquisition, holding or disposal of Covered Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain Australian taxation aspects of the Covered Bonds. In particular, Covered Bondholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Covered Bonds (including the gross amount of any Coupons) even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Australia.

Taxation of interest on Covered Bonds

Australian Covered Bondholders

Covered Bondholders who are Australian tax residents or who are non-residents that hold the Covered Bonds or an interest in the Covered Bonds in carrying on business at or through a permanent establishment in Australia will be taxable by assessment in respect of any interest income (including potentially the gross amount of any Coupons) derived in respect of the Covered Bonds. Such Covered Bondholders will generally be required to lodge an Australian tax return. The timing of assessment of the interest (e.g., a cash receipts or accruals basis) will depend upon the tax status of the particular Covered Bondholder, the Conditions of the Covered Bonds and the potential application of the "Taxation of Financial Arrangements" provisions of the Tax Act, which provide for a specialised regime for the taxation of financial instruments that can affect the amount and timing of recognition of any gain or loss in respect of the Covered Bonds.

Tax at the current rate of 47 per cent. may be deducted from payments to such a Covered Bondholder if the Covered Bondholder does not provide a tax file number (**TFN**) or an Australian Business Number (**ABN**) (where applicable), or proof of a relevant exemption from quoting such numbers.

Section 126 of the Tax Act imposes a type of withholding tax at the rate of 45 per cent. on the payment of interest on Bearer Covered Bonds if the Issuer fails to disclose the names and addresses of the relevant Covered Bondholders to the ATO (or in the case of a Bearer Covered Bond held by a clearing house, the name and address of the clearing house). These rules generally only apply to Covered Bondholders who are Australian tax residents, or non-residents that hold the Covered Bonds in carrying on business at or through a permanent establishment in Australia.

For personal use only

Offshore Covered Bondholders

Interest (which for the purposes of withholding tax is defined in Section 128A(1AB) of the Tax Act to include amounts in the nature of, or in substitution for, interest and certain other amounts, including premiums on redemption or, for a Covered Bond issued at a discount the difference between the amount repaid and the issue price) will be subject to interest withholding tax at a current rate of 10 per cent. where the interest is paid to a non-resident of Australia and not derived in carrying on business at or through an Australian permanent establishment, or to an Australian resident who derived the interest in carrying on business at or through a permanent establishment outside Australia.

The Issuer does not intend to issue any Covered Bonds that would be characterised other than as ordinary debt interests or debentures for tax purposes.

Various exemptions are available from interest withholding tax, including the "public offer" exemption, tax treaty exemption, and pension fund exemption (each discussed further below).

Public offer exemption

An exemption from Australian interest withholding tax will be available under Section 128F of the Tax Act in respect of any Covered Bonds if the Issuer remains an Australian resident company both at the time it issues the relevant Series or Tranche of Covered Bonds and at the time interest is paid in respect of the Covered Bonds, and the Series or Tranche of Covered Bonds is issued in a manner which satisfies the "public offer test".

There are five principal methods of satisfying the public offer test, being broadly:

(a) offers to ten or more unrelated financial institutions or securities dealers or entities that carry on the business of investing in securities;

(b) offers to 100 or more potential investors of certain types;

(c) offers of listed Covered Bonds;

(d) offers via publicly available electronic or other information sources; and

(e) offers to a dealer, manager or underwriter who offers to sell those Covered Bonds within 30 days by one of the preceding methods.

The public offer test will not be satisfied in respect of an issue of a Series or Tranche of Covered Bonds if, at the time of issue, the Issuer knew, or had reasonable grounds to suspect, that any of the Covered Bonds, or an interest in any of the Covered Bonds, would be acquired either directly or indirectly by an Offshore Associate (as defined below) of the Issuer, other than in the capacity of a dealer, manager or underwriter in relation to the placement of the Covered Bonds, or in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered scheme.

Accordingly, the Covered Bonds should not be acquired by any Offshore Associate of the Issuer, subject to the exceptions referred to above.

Even if the public offer test is initially satisfied in respect of a Series or Tranche of Covered Bonds, if such Covered Bonds later come to be held by an Offshore Associate of the Issuer, and at the time of payment of interest on those Covered Bonds, the Issuer knows or has reasonable grounds to suspect that such person is an Offshore Associate of the Issuer, the exemption under Section 128F does not apply to interest paid by the Issuer to such Offshore Associate in respect of those Covered Bonds, unless the Offshore Associate receives the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

For personal use only

For the purposes of this section, an **Offshore Associate** is an "associate" of the Issuer as defined in Section 128F(9) of the Tax Act who is:

(a) a non-resident of Australia that does not acquire the Covered Bonds or an interest in the Covered Bonds in carrying on a business in Australia at or through a permanent establishment of the associate in Australia; or

(b) a resident of Australia that acquires the Covered Bonds or an interest in the Covered Bonds in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.

The definition of **associate** includes, among other things, persons who have a majority voting interest in the Issuer, or who are able to influence or control the Issuer, and persons in whom the Issuer has a majority voting interest, or whom the Issuer is able to influence or control (however this is not a complete statement of the definition).

Unless otherwise specified herein (or another relevant supplement to this Prospectus), the Issuer intends to issue the Covered Bonds in a manner which will satisfy the requirements of Section 128F of the Tax Act.

Tax treaty exemption

Various Australian double tax agreements, including those with the United States of America, the United Kingdom, Norway, Finland, Iceland, the Republic of France, Japan, Switzerland, Germany, the Republic of South Africa and New Zealand (each, a **Specified Country**), include exemptions from interest withholding tax for interest derived by:

(a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and

(b) certain unrelated banks, and financial institutions which substantially derive their profits by carrying on a business of raising and providing finance, which are resident in the Specified Country, and which are dealing wholly independently with the Issuer. Interest paid under a back-to-back loan or economically equivalent arrangement will not qualify for this exemption.

The Australian Government is progressively amending its other double tax agreements to include similar kinds of interest withholding tax exemptions. The availability of relief under Australia's double tax agreements may be limited by Australia's adoption of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting in circumstances where a Covered Bondholder has an insufficient connection with the relevant jurisdiction. Prospective Covered Bondholders should obtain their own independent tax advice as to whether any of the exemptions under the relevant double tax agreements may apply to their particular circumstances.

Pension fund exemption

An exemption is available in respect of interest paid to a non-resident superannuation fund where that fund is a superannuation fund maintained solely for foreign residents and the interest arising from the Covered Bonds is exempt from income tax in the country in which such superannuation fund is resident. However, this exemption may not apply if the fund has either (i) an ownership interest (direct and indirect) of 10% or more in the Issuer, or (ii) influence over the Issuer's key decision-making.

Payment of additional amounts

As set out in more detail in the Conditions, and unless expressly provided to the contrary in the relevant Applicable Final Terms (or another relevant supplement to this Prospectus), if the Issuer is at any time compelled by law to deduct or withhold an amount in respect of any taxes imposed or levied by the

For personal use only

Commonwealth of Australia in respect of the Covered Bonds, the Issuer must, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that the net amounts received by the holders of those Covered Bonds after such deduction or withholding are equal to the respective amounts which would have been received had no such deduction or withholding been required. If the Issuer is compelled by law to pay such additional amounts in relation to any Covered Bonds to deduct or withhold an amount in respect of any withholding taxes, the Covered Bonds may be redeemed at the option of the Issuer in whole, or in part, on giving not less than 30 nor more than 60 days' notice to the Bond Trustee (see further Condition 6(b) of the Programme Conditions).

The Covered Bond Guarantor will not be required to pay any additional amounts in these circumstances. Refer to section "*Payments by the Covered Bond Guarantor*" below.

Taxation of gains on disposal or redemption

Australian Covered Bondholders

Covered Bondholders who are Australian tax residents, or who are non-residents that hold the Covered Bonds in carrying on business at or through a permanent establishment in Australia, will be required to include any gain on disposal or redemption of the Covered Bonds in their assessable income and may be able to deduct any loss on disposal or redemption of the Covered Bonds depending on their personal circumstances.

The determination of the amount and timing of any gain or loss on disposition or redemption of the Covered Bonds may be affected by the "Taxation of Financial Arrangements" provisions of the Tax Act, which provide for a specialised regime for the taxation of financial instruments, and, where the Covered Bonds are denominated in a currency other than Australian Dollars, the foreign currency rules. Prospective Covered Bondholders should obtain their own independent tax advice in relation to the determination of any gain or loss on disposal or redemption of the Covered Bonds.

Offshore Covered Bondholders

A Covered Bondholder who is a non-resident of Australia and who has never held the Covered Bonds through a permanent establishment in Australia will not be subject to Australian income tax on gains realised on the disposal or redemption of the Covered Bonds, provided such gains do not have an Australian source. A gain arising on the sale of the Covered Bonds by a non-Australian resident holder to another non-Australian resident where the Covered Bonds are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia, should generally not be regarded as having an Australian source. In certain cases, a non-Australian resident holder may be able to claim an exemption from Australian income tax on Australian-sourced gains pursuant to the terms of an applicable double-tax agreement.

Special rules can apply to treat a portion of the purchase price of the Covered Bonds as interest for withholding tax purposes where deferred-return Covered Bonds (for example, Covered Bonds which pay a return that is deferred by more than 12 months) are sold to an Australian resident. Any deemed interest under these rules is able to qualify for an exemption from withholding tax as described above.

Payments by the Covered Bond Guarantor

If the Issuer fails to pay an amount of principal or interest on the Covered Bonds, then the Covered Bond Guarantor may be required to make payments to the Covered Bondholders under the Covered Bond Guarantee. Where such payments relate to interest (including premiums on redemption or, for a Covered Bond issued at a discount, the difference between the amount repaid and the issue price), it is not clear whether such payments would also be treated as interest for Australian withholding tax purposes. The definition of interest for Australian withholding tax purposes in Subsection 128A(1AB) of the Tax Act is very broad and includes amounts in the nature of interest and amounts in substitution for interest.

For personal use only

The ATO's view, as reflected in *Taxation Determination* TD 1999/26, is that such payments under the Covered Bond Guarantee would be interest for Australian withholding tax purposes. Based on this approach, interest withholding tax would be imposed at the rate of 10 per cent. in relation to any payments made by the Covered Bond Guarantor in respect of interest on the Covered Bonds (or other amounts due under the Covered Bonds other than the repayment of amounts subscribed for the Covered Bonds) subject to such relief as may be available under the provisions of any applicable double taxation treaty or to any other exemption that may apply.

As discussed above, the exemption that is commonly relied upon by Australian debt issuers is the public offer exemption in Section 128F of the Tax Act. The ATO states in TD 1999/26 that guarantee payments would be treated as exempt from withholding tax under Section 128F of the Tax Act if the requirements of that section are satisfied with respect to the underlying Covered Bonds. If the requirements of Section 128F of the Tax Act are satisfied with respect to the Covered Bonds, then payments by the Covered Bond Guarantor should not be subject to Australian withholding tax.

In the event that payments by the Covered Bond Guarantor are subject to any withholding or deduction for or on account of tax, the Covered Bond Guarantor will not be required to pay any additional amounts (see further Condition 7 of the Programme Conditions).

Stamp duty

No *ad valorem* stamp, issue, registration or similar taxes are payable in Australia on the issue, transfer or redemption of the Covered Bonds.

Goods and Services Tax

Neither the issue nor receipt of the Covered Bonds will give rise to a liability for GST in Australia on the basis that the supply of Covered Bonds will comprise either an input taxed financial supply or (in the case of an offshore non-resident subscriber) a GST-free supply. Furthermore, neither the payment of principal or interest on the Covered Bonds would give rise to a GST liability.

Tax treatment of the Covered Bond Guarantor

The tax treatment of the Covered Bond Guarantor could affect the Covered Bond Guarantor's ability to make payments under the Intercompany Notes, the Demand Note, the Interest Rate Swaps, the Covered Bond Swaps and, if called upon, the Covered Bond Guarantee.

Income Tax Status of the Covered Bond Guarantor

As the Covered Bond Guarantor is wholly owned by the Issuer, it will be a member of the Issuer's tax consolidated group, and will be taken to be a part of the head company of that group for most Australian income tax purposes. The primary responsibility for income tax liabilities rests with the head company of a tax consolidated group. As a result, the Covered Bond Guarantor will not be subject to any income tax liability in respect of the income of the Covered Bond Guarantor in the first instance.

All members of the Issuer tax consolidated group, including the Covered Bond Guarantor, can become jointly and severally liable for the tax liabilities of that group where the head company of that group defaults on those tax liabilities. However, where the members of that group have entered into a valid and effective tax sharing agreement covering all of the group's tax liabilities, the liability of each member, including the Covered Bond Guarantor, will be limited to a reasonable allocation of such group tax liabilities. Under the Issuer tax consolidated group's tax sharing agreement, subject to certain assumptions regarding the operation of the Covered Bond Guarantor, the Covered Bond Guarantor should have a nil allocation of that group's tax liabilities.

For personal use only

It is the opinion of Allen Overy Shearman Sterling that the Issuer tax consolidated group's tax sharing agreement is consistent with the current guidance published by the Australian Commissioner of Taxation in relation to tax sharing agreements. It should be noted however that it is possible that the Commissioner of Taxation could change his current views, and any ultimate determination rests with the Courts. In addition, certain prescribed circumstances can operate to invalidate a tax sharing agreement, however, the Issuer will seek to ensure that no such circumstances occur.

Subject to those qualifications, it is the opinion of Allen Overy Shearman Sterling that the Issuer tax consolidated group's tax sharing agreement is valid and effective.

Additionally, the Covered Bond Guarantor has acceded to the Issuer tax consolidated group's tax funding agreement, under which members of the tax consolidated group may be required to pay funding obligations to the head company of the group in respect of taxes. However, under the current terms of the tax funding agreement, the Covered Bond Guarantor should not be liable to pay any funding obligations in respect of its activities.

Potential tax reform

The former Australian Government announced proposed changes to update the law regarding the taxation of trusts. The changes enacted to date (which affect managed funds) do not impact the Trust. Depending on the final form of any further legislation, it is possible that the law could be amended in a way that would cause the Covered Bond Guarantor to become subject to a liability in respect of taxes in certain circumstances (including under the Issuer tax consolidated group's tax sharing agreement or tax funding agreement), however, there has been no express statement that such an outcome is intended. In addition, the proposed changes (other than the changes relating to managed funds) have not progressed beyond consultation and could potentially be withdrawn.

GST treatment of Covered Bond Guarantor

Pursuant to the terms of the Bond Trust Deed, the Covered Bond Guarantor has guaranteed payments of interest and principal under the Covered Bonds. The Covered Bond Guarantor has agreed to pay an amount equal to the Guaranteed Amount when the same becomes Due for Payment but which would otherwise be unpaid by the Issuer. In addition, the Covered Bond Guarantor has agreed to pay certain other amounts in accordance with the relevant Priority of Payments.

The supply of some services made to the Covered Bond Guarantor may give rise to a liability for GST on the part of the relevant service provider. The GST position in this regard is covered below. However, where the Covered Bond Guarantor and the relevant service provider are grouped for GST purposes, no GST liability arises and input tax credit entitlements in respect of acquisitions made from outside of the GST group will depend on the supplies and acquisitions of the GST group as a whole.

In relation to the acquisition of taxable services by the Covered Bond Guarantor from a service provider who is not part of the same GST group:

(a) In the ordinary course of business, the service provider would charge the Covered Bond Guarantor an additional amount on account of GST, unless the agreed fee is already GST-inclusive.

(b) Assuming that the Covered Bond Guarantor exceeds the financial acquisitions threshold for the purposes of Division 189 of the GST Act, the Covered Bond Guarantor would not be entitled to a full input tax credit from the ATO to the extent that the acquisition relates to the Covered Bond Guarantor's input taxed supplies (including in respect of the Intercompany Notes, the Demand Note and each New Mortgage Loan Portfolio).

(c) In the case of acquisitions which relate to the making of supplies of the nature described above, the Covered Bond Guarantor may still be entitled to a "reduced input tax credit" in relation to certain

For personal use only

acquisitions prescribed in the GST regulations, but only where the Covered Bond Guarantor is the recipient of the taxable supply and the Covered Bond Guarantor either provides, or is liable to provide, the consideration for the taxable supply. As at the date of this Prospectus, the reduced input tax credit for entities that are not "recognised trust schemes" as defined in the GST Law is 75 per cent. of 1/11th of the GST inclusive consideration payable by the Covered Bond Guarantor to the relevant service provider, and for entities that are "recognised trust schemes" as defined in the GST Law, is equal to 55 per cent. of 1/11th of the GST inclusive consideration payable by the Covered Bond Guarantor.

(d) Where services are provided to the Covered Bond Guarantor by an entity comprising an associate of the Covered Bond Guarantor for income tax purposes (but who is not a member of the same GST group), those services are provided for nil or less than market value consideration, and the Covered Bond Guarantor would not be entitled to a full input tax credit, the relevant GST (and any input tax credit) would be calculated by reference to the market value of those services.

In the case of supplies performed outside Australia for the purposes of the Covered Bond Guarantor's business, these may attract a liability for Australian GST if they are supplies of a kind which would have been taxable if they occurred in Australia and if the Covered Bond Guarantor would not have been entitled to a full input tax credit if the supply had been performed in Australia. This is known as the "reverse charge" rule. Where the rule applies, the liability to pay GST to the ATO falls not on the supplier, but on the Covered Bond Guarantor.

Where GST is payable on a taxable supply made to the Covered Bond Guarantor but a full input tax credit is not available, this will mean that less money is available to the Covered Bond Guarantor to make payments in accordance with the relevant Priority of Payments (which would include Guaranteed Amounts).

United Kingdom Taxation

The comments below are of a general nature based on a summary of the Issuer's understanding of current United Kingdom law and published HM Revenue and Customs practice. They relate only to the position of persons who are the absolute beneficial owners of their Covered Bonds and all payments made thereon. The comments relate only to United Kingdom withholding tax on payments of or in respect of interest by the Issuer on the Covered Bonds issued by the Issuer acting out of Australia and do not deal with any other aspect of the United Kingdom taxation treatment that may be applicable to holders of Covered Bonds (including, for instance, income tax, capital gains tax and corporation tax). References in the following to "interest" shall mean amounts that are treated as interest for the purposes of United Kingdom taxation. Prospective holders of Covered Bonds should note that the particular terms of issue of any Series of Covered Bonds as specified in the Applicable Final Terms may affect the tax treatment of that and any other Series of Covered Bonds and should be treated with appropriate caution. The comments below do not deal with the tax consequences of any substitution of the Issuer in accordance with Condition 14 of the Programme Conditions of the Covered Bonds.

Any holders of Covered Bonds who may be in doubt as to their tax position should consult their professional advisers. Holders of Covered Bonds who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of Covered Bonds are particularly advised to consult their professional advisers as to whether they are so liable (and, if so, under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments of interest in respect of the Covered Bonds. In particular, holders of Covered Bonds should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Covered Bonds even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

Payments of interest in respect of the Covered Bonds

Payments of interest on the Covered Bonds that do not have a United Kingdom source may be made without deduction or withholding on account of United Kingdom income tax.

For personal use only

For personal use only

United States Federal Income Taxation

This section describes certain U.S. federal income tax consequences of the ownership and disposition of the Covered Bonds. It applies only to persons who acquire Covered Bonds in the initial offering and who hold Covered Bonds as capital assets for tax purposes. This section addresses only U.S. federal income taxation and does not discuss all of the tax consequences that may be relevant to you in light of your individual circumstances, including consequences arising under U.S. federal tax laws other than the federal income tax laws, foreign, state or local tax consequences, and tax consequences arising under the Medicare contribution tax on net investment income or the alternative minimum tax. This section does not apply to any person who is a member of a class of holders subject to special rules under U.S. federal income tax laws such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for persons holding securities holdings;
- a bank;
- a life insurance company;
- a tax-exempt organisation;
- an individual retirement account or other tax-deferred account;
- a person that owns Covered Bonds that are a hedge or that are hedged against interest rate or currency risks;
- a person that has ceased to be a U.S. citizen or a lawful permanent resident of the United States;
- a person that owns Covered Bonds as part of a straddle or conversion transaction for tax purposes;
- a person that purchases or sells Covered Bonds as part of a wash sale for tax purposes;
- a United States Holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar; or
- a United States Holder that is required to take certain amounts into income no later than the time such amounts are reflected on an applicable financial statement.

This section deals only with Covered Bonds that are due to mature 30 years or less from the date on which they are issued. The U.S. federal income tax consequences of owning Covered Bonds that are due to mature more than 30 years from their date of issue will be discussed in the Applicable Final Terms. This section applies only to holders of Registered Covered Bonds. Bearer Covered Bonds are not being offered to United States Holders. A United States Holder who owns a Bearer Covered Bond may be subject to limitations under U.S. federal income tax laws, including the limitations provided in Sections 165(j) and 1287 of the Code.

This section is based on the Code, its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds the Covered Bonds, the U.S. federal income tax treatment of a partner in such partnership will generally depend on the status of the partner and the tax treatment of the partnership. An entity or arrangement treated as a partnership for U.S. federal income tax purposes holding the Covered Bonds should consult its tax adviser with regard to the U.S. federal income tax consequences to it and its partners of an investment in the Covered Bonds.

The tax consequences of any particular Covered Bond depend on its terms, and any particular offering of Covered Bonds may have features or terms that cause the U.S. federal income tax treatment of the Covered Bonds to differ materially from the discussion below. The Applicable Final Terms will discuss any material differences from the discussion below.

Owners of Covered Bonds should consult their own tax advisers concerning the consequences of owning these Covered Bonds in their particular circumstances under the Code and the laws of any other taxing jurisdiction.

United States Holders

This subsection describes the tax consequences to a United States Holder. A **United States Holder** is a beneficial owner of a Covered Bond that is, for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a domestic corporation (including an entity treated as a domestic corporation for U.S. federal income tax purposes);
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust if a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons are authorised to control all substantial decisions of the trust.

If a person is not a United States Holder, this subsection is not applicable and such person should refer to "*Non-United States Holders*" below.

Payments of Interest

Except as described below in the case of interest on a "discount Covered Bond" that is not "qualified stated interest", each as defined below under "*Original Issue Discount – General*" below, United States Holders will be taxed on any interest on their Covered Bonds, whether payable in U.S. dollars or a non-U.S. dollar currency, including a composite currency or basket of currencies, as ordinary income at the time interest is received or when it accrues, depending on the method of accounting for U.S. tax purposes.

Interest paid by us on the Covered Bonds and original issue discount (**OID**), if any, accrued with respect to the Covered Bonds (as described below under "*Original Issue Discount*" below) including any taxes withheld and any additional amounts paid with respect thereto including withholding tax on payments of such additional amounts (**additional amounts**) is generally income from sources outside the United States subject to the rules regarding the foreign tax credit allowable to a United States Holder. Under the foreign tax credit rules, interest, OID and additional amounts paid with respect to the Covered Bonds will generally be "passive" income for purposes of computing the foreign tax credit.

Non-U.S. Dollar Currency Covered Bonds – Cash Basis Taxpayers. Taxpayers who use the cash receipts and disbursements method of accounting for tax purposes and receive an interest payment that is denominated in, or determined by reference to, a non-U.S. dollar currency, will recognise income equal to the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is actually converted into U.S. dollars.

Non-U.S. Dollar Currency Covered Bonds – Accrual Basis Taxpayers. Taxpayers, who use an accrual method of accounting for tax purposes, may determine the amount of income that is recognised with respect to an interest payment denominated in, or determined by reference to, a non-U.S. dollar currency by using one of two methods. Under the first method, the amount of income accrued is determined based on the average exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

For personal use only

If the second method is elected, the amount of income accrued would be determined on the basis of the exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if a payment of interest is received within five business days of the last day of the accrual period or taxable year, the interest accrued may instead be translated into U.S. dollars at the exchange rate in effect on the day that the interest payment is actually received. If the second method is elected, it will apply to all debt instruments that are held at the beginning of the first taxable year to which the election applies and to all debt instruments subsequently acquired. This election may not be revoked without the consent of the IRS.

When an interest payment is received, including a payment attributable to accrued but unpaid interest upon the sale or retirement of the Covered Bond, denominated in, or determined by reference to, a non-U.S. dollar currency for which an amount of income is accrued, ordinary income or loss will be recognised, as measured by the difference, if any, between the exchange rate used to accrue interest income and the exchange rate in effect on the date of receipt, regardless of whether the payment is actually converted into U.S. dollars.

Original Issue Discount

General. A Covered Bond, other than a short-term Covered Bond with a term of one year or less, will be treated as a discount Covered Bond issued with OID if the amount by which the Covered Bond's stated redemption price at maturity exceeds its issue price is equal to or more than a *de minimis* amount. Generally, a Covered Bond's issue price will be the first price at which a substantial amount of Covered Bonds included in the issue of which the Covered Bond is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers. A Covered Bond's stated redemption price at maturity is the total of all payments provided by the Covered Bond that are not payments of qualified stated interest. Generally, an interest payment on a Covered Bond is qualified stated interest if it is one of a series of stated interest payments on a Covered Bond that are unconditionally payable at least annually at a single fixed rate, with certain exceptions for lower rates paid during some periods, applied to the outstanding principal amount of the Covered Bond. There are special rules for variable rate Covered Bonds that are discussed under "*Variable Rate Covered Bonds*" below.

In general, a Covered Bond is not a discount Covered Bond if the amount by which its stated redemption price at maturity exceeds its issue price is less than the *de minimis* amount of 1/4 of 1 per cent. of its stated redemption price at maturity multiplied by the number of complete years to its maturity. A Covered Bond will have *de minimis* OID if the amount of the excess is less than the *de minimis* amount. If a Covered Bond has *de minimis* OID, the *de minimis* amount must be included in income as stated principal payments are made on the Covered Bond, unless the election described below under "*Election to Treat All Interest as Original Issue Discount*" is made. The includible amount with respect to each such payment can be determined by multiplying the total amount of the Covered Bond's *de minimis* OID by a fraction equal to:

- the amount of the principal payment made;

divided by:

- the stated principal amount of the Covered Bond.

Generally, if a discount Covered Bond matures more than one year from its date of issue, OID must be included in income before cash attributable to that income is received. The amount of OID that must be included in income is calculated using a constant yield method, and generally will include increasingly greater amounts of OID in income over the life of the discount Covered Bond. More specifically, the amount of OID that must be included in income can be calculated by adding the daily portions of OID with respect to the discount Covered Bond for each day during the taxable year or portion of the taxable year that the discount Covered Bond is held. The daily portion can be determined by allocating to each day in any accrual period a pro rata portion of the OID allocable to that accrual period. An accrual period of any length can be selected with respect to the

For personal use only

discount Covered Bond and the length of each accrual period may be varied over the term of the discount Covered Bond. However, no accrual period may be longer than one year and each scheduled payment of interest or principal on the discount Covered Bond must occur on either the first or final day of an accrual period.

The amount of OID allocable to an accrual period can be determined by:

- multiplying the discount Covered Bond's adjusted issue price at the beginning of the accrual period by the discount Covered Bond's yield to maturity; and then
- subtracting from this figure the sum of the payments of qualified stated interest on the discount Covered Bond allocable to the accrual period.

The discount Covered Bond's yield to maturity must be determined on the basis of compounding at the close of each accrual period and adjusting for the length of each accrual period. Further, the discount Covered Bond's adjusted issue price is determined at the beginning of any accrual period by:

- adding the discount Covered Bond's issue price and any accrued OID for each prior accrual period; and then
- subtracting any payments previously made on the discount Covered Bond that were not qualified stated interest payments.

If an interval between payments of qualified stated interest on the discount Covered Bond contains more than one accrual period, then, when determining the amount of OID allocable to an accrual period, the amount of qualified stated interest payable at the end of the interval, including any qualified stated interest that is payable on the first day of the accrual period immediately following the interval, must be allocated pro rata to each accrual period in the interval based on their relative lengths. In addition, the adjusted issue price must be increased at the beginning of each accrual period in the interval by the amount of any qualified stated interest that has accrued prior to the first day of the accrual period but that is not payable until the end of the interval. The amount of OID allocable to an initial short accrual period may be computed by using any reasonable method if all other accrual periods, other than a final short accrual period, are of equal length.

The amount of OID allocable to the final accrual period is equal to the difference between:

- the amount payable at the maturity of the discount Covered Bond, other than any payment of qualified stated interest; and
- the discount Covered Bond's adjusted issue price as of the beginning of the final accrual period.

Acquisition Premium. If a discount Covered Bond is purchased for an amount that is less than or equal to the sum of all amounts, other than qualified stated interest, payable on the Covered Bond after the purchase date but is greater than the amount of the discount Covered Bond's adjusted issue price, as determined above under "*General*", the excess is acquisition premium. If the election described below under "*Election to Treat All Interest as Original Issue Discount*" is not made, then daily portions of OID must be reduced by a fraction equal to:

- the excess of the adjusted basis in the discount Covered Bond immediately after purchase over the adjusted issue price of the discount Covered Bond;

divided by:

- the excess of the sum of all amounts payable, other than qualified stated interest, on the discount Covered Bond after the purchase date over the discount Covered Bond's adjusted issue price.

For personal use only

Pre-Issuance Accrued Interest. An election may be made to decrease the issue price of the Covered Bond by the amount of pre-issuance accrued interest if:

- a portion of the initial purchase price of the Covered Bond is attributable to pre-issuance accrued interest;
- the first stated interest payment on the Covered Bond is to be made within one year of the Covered Bond's issue date; and
- the payment will equal or exceed the amount of pre-issuance accrued interest.

If this election is made, a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on the Covered Bond. If an election is not made, the U.S. federal income tax treatment of any pre-issuance accrued interest is not entirely clear. United States Holders should consult their own tax advisers concerning the U.S. federal income tax treatment of pre-issuance accrued interest.

Covered Bonds Subject to Contingencies Including Optional Redemption. The Covered Bond is subject to a contingency if it provides for an alternative payment schedule or schedules applicable upon the occurrence of a contingency or contingencies, other than a remote or incidental contingency, whether such contingency relates to payments of interest or of principal. In such a case, the yield and maturity of the Covered Bond must be determined by assuming that the payments will be made according to the payment schedule most likely to occur if:

- the timing and amounts of the payments that comprise each payment schedule are known as of the issue date; and
- one of such schedules is significantly more likely than not to occur.

If there is no single payment schedule that is significantly more likely than not to occur, other than because of a mandatory sinking fund, income on the Covered Bond must be included in accordance with the general rules that govern contingent payment obligations. These rules will be discussed in the Applicable Final Terms.

Notwithstanding the general rules for determining yield and maturity, if the Covered Bond is subject to contingencies, and either the owner of the Covered Bond or the Issuer has an unconditional option or options that, if exercised, would require payments to be made on the Covered Bond under an alternative payment schedule or schedules, then:

- in the case of an option or options that the Issuer may exercise, the Issuer will be deemed to exercise or not exercise an option or combination of options in the manner that minimises the yield on the Covered Bond; and
- in the case of an option or options that the owner of the Covered Bond may exercise, an option or combination of options will be deemed to be exercised or not exercised in the manner that maximises the yield on the Covered Bond.

If both the owner of the Covered Bond and the Issuer hold options described in the preceding sentence, those rules will apply to each option in the order in which they may be exercised. The yield on the Covered Bond would be determined for the purposes of those calculations by using any date on which the Covered Bond may be redeemed or repurchased as the maturity date and the amount payable on such date in accordance with the terms of the Covered Bond as the principal amount payable at maturity.

If a contingency, including the exercise of an option, actually occurs or does not occur contrary to an assumption made according to the above rules then, except to the extent that a portion of the Covered Bond is repaid as a result of this change in circumstances and solely to determine the amount and accrual of OID, the

For personal use only

yield and maturity of the Covered Bond must be redetermined by treating the Covered Bond as having been retired and reissued on the date of the change in circumstances for an amount equal to the Covered Bond's adjusted issue price on that date.

Election to Treat All Interest as Original Issue Discount. A United States Holder may elect to include in gross income all interest that accrues on the Covered Bond using the constant yield method described above under "*General*", with the modifications described below. For purposes of this election, interest will include stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated interest, as adjusted by any amortisable bond premium, described below under "*Covered Bonds Purchased at a Premium*", or acquisition premium.

If this election for the Covered Bond is made, then, when applying the constant yield method:

- the issue price of the Covered Bond will equal the United States Holder's adjusted basis in the Covered Bond immediately after the United States Holder acquires it (which will generally be equal to the United States Holder's cost);
- the issue date of the Covered Bond will be the date the Covered Bond was acquired; and
- no payments on the Covered Bond will be treated as payments of qualified stated interest.

Generally, this election will apply only to the Covered Bond for which the election is made; however, if the Covered Bond has amortisable bond premium, an election will be deemed to have been made to apply amortisable bond premium against interest for all debt instruments with amortisable bond premium, other than debt instruments the interest on which is excludible from gross income, that are held as of the beginning of the taxable year to which the election applies or thereafter. Additionally, if this election is made for a market discount Covered Bond, it will be treated as having made the election discussed below under "*Market Discount*" to include market discount in income currently over the life of all debt instruments having market discount that the United States Holder acquired on or after the first day of the first taxable year to which the election applies. Any election to apply the constant yield method to all interest on a Covered Bond or the deemed elections with respect to amortisable bond premium or market discount Covered Bonds may not be revoked without the consent of the IRS. United States Holders should consult their tax advisers concerning the propriety and consequences of electing to treat all interest as OID.

Variable Rate Covered Bonds. A Covered Bond will be a variable rate Covered Bond if:

- the Covered Bond's issue price does not exceed the total non-contingent principal payments by more than the lesser of:
    1. 0.015 multiplied by the product of the total non-contingent principal payments and the number of complete years to maturity from the issue date; or
    2. 15 per cent. of the total non-contingent principal payments; and
- the Covered Bond provides for stated interest, compounded or paid at least annually, only at:
    1. one or more qualified floating rates;
    2. a single fixed rate and one or more qualified floating rates;
    3. a single objective rate; or
    4. a single fixed rate and a single objective rate that is a qualified inverse floating rate; and

For personal use only

- the value of any variable rate on any date during the term of the Covered Bond is set no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day.

A Covered Bond will have a variable rate that is a qualified floating rate if:

- variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Covered Bond is denominated; or

- the rate is equal to such a rate either:

    1. multiplied by a fixed multiple that is greater than 0.65 but not more than 1.35; or

    2. multiplied by a fixed multiple greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate.

If a Covered Bond provides for two or more qualified floating rates that are within 0.25 percentage points of each other on the issue date or can reasonably be expected to have approximately the same values throughout the term of the Covered Bond, the qualified floating rates together constitute a single qualified floating rate.

A Covered Bond will not have a qualified floating rate, however, if the rate is subject to certain restrictions (including caps, floors, governors, or other similar restrictions), unless such restrictions are caps, floors or governors that are fixed throughout the term of the Covered Bond or such restrictions are not reasonably expected to significantly affect the yield on the Covered Bond.

Under U.S. Treasury regulations, Covered Bonds referencing an IBOR that are treated as having a qualified floating rate for purposes of the above will not fail to be so treated merely because the terms of the Covered Bonds provide for a replacement of the IBOR in the case of a Benchmark Event. In particular, under such regulations, the IBOR referencing rate and the replacement rate are treated as a single qualified rate. United States Holders should consult their tax advisers regarding the consequences to them of the potential occurrence of a Benchmark Event.

A Covered Bond will have a variable rate that is a single objective rate if:

- the rate is not a qualified floating rate; and

- the rate is determined using a single, fixed formula that is based on objective financial or economic information that is not within the control of or unique to the circumstances of the issuer or a related party.

A Covered Bond will not have a variable rate that is an objective rate, however, if it is reasonably expected that the average value of the rate during the first half of the Covered Bond's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Covered Bond's term.

An objective rate as described above is a qualified inverse floating rate if:

- the rate is equal to a fixed rate minus a qualified floating rate; and

- the variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds.

A Covered Bond will also have a single qualified floating rate or an objective rate if interest on the Covered Bond is stated at a fixed rate for an initial period of one year or less followed by either a qualified floating rate or an objective rate for a subsequent period, and either:

For personal use only

- the fixed rate and the qualified floating rate or objective rate have values on the issue date of the Covered Bond that do not differ by more than 0.25 percentage points; or

- the value of the qualified floating rate or objective rate is intended to approximate the fixed rate.

In general, if a variable rate Covered Bond provides for stated interest at a single qualified floating rate or objective rate, or one of those rates after a single fixed rate for an initial period, all stated interest on the Covered Bond is qualified stated interest. In this case, the amount of OID, if any, is determined by using, in the case of a qualified floating rate or qualified inverse floating rate, the value as of the issue date of the qualified floating rate or qualified inverse floating rate, or, for any other objective rate, a fixed rate that reflects the yield reasonably expected for the Covered Bond.

If a variable rate Covered Bond does not provide for stated interest at a single qualified floating rate or a single objective rate, and also does not provide for interest payable at a fixed rate other than a single fixed rate for an initial period, the interest and OID accruals on the Covered Bond must be determined by:

- determining a fixed rate substitute for each variable rate provided under the variable rate Covered Bond;

- constructing the equivalent fixed rate debt instrument, using the fixed rate substitute described above;

- determining the amount of qualified stated interest and OID with respect to the equivalent fixed rate debt instrument; and

- adjusting for actual variable rates during the applicable accrual period.

When determining the fixed rate substitute for each variable rate provided under the variable rate Covered Bond, the value of each variable rate as of the issue date or, for an objective rate that is not a qualified inverse floating rate, a rate that reflects the reasonably expected yield on the Covered Bond is generally used.

If a variable rate Covered Bond provides for stated interest either at one or more qualified floating rates or at a qualified inverse floating rate, and also provides for stated interest at a single fixed rate other than at a single fixed rate for an initial period, interest and OID accruals generally must be determined by using the method described in the previous paragraph. However, the variable rate Covered Bond will be treated, for purposes of the first three steps of the determination, as if the Covered Bond had provided for a qualified floating rate, or a qualified inverse floating rate, rather than the fixed rate. The qualified floating rate, or qualified inverse floating rate, that replaces the fixed rate must be such that the fair market value of the variable rate Covered Bond as of the issue date approximates the fair market value of an otherwise identical debt instrument that provides for the qualified floating rate, or qualified inverse floating rate, rather than the fixed rate.

Short-Term Covered Bonds. In general, individuals or other cash basis United States Holders of a short-term Covered Bond (i.e. a Covered Bond with a maturity of one year or less), are not required to accrue OID, as specially defined below for the purposes of this paragraph, for United States federal income tax purposes, unless they elect to do so (although it is possible that any stated interest may be required to be included in income as it is received). This election will apply to all obligations with a maturity of one year or less that are acquired on or after the first day of the taxable year to which the election applies, and may not be revoked without the consent of the IRS. If a United States Holder is an accrual basis taxpayer, a taxpayer in a special class, including, but not limited to, a regulated investment company, common trust fund, or a certain type of pass-through entity, or a cash basis taxpayer who so elects, such holder will be required to accrue OID on short-term Covered Bonds on either a straight-line basis or under the constant yield method, based on daily compounding. If OID is not required to be included in income currently, any gain realised on the sale or retirement of a short-term Covered Bond will be ordinary income to the extent of the accrued OID, which will be determined on a straight-line basis, unless an election is made to accrue the OID under the constant yield method, through the date of sale or retirement. However, if OID is not required and is not elected to be accrued

For personal use only

on the short-term Covered Bonds, deductions for interest on borrowings allocable to the short-term Covered Bonds in an amount not exceeding the deferred income until the deferred income is realised, are required to be deferred.

When the amount of OID subject to these rules is determined, all interest payments on the short-term Covered Bond, including stated interest, in the short-term Covered Bond's stated redemption price at maturity must be included.

Non-U.S. Dollar Currency Discount Covered Bonds. If the discount Covered Bond is denominated in, or determined by reference to, a non-U.S. dollar currency, OID for any accrual period on the discount Covered Bond in the non-U.S. dollar currency must be determined and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis United States Holder, as described under "*Payments of Interest*" above. Ordinary income or loss may be recognised when an amount attributable to OID in connection with a payment of interest or the sale or retirement of the Covered Bond is received.

Market Discount

A Covered Bond, other than a short-term Covered Bond, will be treated as if purchased at a market discount, and the Covered Bond will be a market discount Covered Bond if:

- the Covered Bond was purchased for less than its issue price as determined above under "*Original Issue Discount – General*"; and
- the difference between the Covered Bond's stated redemption price at maturity or, in the case of a discount Covered Bond, the Covered Bond's revised issue price, and the price paid for the Covered Bond is equal to or greater than 1/4 of 1 per cent. of the Covered Bond's stated redemption price at maturity multiplied by the number of complete years to the Covered Bond's maturity. To determine the revised issue price of the Covered Bond for these purposes, any OID that has accrued on the Covered Bond is generally added to its issue price, and any payment previously made on the Covered Bond that was not a qualified stated interest payment is generally subtracted from its issue price.

If the Covered Bond's stated redemption price at maturity or, in the case of a discount Covered Bond, its revised issue price, exceeds the price paid for the Covered Bond by less than 1/4 of 1 percent of the Covered Bond's stated redemption price at maturity multiplied by the number of complete years to the Covered Bond's maturity, the excess constitutes *de minimis* market discount, and the rules discussed below are not applicable.

Any gain recognised on the maturity or disposition of a market discount Covered Bond (including any payment on a Covered Bond that is not qualified stated interest) must be treated as ordinary income to the extent of the accrued market discount on the Covered Bond. Alternatively, a United States Holder may elect to include market discount in income currently over the life of the Covered Bond. If this election is made, it will apply to all debt instruments with market discount acquired on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the IRS. If this election is not made for a market discount Covered Bond, deductions for interest on borrowings allocable to the Covered Bond in an amount not exceeding the accrued market discount on the Covered Bond will generally be required to be deferred until the maturity or disposition of the Covered Bond.

The market discount on a market discount Covered Bond accrues on a straight-line basis unless, an election is made to accrue market discount using a constant-yield method. If this election is made, it will apply only to the Covered Bond with respect to which it is made and may not be revoked. However, accrued market discount would not be included in income, unless elected to do so as described above.

If a market discount Covered Bond is denominated in, or determined by reference to, a non-U.S. dollar currency, a United States Holder who elects to include market discount in income currently must determine market discount for any accrual period on the market discount Covered Bond in the non-U.S. dollar currency and then translate the amount of market discount into U.S. dollars in the same manner as stated interest accrued

For personal use only

by an accrual basis United States Holder, as described under "*Payments of Interest*". Such a United States Holder may recognise U.S. source ordinary income or loss when it receives an amount attributable to market discount in connection with the sale or retirement of the market discount Covered Bond. A United States Holder that does not elect to include market discount in income currently will, upon the sale or retirement of the market discount Covered Bond, recognise the U.S. dollar value of the amount of market discount accrued, calculated at the spot rate on that date, and no part of this accrued market discount will be treated as exchange gain or loss.

Covered Bonds Purchased at a Premium

If a United States Holder purchases the Covered Bond for an amount in excess of its principal amount (or, in the case of a discount Covered Bond, in excess of the sum of all amounts payable on the Covered Bond after the acquisition date (other than payments of qualified stated interest)), it may elect to treat the excess as amortisable bond premium. If this election is made, the amount required to be included in income each accrual period with respect to interest on the Covered Bond will be reduced by the amount of amortisable bond premium allocable to that accrual period, based on the Covered Bond's yield to maturity. The amount of amortisable bond premium may be reduced, however, in the case of Covered Bonds subject to alternative payments schedules, including optional redemptions.

If the amortisable bond premium allocable to an accrual period exceeds the interest income from the Covered Bond for such accrual period, such excess is first allowed as a deduction to the extent of interest included in the United States Holder's income in respect of the Covered Bond in previous accrual periods and is then carried forward to the United States Holder's next accrual period. If the amortisable bond premium allocable and carried forward to the accrual period in which the Covered Bond is sold, retired or otherwise disposed of exceeds the United States Holder's interest income for such accrual period, the United States Holder would be allowed an ordinary deduction equal to such excess.

If the Covered Bond is denominated in, or determined by reference to, a non-U.S. dollar currency, the amortisable bond premium will be computed in units of the non-U.S. dollar currency and the amortisable bond premium will reduce interest income in units of the non-U.S. dollar currency. Gain or loss recognised that is attributable to changes in exchange rates between the time amortised bond premium offsets interest income and the time of the acquisition of the Covered Bond is generally taxable as ordinary income or loss. If an election is made to amortise bond premium, it will apply to all debt instruments, other than debt instruments the interest on which is excludible from gross income, that is held at the beginning of the first taxable year to which the election applies or that is thereafter acquired, and may not be revoked without the consent of the IRS. See also "*Original Issue Discount – Election to Treat All Interest as Original Issue Discount*" above.

Purchase, Sale and Retirement of the Covered Bonds

The tax basis in a Covered Bond will generally be the U.S. dollar cost, as defined below, of the Covered Bond, adjusted by:

- adding any OID or market discount previously included in income with respect to the Covered Bond; and then
- subtracting any payments on the Covered Bond that are not qualified stated interest payments and any amortisable bond premium to the extent that such premium either reduced interest on the Covered Bond or gave rise to a deduction on the Covered Bond.

If the Covered Bond is purchased with non-U.S. dollar currency, the U.S. dollar cost of the Covered Bond will generally be the U.S. dollar value of the purchase price on the date of purchase. However, if the United States Holder is a cash basis taxpayer, or an accrual basis taxpayer that so elects, and the Covered Bond is traded on an established securities market, as defined in the applicable Treasury regulations, the U.S. dollar cost of the Covered Bond will be the U.S. dollar value of the purchase price on the settlement date of the purchase.

For personal use only

Gain or loss on the sale or retirement of a Covered Bond will generally be recognised in an amount equal to the difference between the amount realised on the sale or retirement excluding any amounts attributable to accrued but unpaid interest (which will be treated as interest payments) and the holder's adjusted tax basis in its Covered Bond. Such gain or loss will generally be U.S.-source. If the Covered Bond is sold or retired for an amount in non-U.S. dollar currency, the amount realised will be the U.S. dollar value of such amount on the date the Covered Bond is disposed of or retired, except that in the case of a Covered Bond that is traded on an established securities market, as defined in the applicable Treasury regulations, a cash basis taxpayer, or an accrual basis taxpayer that so elects, will determine the amount realised based on the U.S. dollar value of the non-U.S. dollar currency on the settlement date of the sale.

Capital gain or loss will be recognised when a Covered Bond is sold or retired, except to the extent:

- described above under "*Original Issue Discount – Short-Term Covered Bonds*" or "*Market Discount*"; or
- attributable to changes in exchange rates as described below.

Capital gain of a non-corporate United States Holder is generally taxed at a preferential rate where the holder has a holding period greater than one year.

Any portion of the gain or loss that is recognised on the sale or retirement of a Covered Bond must be treated as ordinary income or loss to the extent attributable to changes in exchange rates. However, exchange gain or loss will be taken into account only to the extent of the total gain or loss realised on the transaction.

Exchange of Amounts in Other Than U.S. dollars

If a United States Holder receives non-U.S. dollar currency as interest on the Covered Bond or on the sale or retirement of the Covered Bond, the tax basis in the non-U.S. dollar currency will equal its U.S. dollar value when the interest is received or at the time of the sale or retirement. If non-U.S. dollar currency is purchased, the United States Holder generally will have a tax basis equal to the U.S. dollar value of the non-U.S. dollar currency on the date of the purchase. If a non-U.S. dollar currency is sold or disposed of, including if used to purchase Covered Bonds or exchanged for U.S. dollars, any gain or loss recognised generally will be ordinary income or loss.

Substitution of Issuer

The terms of the Covered Bonds provide that, in certain circumstances, the obligations of the Issuer under the Covered Bonds may be assumed by another entity. Any such assumption might be treated for U.S. federal income tax purposes as a deemed disposition of the Covered Bonds by a United States Holder in exchange for new Covered Bonds issued by the new obligor. As a result of this deemed disposition, a United States Holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new Covered Bonds (as determined for U.S. federal income tax purpose) and the United States Holder's tax basis in the Covered Bonds. United States Holders should consult their tax advisers concerning the U.S. federal income tax consequences to them of a change in obligor with respect to the Covered Bonds.

Information with Respect to Foreign Financial Assets

A United States Holder that owns "specified foreign financial assets" with an aggregate value in excess of $50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns. Specified foreign financial assets may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-United States persons; (ii) financial instruments and contracts that have non-United States issuers or counterparties;

For personal use only

and (iii) interests in non-U.S. entities. United States Holders are urged to consult their tax advisers regarding the application of this reporting requirement to their ownership of the Covered Bonds.

Non-United States Holders

This section describes the tax consequences to a Non-United States Holder. This section does not address the tax treatment of Covered Bonds that reference the performance of U.S. equities. The U.S. federal income tax treatment of any such Covered Bonds will be discussed in the Applicable Final Terms. Beneficial owners of Covered Bonds are Non-United States Holders if they are, for U.S. federal income tax purposes:

- a non-resident alien individual;
- a foreign corporation; or
- an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a Covered Bond.

This section does not apply to United States Holders.

Payments of Interest

Under U.S. federal income tax law, and subject to the discussion of foreign account tax compliance withholding and backup withholding below, interest on a Covered Bond paid to a Non-United States Holder is exempt from United States federal income tax, including withholding tax, whether or not such holder is engaged in a trade or business in the United States, unless such holder is:

- an insurance company carrying on a U.S. insurance business to which the interest is attributable, within the meaning of the Code; or
- both:
  - has an office or other fixed place of business in the United States to which the interest is attributable; and
  - derives the interest in the active conduct of a banking, financing or similar business within the United States, or is a corporation (for U.S. federal income tax purposes) with a principal business of trading in stocks and securities for its own account.

Purchase, sale, retirement and other disposition of the Covered Bonds. Non-United States Holders of Covered Bonds generally will not be subject to U.S. federal income tax on gain realised on the sale, exchange or retirement of a Covered Bond, unless:

- the gain is effectively connected with such holder's conduct of a trade or business in the United States; or
- such holder is an individual, is present in the United States for 183 or more days during the taxable year in which the gain is realised and certain other conditions exist.

Fungible Issue

The Issuer may, without the consent of the holders of outstanding Covered Bonds, issue additional Covered Bonds with identical terms. These additional Covered Bonds, even if they are treated for non-tax purposes as part of the same series as the original Covered Bonds, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such a case, the additional Covered Bonds may be considered to have been issued with OID even if the original Covered Bonds had no OID, or the additional Covered Bonds may have a greater amount of OID than the original Covered Bonds. These differences may affect the market value

For personal use only

of the original Covered Bonds if the additional Covered Bonds are not otherwise distinguishable from the original Covered Bonds.

Treasury Regulations Requiring Disclosure of Reportable Transactions

U.S. Treasury regulations require U.S. taxpayers to report certain transactions that give rise to a loss in excess of certain thresholds (a **Reportable Transaction**). Under these regulations, if the Covered Bonds are denominated in a non-U.S. dollar currency, a United States Holder (or a Non-United States holder that holds the Covered Bonds in connection with a U.S. trade or business) that recognises a loss with respect to the Covered Bonds that is characterised as an ordinary loss due to changes in currency exchange rates (under any of the rules discussed above) would be required to report the loss on IRS Form 8886 (Reportable Transaction Statement) if the loss exceeds the thresholds set forth in the regulations. For individuals and trusts, this loss threshold is $50,000 in any single taxable year. For other types of taxpayers and other types of losses, the thresholds are higher. Holders should consult with their tax advisers regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of Covered Bonds.

Foreign Account Tax Compliance Withholding

Pursuant to certain provisions of the Code, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA and including an intermediary through which Covered Bonds are held) may be required to withhold at a rate of 30 per cent. on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The term "foreign passthru payments" is not yet defined. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Australia) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Covered Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding, unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Covered Bonds (as described under "*Conditions of the Covered Bonds – Further Issues*") that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding.

Backup Withholding and Information Reporting

If a holder is a non-corporate United States Holder, information reporting requirements on IRS Form 1099 generally would apply to payments of principal and interest on Covered Bonds within the United States, and to the payment of proceeds to such holder from the sale of Covered Bonds effected at a U.S. office of a broker (unless such holder is an exempt recipient). Information reporting may also apply in respect of any OID that

For personal use only

accrues on a Covered Bond. Additionally, backup withholding may apply to such payments if the holder fails to comply with applicable certification requirements or (in the case of interest payments) the holder is notified by the IRS that it has failed to report all interest or dividends required to be shown on its U.S. federal income tax returns.

If a holder is a Non-United States Holder, it is generally exempt from backup withholding and information reporting requirements with respect to payments of principal and interest made to it outside the United States by the Issuer or another non-U.S. payor. A Non-United States Holder is also generally exempt from backup withholding and information reporting requirements in respect of payments of principal and interest made to it within the United States and the payment of the proceeds from the sale of Covered Bonds effected at a U.S. office of a broker, as long as either (i) the payor or broker does not have actual knowledge or reason to know that the holder is a United States person and the holder has furnished a valid IRS Form W-8BEN or W-8BEN-E or other documentation upon which the payor or broker may rely to treat the payments as made to a non-U.S. person, or (ii) the holder otherwise establishes an exemption.

In general, payment of the proceeds from the sale of a Covered Bond effected at a foreign office of a broker will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States, or (iii) the sale has certain other specified connections with the United States.

Any amount withheld under the backup withholding rules from a payment to such holder will be allowed as a credit against such holder's U.S. federal income tax and may entitle such holder to a refund, provided the required information is timely furnished to the IRS.

Luxembourg Taxation

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Covered Bonds should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

(i) Non-resident holders of Covered Bonds

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of the Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Covered Bonds held by non-resident holders of Covered Bonds.

(ii) Resident holders of Covered Bonds

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (the **Relibi Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Covered Bonds, nor on accrued but unpaid interest in respect of Covered Bonds, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Covered Bonds held by Luxembourg resident holders of Covered Bonds.

For personal use only

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg, with respect to debt instruments listed and admitted to trading on a regulated market, to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Covered Bonds coming within the scope of the Relibi Law would currently be subject to a withholding tax at a rate of 20 per cent.

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia, Slovakia (the **Participating Member States**) and Estonia. However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Covered Bonds (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Covered Bonds where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the FTT proposal remains subject to negotiation between Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate and/or participating Member States may decide to withdraw. Therefore, it is currently uncertain whether and when the proposed FTT will be enacted by the participating Member States and when it will take effect with regard to dealings in the Covered Bonds.

Prospective holders of the Covered Bonds are advised to seek their own professional advice in relation to the FTT.

OECD Common Reporting Standard

The OECD Common Reporting Standard for Automatic Exchange of Financial Account Information (**CRS**) will require certain financial institutions to report information regarding certain accounts (which may include the Covered Bonds) to their local tax authority and follow related due diligence procedures. Covered Bondholders may be requested to provide certain information and certifications to ensure compliance with the CRS. A jurisdiction that has signed the CRS Competent Authority Agreement may provide this information to other jurisdictions that have signed the CRS Competent Authority Agreement.

For personal use only

EXCHANGE CONTROLS AND LIMITATIONS

Under the *Charter of the United Nations Act 1945* (Cth) and the Australian *Charter of United Nations (Dealing with Assets)* Regulations 2008 the approval of the Australian Minister for Foreign Affairs, or the Minister's delegate, is required with respect to certain payments and actions in relation to an asset proscribed or listed under, or which is owned or controlled directly or indirectly by a person or entity proscribed or listed under those regulations or is an asset derived or generated from such assets (proscribed persons presently include, among others, persons associated with the Qadhafi regime in Libya, the Taliban, a member of the Al-Qaida organisation and other persons and entities connected with them). The Australian Department for Foreign Affairs and Trade maintains a consolidated list of all such proscribed and listed persons and entities, which is publicly available on its website. The identity of such proscribed persons or entities under those regulations may change in the future.

Additionally, under Part 4 of the *Charter of the United Nations Act 1945* (Cth), it may be an offence under Australian law to deal with certain assets or certain persons or entities which have either been listed by the Australian Minister for Foreign Affairs or proscribed in regulations made by the Australian Governor General, unless the prior approval of the Australian Minister for Foreign Affairs is granted in relation to that dealing. Generally, assets, persons or entities are listed or proscribed by regulation for the purpose of giving effect to resolutions adopted by the United Nations Security Council in relation to terrorism. Assets, persons or entities listed or proscribed by regulation are subject to change from time to time – as at the date of this Prospectus, regulations were in effect in relation to assets, persons or entities associated with the Taliban, Al-Qaida and ISIL (Da'esh), Central African Republic, Democratic People's Republic of Korea (North Korea), Democratic Republic of the Congo, Guinea-Bissau, Iran, Lebanon, Libya, Somalia, South Sudan, Sudan, Syria, Iraq and Yemen.

Under Sections 102.6 and 102.7 of the Australian *Criminal Code Act 1995* (Cth), a person commits a criminal offence if the person intentionally receives funds from, makes funds available to, collects funds for or on behalf of, or provides support or resources to a terrorist organisation. Certain organisations are prescribed as terrorist organisations by regulations enacted pursuant to Division 102 of the *Criminal Code Act 1995* (Cth). Under the Australian *Autonomous Sanctions Act 2011* (Cth) and the *Autonomous Sanctions Regulations 2011* (Cth), sanctions are imposed against certain specifically identified persons and entities associated with particular countries and territories, currently including Democratic People's Republic of Korea (North Korea), Zimbabwe, the former Federal Republic of Yugoslavia, Myanmar, Syria, Russia, specified Ukraine regions of Crimea, Donetsk, Luhansk and Sevastopol, Ukraine, Libya and Iran, and certain transactions involving the named persons or entities may only be conducted with specific approval from the Minister of Foreign Affairs. Contravention of these sanctions constitutes a criminal offence.

For personal use only

For personal use only

SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

The following section applies to any Covered Bond issued pursuant to the Programme other than any N Covered Bonds.

The Dealers have, in an amended and restated programme agreement dated on or about 13 November 2024 (as the same may be amended and/or supplemented and/or restated from time to time, the **Programme Agreement**), agreed with the Issuer and the Covered Bond Guarantor a basis upon which such Dealers or any of them may from time to time agree to subscribe for, offer and/or place Covered Bonds. Any such agreement for any particular subscription, offer and/or placement by a Dealer will extend to those matters stated under the sections of this Prospectus entitled "*Form of the Covered Bonds*" and "*Conditions of the Covered Bonds*". The Issuer may pay the Dealers commission from time to time in connection with any such subscription, offer and/or placement. The Programme Agreement provides that the obligation of any Dealer under any such agreement is subject to certain conditions and that, in certain circumstances, a Dealer shall be entitled to be released and discharged from its obligations under any such agreement prior to the issue of the relevant Covered Bonds, including in the event that certain conditions precedent are not delivered or met to their satisfaction on the Issue Date. In this situation, the issuance of the Covered Bonds may not be completed. Investors will have no rights against the Issuer, Covered Bond Guarantor or Dealers in respect of any expense incurred or loss suffered in these circumstances. In the Programme Agreement, the Issuer has agreed to reimburse and indemnify the Dealers for certain of their expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to subscribe for, offer and/or place Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer.

Transfer Restrictions

As a result of the following restrictions, purchasers of Covered Bonds in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Covered Bonds.

Each purchaser of Registered Covered Bonds (other than a person purchasing an interest in a Registered Global Covered Bond with a view to holding it in the form of an interest in the same Global Covered Bond) or person wishing to transfer an interest from one Registered Global Covered Bond to another or from global to definitive form or vice versa, will be required to acknowledge, represent and agree (and in certain cases, will be deemed to acknowledge, represent and agree) as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(i) that either: (a) it is a QIB, purchasing (or holding) the Covered Bonds for its own account or for the account of one or more QIBs for whom it is authorised to act and it is aware that any sale to it is being made in reliance on Rule 144A; or (b) it is outside the United States and is not a U.S. person and is purchasing in compliance with Regulation S;

(ii) that the Covered Bonds are being offered and sold in a transaction not involving a public offering in the United States (within the meaning of the Securities Act), and that the Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or any applicable U.S. State securities laws and may not be offered, sold or delivered directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(iii) that, unless it holds an interest in a Regulation S Global Covered Bond and is a person located outside the United States and is not a U.S. person, if in the future it decides to offer, resell, pledge or otherwise transfer the Covered Bonds or any beneficial interests in the Covered Bonds, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Covered Bonds, only (a) to the Issuer or any affiliate thereof, (b) to a QIB or an offeree or purchaser whom the seller reasonably believes to be a

QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (c) outside the United States in compliance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (d) pursuant to an exemption from registration provided by Rule 144 under the Securities Act (if available) or (e) pursuant to an effective registration statement under the Securities Act covering the Covered Bonds, in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdiction;

(iv) that it will, and will require each subsequent holder to, notify any purchaser of the Covered Bonds from it of the resale restrictions referred to in paragraph (iii) above;

(v) that, except as otherwise provided in the Applicable Final Terms, either (a) it is not a Plan or any entity whose underlying assets include, are deemed for purposes of ERISA or the Code to include, the assets of any Plan or any governmental, church or non-U.S. plan which is subject to any substantially Similar Law, or (b) its purchase, holding and disposition of the Covered Bond will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or in the case of a governmental, church or non-U.S. plan subject to Similar Law, a violation of any such substantially Similar Law) for which an exemption is not available;

(vi) that Covered Bonds initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Covered Bonds and that Covered Bonds offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Covered Bonds;

(vii) that the Covered Bonds, other than the Regulation S Global Covered Bonds, will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND THE COVERED BOND GUARANTEE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE PRINCIPAL AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY AGREEMENT) AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITY OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE, IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

For personal use only

For personal use only

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY WILL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH WILL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EXCEPT AS OTHERWISE PROVIDED IN THE APPLICABLE FINAL TERMS, BY ITS PURCHASE AND HOLDING OF THIS COVERED BOND (OR ANY INTEREST HEREIN), EACH PURCHASER AND HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED, THAT EITHER (1) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS COVERED BOND (OR ANY INTEREST HEREIN) WILL NOT BE (A) AN "EMPLOYEE BENEFIT PLAN" AS DESCRIBED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (ERISA) AND SUBJECT TO TITLE I OF ERISA, (B) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE CODE), (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED FOR PURPOSES OF ERISA OR THE CODE TO INCLUDE, THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN OR PLAN, OR (D) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, OR LOCAL LAW OR ANY NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (SIMILAR LAW), OR (2) ITS PURCHASE, HOLDING AND DISPOSITION OF THIS COVERED BOND (OR ANY INTEREST HEREIN) WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO SIMILAR LAW, A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.";

(viii) if it is outside the United States and is not a U.S. person, that if it should offer, resell, pledge or otherwise transfer the Covered Bonds prior to the expiration of the Distribution Compliance Period, it will do so only (a)(i) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act or (ii) to a QIB or an offeree or purchaser whom the seller reasonably believes to be a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A and (b) in accordance with all applicable securities laws of the states of the United States and any other jurisdiction; and it acknowledges that the Regulation S Global Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND THE COVERED BOND GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD OR DELIVERED, DIRECTLY OR

For personal use only

INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE AGENCY AGREEMENT) AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. IN ACCORDANCE WITH U.S. SECURITIES LAW, UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF (i) THE DATE ON WHICH THE OFFERING OF THIS SECURITY COMMENCED TO PERSONS OTHER THAN DISTRIBUTORS IN RELIANCE ON REGULATION S AND (ii) THE DATE OF ISSUANCE OF SUCH SECURITY, SALES MAY NOT BE MADE UNLESS MADE (I) OUTSIDE THE UNITED STATES PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY WILL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH WILL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON)."; and

(ix) that the Issuer, the Registrar, the relevant Dealers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it will promptly notify the Issuer; and if it is acquiring any Covered Bonds as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

The relevant Dealer may arrange for the resale of Covered Bonds to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the relevant Dealer may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Covered Bonds which may be purchased by a QIB pursuant to Rule 144A is U.S.$200,000 (or the approximate equivalent in another Specified Currency). To the extent that the Issuer is not subject to or does not comply with the reporting requirements of Section 13 or Section 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer has agreed to furnish to holders of Covered Bonds and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Covered Bonds outside the United States and for the resale of the Covered Bonds in the United States. The Issuer and the Dealers reserve the right to reject any offer to purchase the Covered Bonds, in whole or in part, for any reason. This prospectus does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB within the meaning of Rule 144A to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this prospectus by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United

States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

Selling Restrictions

United States

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act and have not been registered or qualified under any state securities or "Blue Sky" laws of the states of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

In connection with any Covered Bonds that are offered and sold outside the United States in reliance on Regulation S under the Securities Act, each Dealer has represented, warranted and agreed that neither it nor any of its affiliates has offered and sold Covered Bonds, or will offer and sell Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons (a) as part of its distribution at any time and (b) otherwise until 40 days after the completion of the distribution of the identifiable Series or Tranche of Covered Bonds of which such Covered Bonds are a part (the **distribution compliance period**), as determined and certified to the Principal Paying Agent or the Issuer by the relevant Dealer (or in the case of a sale of an identifiable Series or Tranche of Covered Bonds to or through more than one Dealer, by each of such Dealers as to the Covered Bonds of such identifiable Series or Tranche purchased by or through it, in which case, the Principal Paying Agent or the Issuer will notify each such Dealer when all such Dealers have so certified), except in accordance with Rule 903 of Regulation S. Accordingly each Dealer has represented, warranted and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts as defined in Regulation S under the Securities Act with respect to Covered Bonds, and it and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. Each Dealer has agreed that, at or prior to confirmation of sale of Covered Bonds it will have sent to each distributor, dealer or persons receiving a selling concession, fee or other remuneration that purchases Covered Bonds from it during the distribution compliance period, a confirmation or notice to substantially the following effect:

"The Covered Bonds and the Covered Bond Guarantee covered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**) or with any securities regulation authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the date of issue of the identifiable Series or Tranche of Covered Bonds of which such Covered Bonds are a part and the completion of the distribution of such identifiable Series or Tranche of Covered Bonds, as determined and certified to the Principal Paying Agent or the Issuer by [*Name of Dealer or Dealers as the case may be*] (or in the case of a sale of an identifiable Series or Tranche of Covered Bonds to or through more than one dealer, by each of such Dealers as to the Covered Bonds of such identifiable Series or Tranche purchased by or through it, in which case, the Principal Paying Agent or the Issuer will notify each such Dealer when all such Dealers have so certified), except in either case in accordance with Regulation S under the Securities Act or in accordance with Rule 144A, if available, under the Securities Act. Terms used above have the meaning given to them in Regulation S under the Securities Act."

The Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Registered Covered Bonds in the United States only to persons that are QIBs in accordance with Rule 144A under the Securities Act and in connection with any such offer or sale, each Dealer has agreed that it will take reasonable steps to ensure that the purchaser of the Covered Bonds is aware that such offer or sale is being made in reliance on Rule 144A in a manner that would not require registration of Covered Bonds under

For personal use only

the Securities Act or any state securities laws. Each Dealer has understood that Bearer Covered Bonds are subject to United States tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by United States tax regulations.

Terms used in the paragraph above have the meanings given to them by Regulation S.

Each Dealer has represented, warranted and agreed that it, its Affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Covered Bond, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

In addition, in respect of Bearer Covered Bonds where TEFRA D is specified in the Applicable Final Terms:

(i) except to the extent permitted under TEFRA D, each Dealer has (a) represented, warranted and agreed that it has not offered or sold, and agrees that during the restricted period it will not offer or sell, Bearer Covered Bonds to a person who is within the United States or its possessions or to a United States person, and (b) represented, warranted and agreed that it has not delivered and agrees that it will not deliver within the United States or its possessions definitive Bearer Covered Bonds that are sold during the restricted period;

(ii) each Dealer has represented, warranted and agreed that throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bearer Covered Bonds are aware that such Covered Bonds may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by TEFRA D;

(iii) if it is a United States person, each Dealer has represented, warranted and agreed that it is acquiring Bearer Covered Bonds for purposes of resale in connection with their original issuance and if it retains Bearer Covered Bonds for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. Section l.163-5(c)(2)(i)(D)(6);

(iv) with respect to each Affiliate that acquires Bearer Covered Bonds from a Dealer for the purpose of offering or selling such Covered Bonds during the restricted period, such Dealer has (i) repeated and confirmed the representations and agreements contained in paragraphs (i), (ii), (iii) and (v) on such Affiliate's behalf or (ii) has agreed that it will obtain from such Affiliate, for the benefit of the Issuer, the representations contained in paragraphs (i), (ii), (iii) and (v); and

(v) each Dealer has represented, warranted and agreed that it will not enter into a written contract (apart from a confirmation or other notice of the transaction) for the offer or sale during the restricted period of Bearer Covered Bonds with any person other than its Affiliate(s) unless it obtains the representations and agreements contained in this paragraph from the person with whom it enters into such written contract.

Terms used in the above paragraph have the meanings given to them by the Code and regulations thereunder, including TEFRA D.

In respect of Bearer Covered Bonds where TEFRA C is specified in the Applicable Final Terms, such Bearer Covered Bonds must be issued and delivered outside the United States and its possessions in connection with their original issuance. Each Dealer has represented, warranted and agreed that it has not offered, sold or delivered, and will not offer, sell or deliver, directly or indirectly, such Bearer Covered Bonds within the United States or its possessions in connection with their original issuance. Further, each Dealer has represented, warranted and agreed in connection with the original issuance of such Bearer Covered Bonds that it has not communicated, and will not communicate, directly or indirectly, with a prospective purchaser if such purchaser is within the United States or its possessions and will not otherwise involve its U.S. office in the offer or sale

For personal use only

of such Bearer Covered Bonds. Terms used in this paragraph have the meanings given to them by the Code and regulations thereunder, including TEFRA C.

Notwithstanding anything above to the contrary, it is understood that Rule 144A Covered Bonds (which are Registered Covered Bonds) may be offered and sold pursuant to a private placement in the United States and in connection therewith each Dealer has represented, warranted and agreed that:

(i) offers, sales, resales and other transfers of Covered Bonds made in the United States made or approved by a Dealer (including offers, resales or other transfers made or approved by a Dealer in connection with secondary trading) will be made with respect to Registered Covered Bonds only and will be effected pursuant to an exemption from the registration requirements of the Securities Act;

(ii) offers, sales, resales and other transfers of Covered Bonds made in the United States will be made only in private transactions to institutional investors that are reasonably believed to qualify as QIBs within the meaning of Rule 144A and in connection with each such sale or resale it will take reasonable steps to ensure that the purchaser is aware that such sale or resale, as the case may be, may be being made in reliance on Rule 144A;

(iii) the Covered Bonds will be offered in the United States only by approaching prospective purchasers on an individual basis. Neither such Dealer nor any person acting on its behalf will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the Securities Act) in connection with the offering of the Rule 144A Covered Bonds in the United States;

(iv) no sale of Rule 144A Covered Bonds in the United States to any one QIB will be for less than U.S.$200,000 (or the approximate equivalent in another Specified Currency) principal amount and no Covered Bonds will be issued in connection with such a sale in a smaller principal amount. If such purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$200,000 (or the approximate equivalent in another Specified Currency) principal amount of the Covered Bonds. The U.S.$200,000 minimum purchase amount (or the approximate equivalent in another Specified Currency) applies to Covered Bonds of each maturity and interest rate (or method of calculating interest) and may not be spread among Covered Bonds of different maturities or interest rates (or methods of calculating interest); and

(v) each Covered Bond sold as a part of a private placement in the United States and each Regulation S Global Covered Bond will contain a legend in substantially the form set out on the face of such Covered Bond in the Bond Trust Deed.

The Issuer has represented, warranted and agreed that any resale or other transfer, or attempted resale or other transfer of Covered Bonds sold as part of a private placement in the United States made other than in compliance with the restrictions set out above will not be recognised by it or any agent of it and will be void.

Australia

No prospectus or other disclosure document (as defined in the Corporations Act) in relation to the Programme or any Covered Bonds has been or will be lodged with ASIC. Accordingly, each Dealer has represented and agreed that unless the Applicable Final Terms (or another supplement to any Disclosure Documents) otherwise provides, it:

(a) has not made or invited, and will not make or invite, an offer of the Covered Bonds for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, any draft, preliminary or definitive Disclosure Document or any other offering material or advertisement relating to any Covered Bonds in Australia,

For personal use only

unless (i) the aggregate consideration payable by each offeree or invitee is at least A$500,000 (or its equivalent in an alternate currency) (disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act, (ii) such action complies with applicable laws, and directives and (iii) such action does not require any document to be lodged with ASIC.

Section 708(19) of the Corporations Act provides that an offer of debentures for issue or sale does not need disclosure to investors under Part 6D.2 of the Corporations Act if the issuer is an Australian authorised deposit-taking institution (**ADI**). As at the date of this Prospectus, the Issuer is an ADI.

Republic of Italy

An offering of the Covered Bonds has not been registered with the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that no Covered Bonds may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Covered Bonds be distributed in the Republic of Italy except:

(i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No 58 of 24 February 1998, as amended (the **Financial Services Act**) and Italian CONSOB regulations; or

(ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 100 of the Financial Services Act, Article 34-*ter* of CONSOB Regulation No 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Moreover and subject to the foregoing, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that any offer, sale or delivery of the Covered Bonds or distribution of copies of this Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under (i) or (ii) above must:

(a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No 385 of 1 September 1993, as amended (the **Italian Banking Act**); and

(b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Canada

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that Covered Bonds may be sold only to Canadian purchasers purchasing, or deemed to be purchasing, as principal that are both "accredited investors", as defined in National Instrument 45-106 *Prospectus Exemptions* (NI 45-106) or subsection 73.3(1) of the Securities Act (Ontario), and "permitted clients", as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of such Covered Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a Canadian purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the Canadian purchaser within the time limit prescribed by the securities legislation of the Canadian purchaser's province or

For personal use only

territory. The purchaser should refer to any applicable provisions of the securities legislation of the Canadian purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), where Covered Bonds are sold to Canadian purchasers in the context of a Rule 144A offering and the Canadian purchasers receive the same information distributed to Qualified Institutional Buyers under Rule 144A, the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with any offer of Covered Bonds.

Upon receipt of this Prospectus, each Canadian purchaser is hereby deemed to confirm that it has expressly requested that all documents evidencing or relating in any way to the sale of Covered Bonds described herein (including, for the avoidance of doubt, any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque acheteur canadien est réputé d'avoir confirmé par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des billets décrites aux présentes (incluant, pour éviter toute incertitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom (the UK). For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

  (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or

  (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the **FSMA**) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

  (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation (as defined below); and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the final terms in relation thereto to the public in the UK except that it may make an offer of such Covered Bonds to the public in the UK:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

For personal use only

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision:

- the expression an **offer of Covered Bonds to the public** in relation to any Covered Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds; and

- the expression **UK Prospectus Regulation** means Regulation (EU) No 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Covered Bonds having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Covered Bond Guarantor and would not, if the Issuer was not an authorised person, apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the UK.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area (the **EEA**). For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

For personal use only

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation (as defined below); and

(b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA , each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Member State, except that it may make an offer of such Covered Bonds to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Covered Bonds referred to in paragraphs (a) to (c) above will require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an offer of Covered Bonds to the public in relation to any Covered Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds and the expression **Prospectus Regulation** means Regulation (EU) No 2017/1129, as amended.

Austria

In addition to the matters outlined above under the heading "*Prohibition of Sales to EEA Retail Investors*", the Covered Bonds may be offered for the first time in Austria only once a notification to the issue calendar (*Emissionskalender*) maintained by the Austrian Control Bank (*Oesterreichische Kontrollbank Aktiengesellschaft*) as notification office (*Meldestelle*), all as prescribed by the Austrian Capital Market Act 2019 (*Kapitalmarktgesetz 2019*), as amended, has been filed as soon as possible prior to the commencement of the relevant offer of the Covered Bonds in Austria.

Belgium

The Covered Bonds shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with Article 4 of the Belgian Law of 14 December 2005.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Covered Bonds may not be advertised to any individual in

For personal use only

Belgium qualifying as a consumer (*consument/consommateur*) within the meaning of Article I.1 of the Belgian Code of Economic Law (*Wetboek van economisch recht/Code de droit économique*), as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Covered Bonds, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Covered Bonds, directly or indirectly, to any Belgian Consumer.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No 25 of 1948, as amended (the **FIEA**)) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Other regulatory restrictions

In respect of Covered Bonds for which "Japanese QII Private Placement Exemption" is specified in the Applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it will not offer or sell the Covered Bonds, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except through a solicitation constituting a Solicitation Targeting QIIs; and

(b) in respect of such a solicitation relating to the Covered Bonds in Japan, no securities registration statement under Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No 25 of 1948 of Japan, as amended, the **FIEL**) has been filed, since such solicitation constitutes a **Solicitation Targeting QIIs** as defined in Article 23-13, Paragraph 1 of the FIEL.

For the purposes of paragraphs (a) and (b) above:

- **QII** means a qualified institutional investor as defined in the Cabinet Ordinance Concerning Definitions under Article 2 of the Financial Instruments and Exchange Law of Japan (Ordinance No 14 of 1993 of the Ministry of Finance of Japan, as amended); and
- **resident of Japan** means a natural person having their place of domicile or residence in Japan, or a legal person having its main office in Japan. A branch, agency or other office in Japan of a non-resident, irrespective of whether it is legally authorised to represent its principal or not, shall be deemed to be a resident of Japan even if its main office is in any country other than Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Covered Bonds or cause the Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute,

For personal use only

this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Covered Bonds, whether directly or indirectly, to any person in Singapore other than (I) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (as modified or amended from time to time) (the **SFA**)) pursuant to Section 274 of the SFA or (II) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Hong Kong

Each Dealer has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Covered Bonds (except for Covered Bonds which are a "structured product" as defined in Part I of Schedule 1 to the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (**SFO**) other than: (a) to "professional investors" as defined in the SFO and any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (**CO**) or which do not constitute an offer to the public within the meaning of the CO; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

China

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that neither it nor any of its affiliates has offered or sold or will offer or sell any of the Covered Bonds directly or indirectly in the People's Republic of China (excluding the Hong Kong Special Administrative Region of the People's Republic of China, the Macao Special Administrative Region of the People's Republic of China and Taiwan) (the **PRC**), except as permitted by the applicable laws or regulations of the PRC.

Republic of Korea (Korea)

The Covered Bonds have not been and will not be registered for public offering under the Financial Investments Services and Capital Markets Act of Korea (the FSCMA). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) the number of residents in Korea (as defined in the Foreign Exchange Transactions Law of Korea (FETL) and its Enforcement Decree) and persons in Korea to whom the Covered Bonds have been and will be offered shall be fewer than 50 (as calculated in accordance with the Enforcement Decree of the FSCMA), and (ii) the number of Covered Bonds (where, for this purpose, the minimum specified denomination of the Covered Bonds, as specified in the Applicable Final Terms, shall constitute one Covered Bond) offered in Korea or to a resident in Korea shall be fewer than 50. Furthermore, the Covered Bonds shall not be divided or redenominated within 1 year from the issuance. Except for the Covered Bonds offered in Korea or to a resident in Korea in accordance with the aforementioned restriction, none of the Covered Bonds may be offered, sold and delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea within 1 year from the issuance of the Covered Bonds, except pursuant to the applicable laws and regulations of Korea. Furthermore, the purchaser of the Covered Bonds shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Covered Bonds.

For personal use only

For personal use only

General

Each Dealer has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Covered Bond Guarantor, the Seller, the Bond Trustee and any of the other Dealers will have any responsibility therefor. Furthermore, they will not directly or indirectly offer, sell or deliver any Covered Bonds or distribute or publish any form of application, prospectus, advertisement or other offering material except under circumstances that will, to the best of their knowledge and belief, result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Covered Bonds by them will be made on the same terms.

None of the Issuer, the Covered Bond Guarantor, the Bond Trustee and any of the Dealers have made any representation that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Series or Tranche, the relevant Dealer will be required to comply with any additional restrictions agreed between the Issuer and the relevant Dealer and set out in the Applicable Final Terms.

The Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Dealers may engage in transactions with, or perform services for, the Issuer or the Covered Bond Guarantor in the ordinary course of business. Some of the Dealers or their affiliates have, directly or indirectly, performed investment and/or commercial banking or financial advisory services for the Issuer and the Covered Bond Guarantor, for which they have received customary fees and commissions, and they expect to provide these services to the Issuer and the Covered Bond Guarantor in the future, for which they will receive customary fees and commissions. In the ordinary course of their various business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the Issuer or the Covered Bond Guarantor. If any of the Dealers or their affiliates have a lending relationship with the Issuer or the Covered Bond Guarantor, certain of those Dealers or their affiliates routinely hedge, and certain other of those Dealers or their affiliates may hedge, their credit exposure to the Issuer or the Covered Bond Guarantor consistent with their customary risk management policies. Typically, these Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer, including potentially the Covered Bonds offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Covered Bonds offered hereby. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

This Prospectus may be used by any Dealer for offers and sales related to market-making transactions in the Covered Bonds. Each Dealer may act as principal or agent in these transactions. These sales will be made at prices relating to prevailing market prices at the time of sale. Each Dealer does not have any obligation to make a market in the Covered Bonds, and any market-making may be discontinued at any time without notice.

nabSecurities, LLC is an affiliate of the Issuer.

For personal use only

ERISA CONSIDERATIONS

Unless otherwise indicated, the Covered Bonds should be eligible for purchase by employee benefit plans and other plans subject to the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**) and/or the provisions of Section 4975 of the Code and by governmental, church and non-U.S. plans which are subject to any U.S. Federal, state or local law or any non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, subject to consideration of the issues described in this section. ERISA imposes certain requirements on "employee benefit plans" as defined in Section 3(3) of ERISA and subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, **ERISA Plans**) and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under the section of this Prospectus entitled "*Risk Factors*" and the fact that in the future there may be no market in which such fiduciary will be able to sell or otherwise dispose of the Covered Bonds.

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans, as well as individual retirement accounts and Keogh plans subject to Section 4975 of the Code (together with ERISA Plans, **Plans**), from engaging in certain transactions involving "plan assets" with persons who are "parties in interest" under ERISA or "disqualified persons" under the Code (each, **Parties in Interest**) with respect to the Plan. A violation of these prohibited transaction rules may result in civil penalties or other liabilities under ERISA and/or an excise tax under Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory, regulatory or administrative exemption. Certain employee benefit plans and arrangements including those that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b)(4) of ERISA) (**Non-ERISA Arrangements**) are not subject to the requirements of ERISA or Section 4975 of the Code but may be subject to similar provisions under applicable federal, state, local, foreign or other regulations, rules or laws (**Similar Laws**).

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Covered Bonds are acquired or held by a Plan with respect to which the Issuer, the Seller, the Covered Bond Guarantor, the Co-Arrangers, the Servicer, the Trust Manager, the Dealers, the Agents, the Bond Trustee, the Security Trustee or any other party to such transactions is a Party in Interest. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire and/or hold any such Covered Bonds and the circumstances under which such decision is made. Included among these exemptions are Prohibited Transaction Class Exemption (**PTCE**) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 96-23 (relating to transactions determined by in-house asset managers) and the "service provider exemption" under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (which, in general, provides an exemption for the purchase and sale of securities and related lending transactions, provided that neither the issuer of the securities nor any of its affiliates have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any Plan involved in the transaction, and provided further that the Plan pays no more than "adequate consideration" in connection with the transaction). There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving the Covered Bonds.

Any purchaser or transferee or holder of the Covered Bonds or any interest therein (unless otherwise specified in the Applicable Final Terms) will be deemed to have represented by its purchase and holding of the Covered

Bonds or any interest therein that either (1) it is not a Plan and is not purchasing or holding those Covered Bonds on behalf of or with "plan assets" of any Plan or (2) its acquisition, holding and disposition of such Covered Bonds (or any interest therein) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code. If the purchaser or transferee or holder of the Covered Bonds is a Plan, it will also be deemed to represent that none of the Issuer, the Co-Arrangers, the Dealers or other transaction parties, nor any of their affiliates, has provided, and none of them will provide, any investment advice to it or to any fiduciary or other person investing the assets of the Plan (**Plan Fiduciary**), in connection with its decision to invest in the Covered Bonds, and they are not otherwise acting as a fiduciary, as defined in Section 3(21) of ERISA or Section 4975(e)(3) of the Code, to the Plan or the Plan Fiduciary in connection with the Plan's acquisition of the Covered Bonds; and the Plan is exercising its own independent judgment in evaluating the investment in the Covered Bonds. In addition, any purchaser or transferee or holder of the Covered Bonds or any interest therein which is a Non-ERISA Arrangement will be deemed to have represented by its purchase or holding of the Covered Bonds or any interest therein that its holding will not violate the provisions of any Similar Law. Neither this discussion nor anything in this Prospectus is or is intended to be investment advice directed at any potential purchaser that is a Plan or a Non-ERISA Arrangement, or at such purchasers and holders generally, and such purchasers and holders should consult and rely on their counsel and advisers as to whether an investment in the Covered Bonds is suitable and consistent with ERISA, the Code and any Similar Laws, as applicable.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is important that fiduciaries or other persons considering purchasing Covered Bonds on behalf of or with "plan assets" of any Plan or Non-ERISA Arrangement consult with their counsel regarding, among other things, the availability of exemptive relief under any of the PTCEs listed above, the Service Provider Exemption or any purchase or other applicable exemption, or the potential consequences of any purchase or holding under Similar Laws, as applicable. If you are an insurance company, or the fiduciary of a pension plan or an employee benefit plan, and propose to invest in Covered Bonds, you should consult your legal counsel. Moreover, each such fiduciary should determine whether it is eligible to purchase Covered Bonds, and whether, under the general fiduciary standards of investment prudence and diversification, an investment in Covered Bonds is appropriate for the Plan, taking into account the overall investment policy of the Plan, the composition of the Plan's investment portfolio, and the risk/return characteristics of the Covered Bonds.

The sale of any Covered Bonds to a Plan is in no respect a representation by the Issuer, the Seller, the Covered Bond Guarantor or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

For personal use only

For personal use only

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Covered Bonds have been duly authorised by a resolution of delegates of the board of directors of nab dated 25 October 2011, 21 November 2012, 19 November 2013, 11 November 2014, 6 November 2015, 28 October 2016, 27 October 2017, 9 November 2018, 3-5 September 2019, 10 November 2020, 4 November 2021, 4 November 2022, 6 November 2023 and 1 November 2024.

Listing and admission to trading of Covered Bonds

It is expected that each Tranche of Covered Bonds which is to be admitted to the Official List and admitted to trading on the Regulated Market of the Luxembourg Stock Exchange will be admitted separately as and when issued, subject only to the issue of a Temporary Global Covered Bond or a Permanent Global Covered Bond, as the case may be, initially representing the Covered Bonds of such Tranche. The Regulated Market of the Luxembourg Stock Exchange is a regulated market for the purposes of MiFID II. The approval of this Prospectus in respect of Covered Bonds is expected to be granted on 13 November 2024.

Documents Available

Without prejudice to the paragraph "Publication on the Internet" below, for so long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will, when published, be available for inspection on the websites stated below:

(i) the constitutive documents of the Issuer (on the website of nab at *https://www.nabcapital.com.au/content/dam/nab-capital/documents-required-for-10-yrs/Constitution_of_NAB.pdf*);

(ii) the constitutive documents of the Covered Bond Guarantor (on the website of nab at *www.nabcapital.com.au*);

(iii) the Bond Trust Deed (which contains the guarantee from the Covered Bond Guarantor to the Bond Trustee for the benefit of the Covered Bondholders), including the forms of the Global Covered Bonds, the Definitive Covered Bonds, the Coupons and the Talons (on the website of nab at *www.nabcapital.com.au*); and

(iv) any future prospectuses, information memoranda, Supplements to the Prospectus, any Final Terms to this Prospectus and any other documents incorporated herein or therein by reference (on the website of nab at *www.nabcapital.com.au*), save that Final Terms relating to a Covered Bond which is not admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation or is an unlisted Covered Bond will only be available for inspection by appointment from the registered office of the Issuer or the specified office of the Principal Paying Agent or the Registrar, upon proof satisfactory to the Principal Paying Agent or the Registrar, as the case may be, as to the identity of the holder of any Covered Bond to which such Final Terms relate at the Principal Paying Agent's, or the Registrar's option, such inspection can be provided electronically.

Clearing Systems

The Bearer Covered Bonds to be issued under the Programme have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and the International Securities Identification Number (ISIN) for each Tranche of Bearer Covered Bonds allocated by Euroclear and Clearstream, Luxembourg and (where applicable) the identification number for any other relevant clearing system for each Series of Covered Bonds will be set out in the Applicable Final Terms. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels,

Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg. In addition, the Issuer may make an application for any Registered Covered Bonds (other than N Covered Bonds) to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Covered Bonds, together with the relevant ISIN and Common Code, will be specified in the Applicable Final Terms.

If A$ Registered Covered Bonds are lodged into the Austraclear System, Austraclear will become the registered holder of those A$ Registered Covered Bonds in the A$ Register. While those A$ Registered Covered Bonds remain in the Austraclear System:

(i) all payments and notices required of the Issuer, the Covered Bond Guarantor and the Trust Manager in relation to those A$ Registered Covered Bonds will be directed to Austraclear; and

(ii) all dealings and payments in relation to those A$ Registered Covered Bonds within the Austraclear System will be governed by the Austraclear Regulations.

If the Covered Bonds are to clear through an additional or alternative clearing system, the appropriate information will be specified in the Applicable Final Terms.

Conditions for determining price

In relation to any Tranche of Fixed Rate Covered Bonds, an indication of the yield in respect of such Covered Bonds will be specified in the Applicable Final Terms. The yield is calculated on the Issue Date of the Covered Bonds on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Covered Bonds and will not be an indication of future yield.

No Significant Change and No Material Adverse Change

There has been no significant change in the financial performance or financial position of the nab Group taken as a whole since 30 September 2024 (the end of the last financial period for which audited financial information has been published).

There has been no material adverse change in the prospects of the nab Group taken as a whole since 30 September 2024 (the end of the last financial period for which audited financial information has been published).

There has been no significant change in the financial performance or financial position of the Trust since 30 September 2023 (the end of the last financial period for which audited financial information has been published). There has been no material adverse change in the prospects of the Trust since 30 September 2023 (the end of the last financial period for which audited financial information has been published).

Litigation

Except as described in the section "*National Australia Bank Limited – Financial Information concerning Nab's Assets and Liabilities, Financial Position and Profits and Losses – Legal and arbitration proceedings*" of this Prospectus and as described in the documents incorporated by reference (see the cross-reference table on pages 100 to 101 of this Prospectus), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which nab is aware) in the 12-month period before the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of nab or the nab Group.

The Covered Bond Guarantor is not and has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Covered Bond Guarantor is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Covered Bond Guarantor.

For personal use only

Publication on the Internet

Subject to limb (iv) of the paragraph entitled "Documents Available" above, this Prospectus, any supplement thereto and any Applicable Final Terms will be made publicly available by the Issuer in electronic form for at least 10 years on the website of nab at *www.nabcapital.com.au*.

Auditors

The auditors of nab and the Trust are Ernst & Young, of 8 Exhibition Street, Melbourne (**Ernst & Young**), who have audited nab's accounts, without qualification, in accordance with generally accepted auditing standards in Australia for the financial years ended 30 September 2023 and 30 September 2024 and have audited the Trust's accounts, without qualification in accordance with generally accepted auditing standards in Australia, for the financial years ended 30 September 2022 and 30 September 2023. The auditors of nab have no material interest in nab and the auditors of the Trust have no material interest in the Trust. The partners of Ernst & Young are typically members of Chartered Accountants Australia and New Zealand, but the firm itself is not a member.

Reports

The Bond Trust Deed provides that the Bond Trustee may rely on the advice, report, certificate or opinion of, or any other information obtained from certain professional advisers or other experts in accordance with the provisions of the Bond Trust Deed, whether or not any such advice, report, certificate or opinion of, or any other information, or engagement letter or other document entered into by the Bond Trustee and the relevant person in connection therewith, contains any monetary or other limit on the liability of the relevant person.

The Trust Manager will prepare semi-annual and annual Asset Coverage Reports detailing, among other things, compliance with the Asset Coverage Test. Copies of the Applicable Final Terms for each Series (including in relation to unlisted Covered Bonds of any Series) and the Asset Coverage Reports are available to Covered Bondholders during normal business hours at the registered office of the Issuer.

Contracts

The Issuer is not aware of any material contracts having been entered into outside the ordinary course of the Issuer's business, and which could result in any member of the nab Group being under an obligation or entitlement that is material to its ability to meet its obligation to Covered Bondholders in respect of the Covered Bonds that may be issued.

The Issuer is not aware of any material contracts having been entered into by the Covered Bond Guarantor other than the Programme Documents and which could result in it being under an obligation or entitlement that is material to its ability to meet its obligation to Covered Bondholders in respect of the Covered Bonds that may be issued.

Since 15 November 2011, there have been no demands to repurchase or replace any Mortgage Loans as a result of a breach of any representations or warranties under the Programme Documents.

Announcement

By distributing or arranging for the distribution of this Prospectus to whom this Prospectus is being distributed, the Issuer announces to each such person that:

(i) each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond without interest coupons attached which will be delivered on or prior to the issue date of the relevant Tranche to a common depositary for Euroclear and Clearstream, Luxembourg;

For personal use only

(ii) each Tranche of Registered Covered Bonds will be issued in the form of global covered bonds in registered form, and (a) the Registered Covered Bonds of each Tranche offered and sold in reliance on Regulation S will initially be represented by one or more global covered bonds in registered form, and (b) the Registered Covered Bonds of each Tranche sold in the United States or to U.S. persons in private transactions to QIBs will be represented by one or more global covered bonds in registered form; and: (x) when represented by a Regulation S Global Covered Bond, will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg; or (y) when represented by a Rule 144A Global Covered Bond or a Regulation S Global Covered Bond, will be deposited with a custodian for, and registered in the name of a nominee of, DTC, as specified in the Applicable Final Terms;

(iii) in connection with the issue, Euroclear, Clearstream, Luxembourg and DTC will confer rights in relation to such Bearer Covered Bonds, Regulation S Global Covered Bonds or Rule 144A Global Covered Bonds (as applicable) and will record the existence of those rights; and

(iv) as a result of the issue of such Bearer Covered Bonds, Regulation S Global Covered Bonds or Rule 144A Global Covered Bonds in this manner, these rights will be able to be created.

For personal use only

For personal use only

GLOSSARY

30/360	has the meaning given to it in Condition 4(a) of the Programme Conditions.
30E/360	has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions.
30E/360 (ISDA)	has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions.
360/360	has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions.
A$ Registered Covered Bonds	means covered bonds denominated in A$ issued in registered form by entry in the Register maintained by the A$ Registrar.
A$ Register	means the register of holders of the A$ Registered Covered Bonds maintained by the A$ Registrar.
A$ Registrar	means Austraclear Services Limited (ABN 28 003 284 419) or any other person appointed by the Issuer and/or the Covered Bond Guarantor under an Agency Agreement to maintain the A$ Register and perform any payment and other duties as specified in that agreement.
A$ Registry Agreement	means the ASX Austraclear Registry and IPA Services Agreement entered into on or about the Programme Date, between the Issuer, the A$ Registrar, the Covered Bond Guarantor and the Bond Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Account Bank	means nab in its capacity as Account Bank pursuant to the Account Bank Agreement together with any successor or replacement account bank appointed from time to time in accordance with the terms of the Account Bank Agreement.
Account Bank Agreement	means the account bank agreement entered into on 11 November 2011 between the Covered Bond Guarantor, the Seller Trustee, the Trust Manager, the Account Bank, and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Account Bank Mandate	means either of the GIC Account Mandate, Australian Dollar Transaction Account Mandate, the Swap Collateral Cash Account Mandate or any other applicable Transaction Account Mandate(s) to be set up by the Covered Bond Guarantor (or the Trust Manager on its behalf as necessary).
Accrual Period	has the meaning given to it in Condition 4(a) of the Programme Conditions.
Accrual Yield	in relation to a Zero Coupon Covered Bond, has the meaning given in the Applicable Final Terms.
Accrued Interest	means, in respect of a Mortgage Loan in the Mortgage Loan Portfolio as at any date, the aggregate of all interest accrued but not yet due and payable on the Mortgage Loan from (and including) the Mortgage Loan Scheduled Payment Date immediately preceding the relevant date to (but excluding) the relevant date.

For personal use only

Accrued Interest Adjustment	means, with respect to a Mortgage Loan, the Accrued Interest in respect of that Mortgage Loan, as calculated by the Servicer, for the period up to (but not including) the relevant Transfer Date.
Actual/Actual (ICMA)	has the meaning given to it in Condition 4(a) of the Programme Conditions.
Actual/Actual (ISDA)	has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions.
Actual/365 (Fixed)	has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions.
Actual/365 (Sterling)	has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions.
Actual/360	has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions.
Additional Business Centre	means, in relation to a Series of Covered Bonds, the Additional Business Centre as specified in the Applicable Final Terms.
ADI	means an Authorised Deposit-Taking Institution.
Adjusted Aggregate Mortgage Loan Amount	has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" of this Prospectus.
Adjusted Required Redemption Amount	means in relation to a Series of Covered Bonds: (a) the Australian Dollar Equivalent of the Required Redemption Amount; plus or minus (b) the Australian Dollar Equivalent of any swap termination amounts payable under the Covered Bond Swaps corresponding to the Series to or by the Covered Bond Guarantor, less (where applicable) amounts standing to the credit of: (i) the Pre-Maturity Ledger; (ii) the GIC Account; and (iii) the principal balance of any Substitution Assets and Authorised Investments (excluding all amounts to be applied on the next following Trust Payment Date to repay higher ranking amounts in the relevant Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which mature prior to or on the same date as the relevant Series of Covered Bonds); plus or minus (c) the Australian Dollar Equivalent of any swap termination amounts payable to or by the Covered Bond Guarantor under the Interest Rate Swap.
Adjustment Spread	has the meaning given to it in Condition 4(d)(vii) of the Programme Conditions.
Agency Agreements	means the Principal Agency Agreement and the A$ Registry Agreement, and each an **Agency Agreement**.

Agents	means the Paying Agents, each Exchange Agent, each Registrar and each Transfer Agent, the A$ Registrar and the N Covered Bond Registrar, and each an **Agent**.
Alternative Rate	has the meaning given to it in Condition 4(d)(vii) of the Programme Conditions.
All Moneys Mortgage	means a Mortgage that secures or purports to secure the repayment of Associated Debt as well as a Mortgage Loan.
Amortisation Test	has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Amortisation Test*" of this Prospectus.
Amortisation Test Aggregate Mortgage Loan Amount	has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Amortisation Test*" of this Prospectus.
Amortisation Test Current Principal Balance	has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Amortisation Test*" of this Prospectus.
Amortised Face Amount	has the meaning given to it in Condition 6(f) of the Programme Conditions.
Annual Accounting Date	means in respect of the Trust, 30 September in each year or such other date as the Covered Bond Guarantor (acting on the directions of the Trust Manager) may determine.
Applicable Final Terms	means, in relation to a Series or Tranche of Covered Bonds, the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Covered Bonds comprising that Series or Tranche.
Appointee	means any attorney, manager, Receiver, agent, delegate, nominee, custodian or other person appointed by the Bond Trustee under the Bond Trust Deed or by the Security Trustee under the Security Deed.
APRA	means the Australian Prudential Regulation Authority.
Arrears of Interest	means, as at any date in respect of any Mortgage Loan in the Mortgage Loan Portfolio, interest (other than interest that is capitalised as Capitalised Arrears or interest that is Accrued Interest) on that Mortgage Loan which is currently due and payable and unpaid on that date.
ASIC	means the Australian Securities and Investments Commission.
Asset Coverage Reports	means the monthly reports in a form agreed from time to time between the parties to the Management Agreement, and each an **Asset Coverage Report**.
Asset Coverage Test	has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" of this Prospectus.
Asset Coverage Test Breach Notice	means the notice required to be served by the Bond Trustee on the Covered Bond Guarantor pursuant to the Establishment Deed indicating that the Asset Coverage Test has not been satisfied on two consecutive Calculation Dates.

For personal use only

Asset Percentage means the lowest of:

(a) 95 per cent.;

(b) such percentage figure determined by the Trust Manager on each Calculation Date (and on such other dates as may be agreed from time to time between the Issuer and the Trust Manager) in accordance with the terms of this deed, being the percentage figure that is necessary to ensure that the Covered Bonds maintain the then-current credit ratings assigned to them by Fitch;

(c) such percentage figure as may be determined by the Covered Bond Guarantor, or the Trust Manager acting on its behalf, from time to time, in accordance with the terms of this deed, and notified to Moody's and the Security Trustee on the Calculation Date, or if no notification is made to Moody's and the Security Trustee on such Calculation Date, on the last date of such notification. If the Trust Manager so elects to notify Moody's and the Security Trustee of a new percentage figure (without being obliged to do so), this percentage figure will be the difference between 100 and the percentage amount of credit enhancement that is necessary to ensure that there is sufficient credit enhancement for the Covered Bonds to achieve an Aaa credit rating by Moody's using Moody's expected loss methodology (regardless of the actual Moody's credit rating of the Covered Bonds at the time); and

(d) such other percentage figure as may be determined by the Issuer from time to time and notified to each of the Covered Bond Guarantor and the Trust Manager.

Asset Percentage Adjusted Mortgage Loan Balance Amount has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" of this Prospectus.

Asset Pool means the pool of assets owned at any time by the Covered Bond Guarantor which back the payment of claims attached to the Covered Bonds and may comprise the following items:

(a) the Mortgage Loan Portfolio held by the Covered Bond Guarantor;

(b) Authorised Investments;

(c) Substitution Assets;

(d) the rights of the Covered Bond Guarantor in the Programme Documents and the Trust Accounts;

(e) the benefit of all representations, warranties, undertakings, covenants, indemnities and promises made by any party in favour of the Covered Bond Guarantor under the Programme Documents; and

(f) amounts derived or accrued from any of the assets referred to in the preceding paragraphs of this definition.

For personal use only

Associated Debt	means the indebtedness which a Borrower owes or may owe to the Seller from time to time which is not a Mortgage Loan in the Mortgage Loan Portfolio.
Attorney	means any attorney appointed under the Security Deed.
AU Business Day	means any day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Sydney and Melbourne and on which the Austraclear System is operating.
Auditors	means the auditors for the time being of the Issuer or, as the case may be, the Trust (or any replacement auditor of the Trust appointed in accordance with the Establishment Deed), and each an **Auditor**.
Austraclear	means Austraclear Ltd (ABN 94 002 060 773).
Austraclear Regulations	means the regulations established by Austraclear to govern the use of the Austraclear System.
Austraclear System	means the clearance and settlement system operated by Austraclear.
Australian Banking Act	means the *Banking Act 1959* (Cth).
Australian Bureau of Statistics Index	means the quarterly index of increases or decreases in established house prices (determined on the basis of the weighted average of house prices in eight capital cities), issued by the Australian Bureau of Statistics, Australia's official statistical organisation, in relation to established house prices in Australia or, if this index is unavailable, a suitably widely recognised property price index selected by the Trust Manager (in its sole discretion).
Australian Bureau of Statistics Indexed Valuation	means in relation to any Property at any date the Latest Valuation of that Property as increased or decreased as appropriate by the increase or decrease in the Australian Bureau of Statistics Index since the date of that Latest Valuation.
Australian Dollar Equivalent	means in relation to an amount which is denominated in: (a) a currency other than Australian Dollars, the Australian Dollar equivalent of such amount ascertained using the relevant Covered Bond Swap Rate; and (b) Australian Dollars, the applicable amount in Australian Dollars.
Australian Dollar Transaction Account	means the Australian Dollar account designated as the Transaction Account in the name of the Covered Bond Guarantor, held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the Security Deed.
Australian Dollar Transaction Account Mandate	means the resolutions, instructions and signature authorities relating to the Australian Dollar Transaction substantially in the form set out in schedule 1 to the Account Bank Agreement.
Authorised Deposit-Taking Institution	means an authorised deposit-taking institution as defined in the Australian Banking Act.

For personal use only

Authorised Investments means Australian Dollar demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper) (which may include deposits into any account which earns a rate of interest related to the Bank Bill Rate), provided that in all cases such investments have a maturity date of 30 days or less and mature on or before the next following Trust Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an Authorised Deposit-Taking Institution) are rated at least equal to "P-1" by Moody's and "F1" by Fitch (or, if Fitch has placed the Issuer on credit ratings watch negative at the relevant time, F1+ by Fitch) or which are otherwise acceptable to the Rating Agencies (if they are notified in advance) to maintain the then-current credit rating of the Covered Bonds.

Authorised Signatory in relation to a Transaction Party, means an officer of the Transaction Party, or such other person appointed by the Transaction Party to act as its authorised signatory and notified to the other Transaction Parties.

Available Principal Receipts means on a Calculation Date, an amount equal to the aggregate of (without double counting):

(a) the amount of Mortgage Loan Principal Receipts received during the immediately preceding Calculation Period and credited to the Principal Ledger;

(b) any other amount standing to the credit of the Principal Ledger including:

(i) the proceeds of an issue of, or increase in the principal amount outstanding of, the Demand Note (where such proceeds have not been applied to acquire New Mortgage Loan Portfolios or to invest in Substitution Assets or Authorised Investments);

(ii) the proceeds from any sale of Selected Mortgage Loans pursuant to the terms of the Establishment Deed or the Mortgage Sale Agreement but excluding any amount of principal received under any of the Swap Agreements which is otherwise applied by the Covered Bond Guarantor in accordance with the Establishment Deed; and

(iii) any Excess Proceeds;

(c) following repayment of any Hard Bullet Covered Bonds, any amounts standing to the credit of the Pre-Maturity Ledger (unless such amounts are required to be retained to provide liquidity for any other Series of Hard Bullet Covered Bonds in respect of which the Issuer is failing the Pre-Maturity Test),

excluding

(d) any Swap Collateral Excluded Amounts, which will be applied in accordance with the terms of the relevant Swap Agreements; and

For personal use only

(e) all amounts applied towards the acquisition of any New Mortgage Loan Portfolios during the immediately preceding Calculation Period.

Available Revenue Receipts

means, on a relevant Calculation Date, an amount equal to the aggregate of:

(a) the amount of Mortgage Loan Revenue Receipts received during the immediately preceding Calculation Period and credited to the Revenue Ledger;

(b) other net income of the Covered Bond Guarantor received during the immediately preceding Calculation Period, including all amounts of interest received on the Trust Accounts, the Substitution Assets and Authorised Investments, the amount paid to the Covered Bond Guarantor as interest on the amount of money held by the Servicer during that Calculation Period, the amount equal to Unpaid Interest paid to the Covered Bond Guarantor that was not paid during the Calculation Period ending on that Calculation Date in relation to an Offset Mortgage Loan, and the proceeds from any sale of Mortgage Loans (including, but not limited to, Selected Mortgage Loans) pursuant to the terms of the Establishment Deed and the Mortgage Sale Agreement to the extent that such proceeds comprise Accrued Interest and Arrears of Interest or other interest amounts (including any amounts received by the Covered Bond Guarantor under the Interest Rate Swap Agreement) and any Interest Rate Shortfall Demand Note Funding received by the Covered Bond Guarantor which has been deposited into the GIC Account in accordance with the Demand Note Subscription Agreement but excluding (subject to the payments required to be made as set out in the sections "*Cashflows – Amounts received on or after the Trust Payment Date*" and "*Cashflows – Termination payments in respect of Swaps*") amounts received by the Covered Bond Guarantor under the Covered Bond Swap Agreements;

(c) prior to the service on the Covered Bond Guarantor of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund in excess of the Reserve Fund Required Amount;

(d) following the service on the Covered Bond Guarantor of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund;

(e) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement for the relevant terminated Swap;

(f) any premium received from a replacement Swap Provider in respect of a replacement Swap; and

(g) any other revenue receipts not referred to in paragraphs (a) to (f) (inclusive) above received during previous Calculation Periods and standing to the credit of the Revenue Ledger,

less

For personal use only

(h) Third Party Amounts, which will be paid on receipt in cleared funds to the Seller; and

(i) all Swap Collateral Excluded Amounts, which will be applied in accordance with the terms of the relevant Swap Agreements.

Average CORRA Rate has the meaning given to it in Condition 4(b)(ii)(D)(3) of the Programme Conditions.

Average SOFR Rate has the meaning given to it in Condition 4(b)(ii)(B)(3) of the Programme Conditions.

Average SONIA Rate has the meaning given to it in Condition 4(b)(ii)(C)(3) of the Programme Conditions.

Bank Bill Rate means in relation to any period:

(a) the rate for prime bank eligible securities (expressed as a percentage rate per annum) which is designated as the "AVG MID" (rounded, if necessary, to the nearest fifth decimal place, with 0.000005 being rounded upwards) as displayed at or about 10.15 a.m. on the first day of that period on the Reuters Monitor Screen BBSW Page (or its successor page) for Australian Dollar denominated bank-accepted bills of exchange having a term approximately equal to that period; or

(b) if the rate cannot be determined pursuant to paragraph (a) above, the rate per annum reasonably determined by the Trust Manager (other than for the purpose of the Account Bank Agreement, in which case, such determination is to be made by the Account Bank).

Basis Swap means the basis swap transaction as evidenced by a confirmation that supplements, forms part of and is subject to, the Interest Rate Swap Master Agreement, pursuant to which the Covered Bond Guarantor pays to the Interest Rate Swap Provider an amount in respect of Mortgage Loans forming part of the Mortgage Loan Portfolio that do not bear interest at a fixed rate and the Interest Rate Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.

BBSW Rate has the meaning given to it in Condition 4(b)(ii)(F) of the Programme Conditions.

Bearer Covered Bonds means Covered Bonds in bearer form.

Bearer Definitive Covered Bonds has the meaning given to it in the Programme Conditions.

Bearer Global Covered Bonds means, together, the Temporary Bearer Global Covered Bond and the Permanent Bearer Global Covered Bond, and **Bearer Global Covered Bond** means either one of them.

Benchmark has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.

For personal use only

Benchmark Amendments	has the meaning given to it in Condition 4(d)(iii) of the Programme Conditions.
Benchmark Event	has the meaning given to it in Condition 4(d)(vii) of the Programme Conditions.
Benchmark Replacement	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.
Benchmark Replacement Adjustment	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.
Benchmark Replacement Conforming Changes	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.
Benchmark Replacement Date	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.
Benchmark Transition Event	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.
Beneficial Owner	means each actual purchaser of each DTC Covered Bond as described in the section "*Book-Entry Clearance Systems – Book-entry Systems – Austraclear and Cross-Trading with Euroclear and Clearstream*".
BKBM Rate	has the meaning given to it in Condition 4(b)(ii)(G) of the Programme Conditions.
BNZ	means Bank of New Zealand.
Bond Basis	has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions.
Bond Trust Deed	means the trust deed entered into on or about the Programme Date, between the Issuer, the Covered Bond Guarantor, the Trust Manager, and the Bond Trustee, each of the schedules thereto and any supplemental bond trust deed and schedules (if any), thereto, as amended, restated, supplemented, replaced or novated from time to time.
Bond Trustee	means Deutsche Trustee Company Limited, in its capacity as bond trustee under the Bond Trust Deed together with any additional or replacement bond trustee appointed from time to time in accordance with the terms of the Bond Trust Deed.
Borrower	means, in relation to a Mortgage Loan, the person or persons specified as such in the relevant Mortgage together with the person or persons (if any) from time to time assuming an obligation to repay such Mortgage Loan or any part of it.
Broken Amount	has the meaning given to it in Condition 4(a) of the Programme Conditions.
Buildings Policies	means all buildings insurance policies relating to Properties which have been taken out in the name of the relevant Borrower or in the name of the Borrower

For personal use only

For personal use only

and the Seller or in the name of the Borrower with the interest of the Seller noted, in accordance with the applicable Mortgage Condition.

Business Day means, in the case of Covered Bonds which are not N Covered Bonds, any day (other than a Saturday, Sunday or public holiday) which is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Sydney, and, if the Covered Bonds are not A$ Registered Covered Bonds, in London and any Additional Business Centre specified in the Applicable Final Terms; and

(b) in the case of any sum payable, either:

(i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre) and which if the Specified Currency is Australian Dollars will be Sydney; or

(ii) in relation to any Covered Bonds denominated or payable in euro, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor to or replacement for that system (**T2**) is open,

and in the case of an N Covered Bond, the meaning given to it in Condition 4.4 of the relevant N Covered Bond Conditions.

Calculation Agency Agreement means the agreement in substantially the form set out in schedule 1 of the Principal Agency Agreement.

Calculation Agent means in relation to all or any Series of the Covered Bonds, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer and the Covered Bond Guarantor pursuant to the relevant Agency Agreement or such other person specified in the Applicable Final Terms or, if applicable, any successor or separately appointed calculation agent in relation to all or any Series of the Covered Bonds.

Calculation Date means the date which is five AU Business Days prior to a Trust Payment Date.

Calculation Management Services has the meaning given to it in the section "*Overview of the Principal Documents – Management Agreement*" of this Prospectus.

Calculation Period means the period from (and including) the first day of the calendar month immediately preceding the relevant Calculation Date (or the first Transfer Date in the case of the first Calculation Period) up to (and including) the last day of the calendar month immediately preceding the next Calculation Date.

Capitalised Arrears means for any Mortgage Loan in the Mortgage Loan Portfolio at any date, interest or other amounts which are overdue in respect of that Mortgage Loan and which as at that date have been added to the Current Principal Balance of

	that Mortgage Loan in accordance with the Mortgage Conditions or interest that is capitalised by agreement from time to time with the relevant Borrower (excluding for the avoidance of doubt any Arrears of Interest which have not been so capitalised on that date).
Capitalised Expenses	means for any Mortgage Loan in the Mortgage Loan Portfolio at any date, fees and expenses in respect of that Mortgage Loan and which as at that date have been added to the Current Principal Balance of that Mortgage Loan in accordance with the Mortgage Conditions or fees and expenses that are capitalised by agreement from time to time with the relevant Borrower.
Cash Redraws	means, in respect of a Mortgage Loan in the Mortgage Loan Portfolio, a re-advance by the Seller of some or all of the Overpayments that the Borrower has made under the Mortgage Loan, and each a **Cash Redraw**.
Charged Property	means the assets of the Trust held by the Covered Bond Guarantor from time to time.
Clearing Systems	means DTC, Euroclear, Clearstream, Luxembourg and/or the Austraclear System and will be deemed to include references to any additional or alternative clearing system as is approved by the Issuer, the Principal Paying Agent (other than in the case of A$ Registered Covered Bonds) and the Bond Trustee or as may otherwise be specified in the Applicable Final Terms.
Clearstream, Luxembourg	has the meaning given to it in Condition 1 of the Programme Conditions.
Co-Arrangers	in relation to any issuance of Covered Bonds, means each of nab and Deutsche Bank Aktiengesellschaft.
Code	means the U.S. Internal Revenue Code of 1986, as amended.
Collections Account Interest Ledger	means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record credits and debits of interest paid by nab in an amount calculated as interest on the amount of money held by the Servicer during that Calculation Period and distribution of the same in accordance with the Establishment Deed.
Compounded Daily CORRA Formula Rate	has the meaning given to it in Condition 4(b)(ii)(D)(1) of the Programme Conditions.
Compounded Daily SOFR Formula Rate	has the meaning given to it in Condition 4(b)(ii)(B)(1) of the Programme Conditions.
Compounded Daily SONIA Formula Rate	has the meaning given to it in Condition 4(b)(ii)(C)(1) of the Programme Conditions.
Compounded SOFR Index Rate	has the meaning given to it in Condition 4(b)(ii)(B)(2) of the Programme Conditions.
Consumer Credit Code	means the Consumer Credit Code set out in the Appendix to the *Consumer Credit (Queensland) Act 1994* as in force or applied as a law of any jurisdiction of Australia or the provisions of the Code set out in the Appendix to the *Consumer Credit (Western Australia)* Act 1996 or the provisions of the Code set out in the Appendix to the *Consumer Credit Code (Tasmania) Act 1996*.

For personal use only

Conditions	means the Programme Conditions and the N Covered Bond Conditions, as applicable.
Corporations Act	means the *Corporations Act 2001* (Cth).
CORRA	has the meaning given to it in Condition 4(b)(ii)(D)(1) of the Programme Conditions.
CORRA Compounded Index Rate	has the meaning given to it in Condition 4(b)(ii)(D)(2) of the Programme Conditions.
Couponholders	has the meaning given to it in the relevant Programme Conditions.
Coupons	has the meaning given to it in the relevant Programme Conditions.
Cover Pool	has the meaning given to it in the section "*Description of the Covered Bond Provisions of the Australian Banking Act – Cover Pool and Eligible Assets*" of this Prospectus.
Cover Pool Monitor	means Ernst & Young whose office is at 8 Exhibition Street, Melbourne VIC 3000, Australia or any successor or replacement cover pool monitor appointed from time to time in accordance with the terms of the Cover Pool Monitor Agreement.
Cover Pool Monitor Agreement	means the cover pool monitor agreement entered into on the Programme Date, between the Cover Pool Monitor, the Covered Bond Guarantor, the Trust Manager, the Issuer, the Seller, the Bond Trustee and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Cover Pool Monitor Report	means the results of the tests conducted by the Cover Pool Monitor in accordance with the Cover Pool Monitor Agreement to be delivered to the Covered Bond Guarantor, the Trust Manager, the Issuer, the Bond Trustee and the Security Trustee the form of which is set out in Schedule 2 of the Cover Pool Monitor Agreement.
Covered Bond Guarantee	means the unconditional and irrevocable guarantee by the Covered Bond Guarantor under the Bond Trust Deed for the payment of an amount equal to the Guaranteed Amounts in respect of the Covered Bonds.
Covered Bond Guarantee Acceleration Notice	means, following the occurrence of a Covered Bond Guarantor Event of Default which is continuing, a notice in writing given by the Bond Trustee to the Issuer and the Covered Bond Guarantor (copied to the Trust Manager and the Security Trustee), that each Covered Bond of each Series is, and each Covered Bond of each Series will, as against the Issuer (if not already due and repayable against it following an Issuer Event of Default) and as against the Covered Bond Guarantor, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in and in accordance with the Bond Trust Deed and thereafter the Security will become enforceable.
Covered Bond Guarantor	means Perpetual Corporate Trust Limited (ABN 99 000 341 533) incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 18, 123 Pitt Street, Sydney, NSW 2000, as trustee of the nab Covered Bond Trust.

For personal use only

For personal use only

Covered Bond Guarantor Event of Default	has the meaning given to it in Condition 9(b) of the Programme Conditions.
Covered Bondholders	means the holders of the Covered Bonds and, for the avoidance of doubt, the N Covered Bonds from time to time.
Covered Bonds	means the covered bonds issued or to be issued pursuant to the Programme Agreement and which are or are to be constituted under or in accordance with the Bond Trust Deed (including any A$ Registered Covered Bonds and including each N Covered Bond provided that the relevant N Covered Bondholder has entered into and delivered to the Issuer the related N Covered Bond Agreement or agreed to be bound by the terms of the related N Covered Bond Agreement by way of an N Covered Bond Assignment Agreement), which covered bonds may be represented by a Global Covered Bond or any Definitive Covered Bond (and, in the case of N Covered Bonds, are represented by an N Covered Bond Certificate) and includes any replacements or a Covered Bond issued pursuant to Condition 10 of the Programme Conditions or Condition 10 of the N Covered Bond Conditions (as applicable), and each a **Covered Bond**.
Covered Bond Swap	means each currency and/or basis swap transaction entered into with respect to a Series or Tranche of Covered Bonds, as evidenced by a confirmation that supplements, forms part of and is subject to, a Covered Bond Swap Master Agreement.
Covered Bond Swap Agreement	means a Covered Bond Swap Master Agreement, together with one or more confirmations thereunder, each evidencing a Covered Bond Swap.
Covered Bond Swap Master Agreement	means a Swap Master Agreement entered into between the Covered Bond Guarantor, the Trust Manager, the Security Trustee and a Covered Bond Swap Provider relating to one or more Covered Bond Swaps.
Covered Bond Swap Provider	means, in relation to a Covered Bond Swap, the party appointed as covered bond swap provider from time to time under such Covered Bond Swap, together with any transferee or successor thereto.
Covered Bond Swap Rate	means in relation to a Covered Bond or a Series or Tranche of Covered Bonds, the exchange rate specified as being the **Swap Rate** in the Covered Bond Swap relating to such Covered Bond or Series or Tranche of Covered Bonds or, if such Covered Bond Swap has terminated, the applicable spot rate.
Current Principal Balance	means in relation to any Mortgage Loan in the Mortgage Loan Portfolio as at any given date, the principal balance of that Mortgage Loan to which the Seller applies the relevant interest rate to and at which interest on that Mortgage Loan accrues interest, and is the aggregate (but avoiding double counting) of: (a) the original principal amount advanced to the relevant Borrower and any further amount advanced on or before any given date to the relevant Borrower under that Mortgage Loan secured or intended to be secured by the Related Security; (b) the amount of any Cash Redraws and Further Advances secured or purported to be secured by the Related Security; and

(c) any Capitalised Arrears or Capitalised Expenses,

less any repayment or payment of any of the foregoing made on or before the end of the AU Business Day immediately preceding that given date.

Day Count Fraction has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions.

Dealer and Dealers in relation to any issuance of Covered Bonds (other than Rule 144A Covered Bonds) means nab, Deutsche Bank Aktiengesellschaft and any other dealer appointed from time to time in accordance with the Programme Agreement and, in relation to any issuance of Rule 144A Covered Bonds, means nabSecurities, LLC, Deutsche Bank Aktiengesellschaft and any other dealer appointed from time to time in accordance with the Programme Agreement.

Deed of Accession means any deed of accession entered into between, among others, the Covered Bond Guarantor, the Trust Manager and Security Trustee (on behalf of all Secured Creditors) on the terms substantially set out in the form set out in schedule 1 of the Security Deed.

Defaulted Mortgage Loan means any Mortgage Loan in the Mortgage Loan Portfolio in respect of which the Current Principal Balance is greater than the Scheduled Balance and is calculated to be 90 days in arrears in accordance with the Mortgage Conditions.

Definitions Schedule has the meaning given to it in the relevant Conditions.

Definitive Covered Bond means a Bearer Definitive Covered Bond and/or, as the context may require, a Registered Definitive Covered Bond.

Demand Note has the meaning given to it in the section "*Overview of the Principal Documents – Demand Note Subscription Agreement*" of this Prospectus.

Demand Noteholder means at any given time the person then appearing in the Instrument Register as the holder of the Demand Note.

Demand Note Funding Date means, in relation to a Demand Note, the date specified in the Demand Note Funding Request.

Demand Note Funding Request means the request received by the Demand Note Subscriber from the Covered Bond Guarantor to either subscriber for the Demand Note or fund an Increase in the principal amount of the Demand Note which has been previously issued.

Demand Note Interest Period means:

(a) in relation to the first Demand Note Interest Period, the period commencing on and including the first Demand Note Funding Date and ending on (but excluding) the next Trust Payment Date; and

(b) in relation to all subsequent Demand Note Interest Periods, the period commencing on (and including a Trust Payment Date) and ending on (but excluding) the next Trust Payment Date.

Demand Note Subscriber means nab.

For personal use only

For personal use only

Demand Note Subscription Agreement	means the demand note subscription agreement entered into on 11 November 2011 between the Covered Bond Guarantor, the Trust Manager, the Demand Note Subscriber, the Seller and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Designated Account	has the meaning given to it in Condition 5(d) of the Programme Conditions and Condition 5.1 of the N Covered Bond Conditions.
Designated Bank	has the meaning given to it in Condition 5(d) of the Programme Conditions.
designee	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.
Determination Period	has the meaning given to it in Condition 4(a) of the Programme Conditions.
Disclosure Documents	means the Prospectus and/or any other information memorandum or other offering material prepared in connection with the Programme as revised, supplemented or amended from time to time by the Issuer in accordance with Programme Agreement including: (a) in relation to each Series or Tranche of Covered Bonds, the Applicable Final Terms; and (b) any documents which are from time to time incorporated in the relevant Disclosure Documents by reference, but, without prejudice to (a) above, not including any subsequent revision, supplement or amendment to it or incorporation of information in it.
Distribution Compliance Period	has the meaning given to it in Condition 2(h) of the Programme Conditions.
DTC	has the meaning given to it in Condition 1 of the Programme Conditions.
DTC Covered Bonds	Covered Bonds accepted into DTC's book-entry settlement system.
Due for Payment	means the requirement by the Covered Bond Guarantor to pay any Guaranteed Amount following the delivery of a Notice to Pay on the Covered Bond Guarantor: (a) prior to the occurrence of a Covered Bond Guarantor Event of Default and the service of a Covered Bond Guarantee Acceleration Notice on the Issuer and the Covered Bond Guarantor: (i) (if paragraph (ii) below does not apply) or the date of the Original Due for Payment Date; and (ii) in relation to any Guaranteed Amounts in respect of the Final Redemption Amount payable on the Final Maturity Date for a Series of Covered Bonds only, or the Extended Due for Payment Date, but only: (A) if, in respect of the relevant Series of Covered Bonds, the Covered Bond Guarantee is subject to an

Extended Due for Payment Date pursuant to the terms of the Applicable Final Terms; and

(B) to the extent that the Covered Bond Guarantor having received a Notice to Pay no later than the date falling one Business Day prior to the Extension Determination Date does not pay Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of Covered Bonds by the Extension Determination Date, as the Covered Bond Guarantor has insufficient moneys available under the Guarantee Priority of Payments to pay such Guaranteed Amounts in full on the earlier of:

(1) the date which falls two Business Days after service of such Notice to Pay on the Covered Bond Guarantor or, if later, the Final Maturity Date (or, in each case, after the expiry of the grace period set out in Condition 9(b)(i) of the Programme Conditions) under the terms of the Covered Bond Guarantee; or

(2) the Extension Determination Date,

or if, in either case, such day is not a Business Day, the next following Business Day. For the avoidance of doubt, Due for Payment does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the guaranteed obligations, by reason of prepayment, acceleration of maturity, mandatory or optional redemption or otherwise; or

(b) following the occurrence of a Covered Bond Guarantor Event of Default, the date on which a Covered Bond Guarantee Acceleration Notice is served on the Issuer and the Covered Bond Guarantor.

Earliest Maturing Covered Bonds means, at any time, the Series of the Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the GIC Account) that has or have the earliest Final Maturity Date as specified in the Applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to the occurrence of a Covered Bond Guarantor Event of Default).

Early Redemption Amount in relation to a Series of Covered Bonds, means the early redemption amount determined in accordance with Condition 6(f) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given in the relevant N Covered Bond Conditions (if applicable).

Early Repayment Charges means any charge or fee which a Borrower is required to pay in accordance with the Mortgage Conditions applicable to a Mortgage Loan in the event that the Borrower repays all or part of the relevant Mortgage Loan before a specified date.

Established Rate has the meaning given to it in Condition 5(j) of the Programme Conditions.

For personal use only

Establishment Deed	means the trust deed entered into on 10 November 2011, between the Covered Bond Guarantor, the Issuer, the Trust Manager, the Seller and the Servicer.
€STR	has the meaning given to it in Condition 4(b)(ii)(E)(1) of the Programme Conditions.
€STR Compounded Index Rate	has the meaning given to it in Condition 4(b)(ii)(E)(2) of the Programme Conditions.
EURIBOR	has the meaning given to it in Condition 4(b)(ii)(A)(1) of the Programme Conditions.
Euro	means the lawful currency for the time being of the member states of the EU that adopt the single currency introduced at the start of the third state of European economic and monetary union pursuant to the Treaty.
Eurobond Basis	has the meaning given to it in Condition 4(b)(iv)(F) of the Programme Conditions.
Euroclear	has the meaning given to it in Condition 1 of the Programme Conditions.
Excess Proceeds	means all moneys received by the Bond Trustee following the occurrence of an Issuer Event of Default and delivery of an Issuer Acceleration Notice and a Notice to Pay, from the Issuer or any receiver, manager, liquidator, administrator, controller, statutory manager or other similar official appointed in relation to the Issuer following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice and a Notice to Pay.
Exchange Agent	means Deutsche Trustee Company Limited, or any other person from time to time appointed to perform the role of exchange agent under the Principal Agency Agreement.
Exchange Date	means on or after the date which is 40 days after a Temporary Bearer Global Covered Bond is issued.
Exchange Notice	has the meaning given to it in Condition 5(i) of the Programme Conditions.
Excluded Scheduled Interest Amounts	has the meaning given to it in the definition of **Scheduled Interest** in this Definitions Schedule.
Excluded Scheduled Principal Amounts	has the meaning given to it in the definition of **Scheduled Principal** in this Definitions Schedule.
Excluded Swap Termination Amount	means, in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable: (a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider and such Swap Agreement; or (b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider and such Swap Agreement.
Existing Covered Bonds	means, at any time, the Covered Bonds of all Series outstanding at such time.

For personal use only

For personal use only

Extendable Maturity Covered Bonds means, in relation to a Series or Tranche (as applicable) of Covered Bonds, Covered Bonds that are subject to an Extended Due for Payment Date, as specified in the Applicable Final Terms.

Extended Due for Payment Date has the meaning given to it in Condition 6(a) of the Programme Conditions and/or, in the case of an N Covered Bond and, if applicable, as set out in the relevant N Covered Bond Conditions.

Extension Determination Date has the meaning given to it in Condition 6(a) of the Programme Conditions and/or in the case of an N Covered Bond and, if applicable, as set out in the relevant N Covered Bond Conditions.

Extinguishment Amount means, in respect of a Mortgage Loan, the subject of a Mortgage Loan Extinguishment Notice:

(a) the Current Principal Balance of the Mortgage Loan together with all Accrued Interest and Arrears of Interest under the Mortgage Conditions relating to the Mortgage Loan as at the Extinguishment Date, provided that, in relation to a Mortgage Loan the subject of a Mortgage Loan Extinguishment Notice as a result of a Product Switch of such Mortgage Loan enabling the Borrower to "offset" mortgage payments against other amounts on deposit with the Seller, all Accrued Interest and Arrears of Interest of such Mortgage Loan must be calculated on the basis that no offset occurred for so long as the Mortgage Loan was in the Mortgage Loan Portfolio; or

(b) in the case of a Mortgage Loan that is a Selected Mortgage Loan, an amount equivalent to the best price reasonably available for the sale of such Selected Mortgage Loans, but in any event an amount not less than:

(i) the Current Principal Balance of the Selected Mortgage Loans plus the Arrears of Interest and Accrued Interest thereon, in the event that the extinguishment is occurring following the service of an Asset Coverage Test Breach Notice (but prior to the service of a Notice to Pay on the Covered Bond Guarantor); and

(ii) the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds, in the event that the extinguishment is occurring following a breach of the Pre-Maturity Test or service of a Notice to Pay on the Covered Bond Guarantor.

Extinguishment Date means each date specified as such in a Mortgage Loan Extinguishment Notice and on which the Seller pays the relevant Extinguishment Amount.

Extraordinary Resolution has the meaning given to it in schedule 4 of the Bond Trust Deed.

Final Maturity Date means, in relation to a Series of Covered Bonds, the Interest Payment Date specified as such in the Applicable Final Terms on which such Series of Covered Bonds is required to be redeemed at their Principal Amount Outstanding in accordance with the Programme Conditions and/or, in the case of an N Covered Bond, the Covered Bond Conditions.

Final Redemption Amount	means, in relation to a Series of Covered Bonds, the meaning given in the Applicable Final Terms and/or, in the case of an N Covered Bond, Condition 6.1 of the N Covered Bond Conditions.
Final Terms	means (a) the final terms prepared in relation to each Series or Tranche of Covered Bonds (substantially in the form set out in the Bond Trust Deed) or (b) with respect to any N Covered Bond, (taken together) the N Covered Bond Conditions applicable to the N Covered Bond and the related N Covered Bond Agreement.
Fiscal Period	means a period beginning on 1 October in each year and ending on and including the next following Annual Accounting Date, except for the first Fiscal Period which is the period beginning on the date on which the Trust is established and ending on the Annual Accounting Date falling on 30 September 2012.
Fitch	means Fitch Australia Pty Ltd. and includes any successor to its credit ratings business.
Fitch Specified Rating	means a credit rating of short-term unsecured, unsubordinated and unguaranteed debt obligations of at least F1+ by Fitch.
Fixed Coupon Amount	has the meaning given to it in Condition 4(a) of the Programme Conditions.
Fixed Interest Period	has the meaning given to it in Condition 4(a) of the Programme Conditions.
Fixed Rate Mortgage Loans	means each Mortgage Loan which is subject to a fixed interest rate for a specified period of time and at the expiration of that period is generally subject to a variable rate.
Fixed Rate Swap	means the fixed rate swap transaction as evidenced by a confirmation that supplements, forms part of and is subject to, the Interest Rate Swap Master Agreement pursuant to which the Covered Bond Guarantor pays the Interest Rate Swap Provider an amount in respect of Fixed Rate Mortgage Loans forming part of the Mortgage Loan Portfolio and the Interest Rate Swap Provider pays to the Covered Bond Guarantor an amount calculated by reference to the Bank Bill Rate.
Floating Rate Convention	has the meaning given to it in Condition 4(b)(i) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable).
Following Business Day Convention	has the meaning given to it in Condition 4(b)(i) of the Programme Conditions.
Further Advances	means, in relation to a Mortgage Loan in the Mortgage Loan Portfolio, any advances of further money to the relevant Borrower following the making of the initial advance of moneys in respect of such Mortgage Loan (**Initial Advance**) which is secured by the same Mortgage as the Initial Advance but does not include any Cash Redraw, and each a **Further Advance**.
GIC Account	means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained subject to the terms of the Account Bank Agreement and the Security Deed and/or such additional or replacement

For personal use only

For personal use only

	account as may from time to time be in place pursuant to the terms of the Account Bank Agreement and the Security Deed.
GIC Account Mandate	means the resolutions, instructions and signature authorities relating to the GIC Account substantially in the form set out in schedule 1 to the Account Bank Agreement.
Global Covered Bond	has the meaning given to it in the relevant Programme Conditions.
Governmental Authority	means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government in any relevant jurisdiction.
GST	has the meaning given to it in the GST Act.
GST Act	means *A New Tax System (Goods and Services Tax) Act 1999* (Cth).
Guarantee Priority of Payments	has the meaning given to it in Condition 6(a) of the Programme Conditions.
Guaranteed Amounts	means (a) prior to the service of a Covered Bond Guarantee Acceleration Notice, with respect to any Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, the sum of Scheduled Interest and Scheduled Principal, in each case, payable on that Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, or (b) after service of a Covered Bond Guarantee Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the relevant Programme Conditions and/or, in the case of an N Covered Bond, the relevant N Covered Bond Conditions (if applicable) or, if applicable, the Applicable Final Terms plus all accrued and unpaid interest and at other amounts due and payable in respect of the Covered Bonds, including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the Covered Bond Guarantor under the Bond Trust Deed.
Hard Bullet Covered Bonds	means a Series of Covered Bonds which is scheduled to be redeemed in full on the Final Maturity Date for such Covered Bonds and without any provision for scheduled redemption other than on the Final Maturity Date.
HIBOR	has the meaning given to it in Condition 4(b)(ii)(A)(1) of the Programme Conditions.
Higher Redemption Amount	means the amount (if any) specified in the Applicable Final Terms.
In Specie Failure	means a failure (as determined by the Demand Noteholder) for any reason whatsoever by the Covered Bond Guarantor (acting at the direction of the Trust Manager) to distribute Mortgage Loans and Related Security to the Demand Noteholder as an *in specie* distribution in satisfaction of the Demand Note.
In Specie Mortgage Loans	means any Mortgage Loans (together with the Related Securities in relation to such Mortgage Loans) identified by the Trust Manager for the purposes of an *in specie* distribution to the Demand Noteholder in accordance with the applicable Priorities of Payments.

Increase means the funding of an increase in the principal amount outstanding of the Demand Note previously issued to the Demand Note Subscriber.

Independent Adviser has the meaning given to it in Condition 4(d)(vii) of the Programme Conditions.

Indexed Valuation means, at any date in relation to any Mortgage Loan secured over any Property:

(a) where the Latest Valuation of that Property is equal to or greater than the Australian Bureau of Statistics Indexed Valuation as at that date, the Australian Bureau of Statistics Indexed Valuation; or

(b) where the Latest Valuation of that Property is less than the Australian Bureau of Statistics Indexed Valuation as at that date, the Latest Valuation plus 85 per cent. of the difference between the Latest Valuation and the Australian Bureau of Statistics Indexed Valuation.

Initial Advance has the meaning given to it in the definition of **Further Advance**.

Insolvency Event means:

(a) in respect of a Transaction Party (other than the Trust Manager) (for the purposes of this paragraph (a), the **Relevant Entity**), the happening of any of these events:

(i) a statutory manager is appointed in respect of the Relevant Entity under the Australian Banking Act;

(ii) except for the purpose of a solvent reconstruction or amalgamation:

(A) an application or an order is made, proceedings are commenced, a resolution is passed or proposed in a notice of meeting or an application to a court or other steps (other than frivolous or vexatious applications, proceedings, notices and steps) are taken for:

(1) the liquidation or dissolution of the Relevant Entity; or

(2) the Relevant Entity entering into an arrangement, compromise or composition with or assignment for the benefit of its creditors or a class of them; or

(B) the Relevant Entity ceases, suspends or threatens to cease or suspend the conduct of all or substantially all of its business or disposes of or threatens to dispose of substantially all of its assets;

(iii) the Relevant Entity is, or under applicable legislation is taken to be, unable to pay its debts (other than as the result of a failure to pay a debt or claim the subject of a good faith dispute) or stops or suspends or threatens to stop or suspend

For personal use only

payment of all or a class of its debts (except, in the case of the Covered Bond Guarantor, where this occurs in relation to another trust of which it is the trustee);

(iv) a receiver or receiver and manager is appointed (by the Relevant Entity or by any other person) to all or substantially all of the assets and undertaking of the Relevant Entity or any part thereof (except, in the case of the Covered Bond Guarantor, where this occurs in relation to another trust of which it is the trustee) and such appointment is not revoked within 15 AU Business Days;

(v) a controller (as defined in the Corporations Act) or an administrator is appointed to the Relevant Entity, or any steps are taken for the appointment of a controller or an administrator to the relevant corporation; or

(vi) anything analogous to an event referred to in paragraphs (i) to (v) (inclusive) or having substantially similar effect, occurs with respect to the Relevant Entity; or

(b) in relation to any other body corporate, the happening of any of these events:

(i) an application (other than a frivolous or vexatious application or an application which is stayed within 15 AU Business Days) is made to a court or any order is made that the relevant body corporate be wound up other than for the purposes of a solvent reconstruction or amalgamation;

(ii) an application is made to a court or an order appointing a liquidator or provisional liquidator in respect of the relevant body corporate, or one of them is appointed, whether or not under an order;

(iii) a receiver, receiver and manager, liquidator, trustee or similar officer is appointed in respect of any part of the property of the relevant body corporate and such appointment is not revoked within 15 AU Business Days;

(iv) a controller (as defined in the Corporations Act) or an administrator is appointed to the relevant body corporate, or any steps are taken for the appointment of a controller or an administrator to the relevant body corporate;

(v) the relevant body corporate commences negotiations with any one or more of its creditors with a view to the general readjustment or rescheduling of its indebtedness or makes a general assignment for the benefit of or a composition with its creditors;

(vi) the relevant body corporate is or states that it is unable to pay its debts as and when they fall due or is deemed unable to pay its debts under any applicable legislation (other than as a

For personal use only

result of the failure to pay a debt or claim which is the subject of a good faith dispute); or

(vii) anything analogous or having a substantially similar effect to any of the events specified above happens under the laws of any applicable jurisdiction.

Instructing Party (a) means at any time prior to the service of a Notice to Pay on the Covered Bond Guarantor:

(i) if the Trust Manager has notified the Covered Bond Guarantor that it will be the Instructing Party for the purposes of the Account Bank for so long as the Trust Manager's authority has not been revoked by the Covered Bond Guarantor in accordance with the Account Bank Agreement (as described in section "*Overview of the Principal Documents – Account Bank Agreement*" in this Prospectus), the Trust Manger; or

(ii) otherwise, the Covered Bond Guarantor (acting at the direction of the Trust Manager); or

(b) at any time upon or following the service of a Notice to Pay on the Covered Bond Guarantor, the Covered Bond Guarantor (acting at the direction of the Trust Manager).

Instrument Holder means a Unitholder, Intercompany Noteholder and Demand Noteholder.

Instrument Register means the register of Instrument Holders in the Trust established and maintained in accordance with the Establishment Deed.

Instruments means the Units, Intercompany Notes and Demand Notes.

Insurance Policies means:

(a) the Buildings Policies; and

(b) the Lender's Mortgage Insurance Policies,

and each an **Insurance Policy**.

Intercompany Note means a note issued or to be issued by the Covered Bond Guarantor to the Intercompany Note Subscriber pursuant to the Intercompany Note Subscription Agreement.

Intercompany Noteholder means at any given time the person then appearing in the Instrument Register as the holder of an Intercompany Note.

Intercompany Note Interest Payment Date means, unless otherwise specified in the relevant Intercompany Note Notice (in the form set out in schedule 2 of the Intercompany Note Subscription Agreement), each date on which interest is payable on the relevant Covered Bonds to which the Intercompany Note is referable.

Intercompany Note Issue Date means, in relation to an Intercompany Note, the date specified in the Intercompany Note Subscription Request for the issue of that Intercompany Note, which must be a Business Day.

For personal use only

Intercompany Note Subscriber	means nab.
Intercompany Note Subscription Agreement	means the intercompany note subscription agreement dated on 11 November 2011, between the Intercompany Note Subscriber, the Covered Bond Guarantor, the Trust Manager, the Seller and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Intercompany Note Subscription Request	means a request substantially in the form set out in the Intercompany Note Subscription Agreement.
Interest Amount	has the meaning given to it in Condition 4(b)(iv) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning set out in the relevant N Covered Bond Conditions (if applicable).
Interest Commencement Date	has the meaning given to it in Condition 4(a) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.1 of the relevant N Covered Bond Conditions (if applicable).
Interest Determination Date	shall mean the date specified as such in the Applicable Final Terms.
Interest Payment Date	has the meaning given to it in Condition 4(b)(i) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.2 of the relevant N Covered Bond Conditions (if applicable).
Interest Period	has the meaning given to it in Condition 4(b)(i) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.4 of the relevant N Covered Bond Conditions (if applicable).
Interest Rate Shortfall	has the meaning given to it in the section "*Overview of the Principal Documents – Servicing Agreement – Interest Rate Shortfall Test*" of this Prospectus.
Interest Rate Shortfall Test	has the meaning given to it in the section "*Overview of the Principal Documents – Servicing Agreement – Interest Rate Shortfall Test*" of this Prospectus.
Interest Rate Swap	means the Basis Swap and/or the Fixed Rate Swap.
Interest Rate Swap Agreement	means the Interest Rate Swap Master Agreement, together with the confirmations thereunder evidencing the Interests Rate Swaps.
Interest Rate Swap Master Agreement	means a Swap Master Agreement entered into on or about the Programme Date between the Covered Bond Guarantor, the Trust Manager and the Interest Rate Swap Provider, relating to the Interest Rate Swaps, as amended, restated, supplemented, replaced or novated from time to time.
Interest Rate Swap Provider	means nab or such other party so appointed in its capacity as interest rate swap provider under the Interest Rate Swap Agreement together with any transferee or successor thereto.

For personal use only

IRS	means the United States Internal Revenue Service.
ISDA	means the International Swaps and Derivatives Association, Inc.
ISDA 1995 Credit Support Annex	means the ISDA 1995 Credit Support Annex (Bilateral Form – Transfer) as published by ISDA.
ISDA Definitions	means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.
ISDA Fallback Adjustment	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.
ISDA Fallback Rate	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.
ISDA Master Agreement	means the 2002 ISDA master agreement, as published by ISDA.
Issue Date	means a date on which the Issuer issues Covered Bonds under the Programme.
Issue Price	means, in relation to a Series or Tranche (as applicable) of Covered Bonds, the price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which the Covered Bonds will be issued and which is specified in the Applicable Final Terms.
Issuer	means nab.
Issuer Acceleration Notice	has the meaning given to it in Condition 9(a) of the Programme Conditions.
Issuer Clean-Up Call Threshold	has the meaning given to it in Condition 6(c)(B) of the Programme Conditions.
Issuer Event of Default	has the meaning given to it in Condition 9(a) of the Programme Conditions.
Junior Demand Note Component	has the meaning given to it in the section "*Overview of the Principal Documents – Demand Note Subscription Agreement*" of this Prospectus.
Land	means: (a) land (including tenements and hereditaments corporeal and incorporeal and every estate and interest in it whether vested or contingent, freehold or Crown leasehold, the term of which lease is expressed to expire not earlier than five years after the maturity of the relevant Mortgage, and whether at law or in equity) situated in Australia and including any fixtures to land; and (b) any parcel and any lot, common property and land comprising a parcel within the meaning of the Strata Schemes (Freehold Development) Act 1973 (New South Wales) or the Community Land Development

For personal use only

Act 1989 (New South Wales) or any equivalent legislation in any other Australian jurisdiction.

Land Title Act means the *Land Title Act 1994* (Qld).

Latest Valuation means, in relation to a Property, the value:

(a) given to the Property by the most recent valuation report held by the Seller; or

(b) in the absence of such a valuation report, the value of Property most recently determined by the Seller or the Servicer in accordance with its credit policies.

Lead Manager means, in relation to any Series or Tranche of Covered Bonds, the person named as the Lead Manager in the applicable Subscription Agreement.

Ledgers means each of the following ledgers established and maintained by the Covered Bond Guarantor or the Trust Manager on its behalf:

(a) the Principal Ledger;

(b) the Revenue Ledger;

(c) the Pre-Maturity Ledger; and

(d) the Reserve Ledger.

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

Legislated Collateralisation Test has the meaning given to it in the section "*Structure Overview – Structure Overview – Legislated Minimum Over-Collateralisation*" in this Prospectus.

Lender's Mortgage Insurance Policies means all insurance policies in favour of the Seller in respect of a Mortgage Loan to protect (subject to certain applicable exclusions) the Seller against any shortfall between the net sale proceeds of any Property the subject of a Mortgage and the total amount owing by the relevant Borrower to the Seller under the Mortgage Loan.

Liabilities means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, actions, proceedings or other liabilities whatsoever including properly incurred legal fees and penalties incurred by that person, and **Liability** is to be construed accordingly.

LIBOR means the London inter-bank offered rate.

listed (and all related references) means that such Covered Bonds have been admitted to trading on the regulated market of the Luxembourg Stock Exchange and have been admitted to the Official List or on such other or further stock exchanges or regulated or unregulated markets, as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee and the relevant Dealer(s) in relation to each issue.

For personal use only

London Banking Day	has the meaning given to it in Condition 4(b)(ii)(C)(1) of the Programme Conditions.
Long Maturity Covered Bond	has the meaning given to it in Condition 5(b) of the Programme Conditions.
Losses	means the realised losses on the Mortgage Loans which are in the Mortgage Loan Portfolio.
LVR	in relation to a Mortgage Loan, means, at any time, the ratio of the then-Current Principal Balance for that Mortgage Loan to Latest Valuation for the Property which secures that Mortgage Loan.
LVR Adjusted Mortgage Loan Balance Amount	has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" of this Prospectus.
Majority Secured Creditors	means Secured Creditors whose Secured Obligations amount in aggregate to more than 66 per cent. of the total Secured Obligations.
Management Agreement	means the management agreement, entered into on the 11 November 2011, between the Seller, the Issuer, the Servicer, the Account Bank, the Covered Bond Guarantor, the Trust Manager and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Minimum Redemption Amount	means the amount (if any) specified in the Applicable Final Terms.
Modified Following Business Day Convention	has the meaning given to it in Condition 4(b)(i) of the Programme Conditions.
Moody's	means Moody's Investors Service Pty Ltd and includes any successor to its credit rating business.
Moody's Specified Rating	means a credit rating of short-term, unsecured, unsubordinated and unguaranteed debt obligations of at least P-1 by Moody's.
Mortgage	means a registered mortgage over Land situated in Australia, which creates, or is intended to create, a Security Interest, securing the repayment of the principal amount of a Mortgage Loan and all other moneys payable under the Mortgage Loan, notwithstanding that by its terms the mortgage may also secure other liabilities of the mortgagor.
Mortgage Account	means, as the context requires: (a) all Mortgage Loans secured on the same Property and thereby forming a single mortgage account; or (b) an account maintained by the Servicer in respect of a particular Mortgage Loan to record all amounts due in respect of that Mortgage Loan (whether by way of principal, interest or otherwise) and all amounts received in respect thereof.

For personal use only

Mortgage Conditions	means all the terms and conditions applicable to a Mortgage Loan at any time.
Mortgage Guarantor	means, in relation to a Mortgage Loan in the Mortgage Loan Portfolio, a guarantor of that Mortgage Loan.
Mortgage Loan	means, unless otherwise specified, a mortgage loan originated, or acquired by the Seller referenced by its mortgage loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other moneys due or owing with respect to that mortgage loan under the relevant Mortgage Conditions by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same but excluding, for the avoidance of doubt, any Associated Debt.
Mortgage Loan Extinguishment Notice	means a notice served on the Covered Bond Guarantor by the Seller (copied to the Trust Manager and the Security Trustee) offering to facilitate the extinguishment, in favour of the Seller, of the Covered Bond Guarantor's interest in the Mortgage Loans and the Related Security specified in the notice, in the form set in the Mortgage Sale Agreement.
Mortgage Loan Files	means the file or files relating to each Mortgage Loan and the Related Security in the Mortgage Loan Portfolio (including files kept in microfiche or scanned format or similar electronic data retrieval system) containing, among other things, the mortgage documentation applicable to the Mortgage Loan and the Related Security, each letter of offer for that Mortgage Loan and the Title Documents relating to that Mortgage Loan and the Related Security.
Mortgage Loan Portfolio	means, on any particular date, each New Mortgage Loan Portfolio sold to the Covered Bond Guarantor pursuant to the terms of the Mortgage Sale Agreement prior to such date, after taking account of, among other things, amortisation of the Mortgage Loans and the addition and/or removal of Mortgage Loans and the Related Security to or from the Mortgage Loan Portfolio since the first Transfer Date, including in connection with the extinguishment or transfer of the Covered Bond Guarantor's interest in Mortgage Loans.
Mortgage Loan Principal Receipts	means any payment in respect of principal received from time to time in respect of any Mortgage Loan in the Mortgage Loan Portfolio (including, whether as all or part of a Mortgage Loan Scheduled Payment by a Borrower on the relevant Mortgage Loan, on redemption (in whole or in part), on enforcement or on disposal of such Mortgage Loan or otherwise (including pursuant to any Insurance Policy)).
Mortgage Loan Revenue Receipts	means any payment received from time to time in respect of any Mortgage Loan which is not a Mortgage Loan Principal Receipt (whether as all or part of a Mortgage Loan Scheduled Payment by a Borrower on the relevant Mortgage Loan, on redemption (in whole or in part), on enforcement or on disposal of such Mortgage Loan or otherwise (including pursuant to any Insurance Policy)).
Mortgage Loan Scheduled Payment	means, in respect of a Mortgage Loan, the amount which the applicable Mortgage Conditions require a Borrower to pay on a Mortgage Loan Scheduled Payment Date in respect of such Mortgage Loan.

For personal use only

Mortgage Loan Scheduled Payment Date	means, in relation to any Mortgage Loan, the day on which a Borrower is required to make a payment of interest and, if applicable, principal in accordance with the Mortgage Conditions applicable to such Mortgage Loan.
Mortgage Sale Agreement	means the mortgage sale agreement to be entered into on 11 November 2011, between the Seller, the Covered Bond Guarantor, the Trust Manager and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Mortgage Transfer	means, in relation to a Mortgage, a duly executed land titles office transfer which, upon registration at the land titles office in the relevant Australian jurisdiction, is effective to transfer the legal title to the Mortgage to the Covered Bond Guarantor or in accordance with the Mortgage Sale Agreement, the Seller.
N Covered Bond	means a Registered Covered Bond in definitive form made out in the name of a specified N Covered Bondholder issued or to be issued by the Issuer in accordance with the Principal Agency Agreement and in accordance with, and constituted by, the Bond Trust Deed in the form of a German "*Namensschuldverschreibung*" substantially in the form set out in schedule 6 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee, the N Covered Bond Paying Agent, the N Covered Bond Registrar and the relevant N Covered Bondholder and having the N Covered Bond Conditions applicable to it annexed thereto and subject to the provisions of the N Covered Bond Agreement relating thereto.
N Covered Bond Agreement	means an agreement relating to an N Covered Bond incorporating, inter alia, certain provisions of the Bond Trust Deed and made between the initial N Covered Bondholder, the Issuer, the Covered Bond Guarantor and the Bond Trustee substantially in the form set out in schedule 6 part 2 of the Bond Trust Deed.
N Covered Bond Assignment Agreement	means the assignment agreement attached to each N Covered Bond, substantially in the form set out in schedule 6 part 1 to the Bond Trust Deed.
N Covered Bond Certificate	means the N covered bond certificate representing the N Covered Bond substantially in the form set out in schedule 6 part 1 to the Bond Trust Deed.
N Covered Bond Conditions	means the terms and conditions of each N Covered Bond annexed thereto as set out in schedule 6 part 1 to the Bond Trust Deed, as modified and/or supplemented by the provisions of the relevant N Covered Bond Agreement.
N Covered Bond Paying Agent	means Deutsche Bank AG, Frankfurt or any other person from time to time appointed to perform the role of the paying agent in relation to the N Covered Bonds under the Principal Agency Agreement, including any successor or additional paying agent, or, if so specified in the applicable N Covered Bond Conditions of a Series of N Covered Bonds, any other person appointed by the Issuer under a supplemental agency agreement to perform the duties of the paying agent in relation to such Series of N Covered Bonds.
N Covered Bond Register	means the register of holders of the N Covered Bonds maintained by the N Covered Bond Registrar.

For personal use only

For personal use only

N Covered Bond Registrar means Deutsche Bank AG, Frankfurt or any other person from time to time appointed to perform the role of the registrar in relation to the N Covered Bonds under the Principal Agency Agreement, including any successor registrar, or, if so specified in the applicable N Covered Bond Conditions of a Series of N Covered Bonds, any other person appointed by the Issuer under a supplemental agency agreement to perform the duties of the registrar in relation to such Series of N Covered Bonds.

N Covered Bondholder means the registered holder of an N Covered Bond.

nab means National Australia Bank Limited (ABN 12 004 044 937) incorporated with limited liability in the Commonwealth of Australia and having its registered office at Level 28, 395 Bourke Street, Melbourne, Victoria 3000, Australia.

nab Group means nab and its controlled entities.

National Consumer Credit Protection Laws means:

(a) the *National Consumer Credit Protection Act 2009* (Cth) (including the National Credit Code set out in schedule 1 to that Act);

(b) the *National Consumer Credit Protection (Fees) Act 2009* (Cth);

(c) the *National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009* (Cth) (**Transitional Act**);

(d) regulations made under any of the legislation described at paragraphs (a) through (c) above; and

(e) Division 2 of Part 2 of the *Australian Securities and Investment Commission Act 2001* (Cth), so far as it relates to obligations in respect of an Australian Credit Licence issued under the National *Consumer Credit Protection Act 2009* (Cth) or registration as a registered person under the Transitional Act.

Negative Carry Factor has the meaning given in the section "*Overview of the Principal Documents – Establishment Deed – Asset Coverage Test*" of this Prospectus.

Net Trust Income means, in respect of a Fiscal Period of the Trust, the income of the Trust for that Fiscal Period as determined by the Trust Manager under the Establishment Deed.

New Mortgage Loan Portfolio means a portfolio of Mortgage Loans and the Related Security (other than any Mortgage Loans and the Related Security included in such portfolio which have been redeemed in full prior to the relevant Transfer Date in respect of such portfolio), particulars of which are set out in, or attached to, a New Mortgage Loan Portfolio Notice, and all right, title, interest and benefit of the Seller in and to the rights and assets set out in paragraphs (a) to (g) (inclusive) below:

(a) all sums of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest, Capitalised Expenses and Capitalised Arrears) and any other sum due or to become due

For personal use only

under or in respect of such Mortgage Loans and the Related Security on or after the Transfer Date in respect of such Mortgage Loans and including the right to demand, sue for, recover and give receipts for all such principal, interest or other amounts, the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Conditions;

(b) the benefit of all other securities for such principal, interest and other sums payable (including any interest of the Seller in any life policy), any guarantee in respect of such Mortgage Loans or any other collateral security for the repayment of the relevant Mortgage Loans secured by the Related Security;

(c) the right to exercise all the powers of the Seller in relation thereto subject to and in accordance with the relevant Mortgage Conditions;

(d) all the estate, title and interest in the Properties in relation thereto vested in the Seller;

(e) to the extent they are assignable or capable of being put into trust, each certificate of title and valuation report and any right of action of the Seller against any solicitor, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any such Mortgage Loans and the Related Security, or any part thereof affecting the decision of the Seller to make or offer to make such Mortgage Loans or part thereof;

(f) the benefit of certain Insurance Policies, in each case, so far as they relate to such Mortgage Loans comprised in that portfolio of Mortgage Loans and the Related Security, including the right to receive the proceeds of all claims made or to be made by or on behalf of the Seller or to which the Seller is or may become entitled; and

(g) any Associated Debt secured by any All Moneys Mortgage that relates to such Mortgage Loans.

New Mortgage Loan Portfolio Notice means a notice in the form set out in schedule 4 to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement.

New Secured Creditor means any person which becomes a Secured Creditor after the date upon which the Security Deed was executed pursuant to and in accordance with the Security Deed.

NIBOR has the meaning given to it in Condition 4(b)(ii)(A)(1) of the Programme Conditions.

Non-Cash Redraw means a Payment Holiday under a Mortgage Loan included in the Mortgage Loan Portfolio.

Note Certificate means a certificate issued by the Covered Bond Guarantor to the Noteholder recorded in the Instrument Register in relation to an Intercompany Note or a Demand Note.

For personal use only

Notice to Pay means the notice to pay (substantially in the form set out in schedule 3 to the Bond Trust Deed) served by the Bond Trustee on the Covered Bond Guarantor (and copied to the Security Trustee and the Trust Manager) pursuant to the Covered Bond Guarantee which requires the Covered Bond Guarantor to make payments of Guaranteed Amounts when they become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

Observation Period has the meaning, in respect of:

(a) "*Floating Rate Covered Bonds referencing SOFR*", given to it in Condition 4(b)(ii)(B)(1) of the Programme Conditions;

(b) "*Floating Rate Covered Bonds referencing SONIA*", given to it in Condition 4(b)(ii)(C)(1) of the Programme Conditions.

(c) "*Floating Rate Covered Bonds referencing CORRA*", given to it in Condition 4(b)(ii)(D)(1) of the Programme Conditions.

Offset Mortgage Loan means a Mortgage Loan which allows the relevant Borrower to link the Mortgage Loan with certain deposit and/or current accounts that are held by the Seller for the purpose of offsetting interest.

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

Outstanding or **outstanding** means, in relation to the Covered Bonds of all or any Series, all the Covered Bonds of such Series issued other than:

(a) those Covered Bonds which have been redeemed in full and cancelled pursuant to the Bond Trust Deed and/or the Programme Conditions and/or, in the case of an N Covered Bond, the N Covered Bond Conditions;

(b) those Covered Bonds in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the Programme Conditions and/or, in the case of an N Covered Bond, the N Covered Bond Conditions (if applicable) has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent or, as the case may be, the N Covered Bond Paying Agent in the manner provided in the Agency Agreement and where appropriate notice to that effect has been given to the relative Covered Bondholders in accordance with Condition 13 of the Programme Conditions and/or Condition 13 of the N Covered Bond Conditions and remain available

For personal use only

for payment against presentation of the relevant Covered Bonds and/or Coupons;

(c) those Covered Bonds which have been purchased and cancelled in accordance with Conditions 6(h) and 6(i) of the Programme Conditions and any equivalent provision in the N Covered Bond Conditions;

(d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case, under Condition 8 of the Programme Conditions and/or Condition 8 of the N Covered Bond Conditions;

(e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 10 of the Programme Conditions and/or Condition 10 of the N Covered Bond Conditions;

(f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Covered Bonds outstanding and without prejudice to the status for any other purpose of the relevant Covered Bonds) those Covered Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 10 of the Programme Conditions and/or Condition 10 of the N Covered Bond Conditions;

(g) any Global Covered Bond to the extent that it has been exchanged for definitive Covered Bonds or another Global Covered Bond pursuant to its provisions, the provisions of the Bond Trust Deed and the Agency Agreement; and

(h) those Legended Covered Bonds which have been exchanged for Unlegended Covered Bonds and those Unlegended Covered Bonds which have been exchanged for Legended Covered Bonds, in each case, pursuant to their provisions, the provisions of the Bond Trust Deed and the Principal Agency Agreement,

provided that for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of the holders of the Covered Bonds of any Series, to give instruction or direction to the Bond Trustee and for the purposes of a resolution in writing as envisaged by paragraph 20 of schedule 4 to the Bond Trust Deed;

(ii) the determination of how many and which Covered Bonds of any Series are for the time being outstanding for the purposes the Bond Trust Deed, Conditions 9 and 14 of the Programme Conditions and paragraphs 2, 5, 6, and 9 of schedule 4 to the Bond Trust Deed;

(iii) any discretion, power or authority (whether contained in the Bond Trust Deed or vested by operation of law) which the Bond Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the holders of the Covered Bonds of any Series; and

(iv) the determination by the Bond Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the holders of the Covered Bonds of any Series,

(A) those Covered Bonds of the relevant Series (if any) which are for the time being held by or on behalf of or for the benefit of the Issuer or the Covered Bond Guarantor, any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company, in each case, as beneficial owner and (B) those N Covered Bonds held by an N Covered Bondholder who has not entered into and delivered to the Issuer the related N Covered Bond Agreement or agreed to be bound by the related N Covered Bond Agreement by way of an N Covered Bond Assignment Agreement, will (unless and until ceasing to be so held) be deemed not to remain outstanding, except in the case of the Issuer or the Covered Bond Guarantor, any Subsidiary or holding company of any of them or any other Subsidiary of any such holding company (each, a **Relevant Person**) holding, by itself or together with any other Relevant Person, all of the Covered Bonds then outstanding or, in respect of a Series of Covered Bonds, holds all Covered Bond of such Series.

Overpayment means, in respect of a Mortgage Loan in the Mortgage Loan Portfolio, any additional amounts of Mortgage Loan Principal Receipts received above the regular Mortgage Loan Scheduled Payments due in respect of such Mortgage Loan, paid by the relevant Borrower which:

(a) is permitted by the terms of such Mortgage Loan or by agreement with the Borrower; and

(b) reduces the Current Principal Balance of such Mortgage Loan.

Partial Portfolio means part of any portfolio of Selected Mortgage Loans offered for sale to purchasers by the Covered Bond Guarantor, or the Trust Manager on its behalf.

Paying Agents means the Principal Paying Agent, the N Covered Bond Paying Agent, the U.S. Paying Agent and any other paying agent appointed pursuant to the Principal Agency Agreement, including any additional or successor paying agents.

Payment Day has the meaning given to it in Condition 5(g) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 5.3 of the relevant N Covered Bond Conditions (if applicable).

Payment Holiday means the right of a Borrower, under the applicable Mortgage Conditions, to not make a monthly payment for one or more months in certain circumstances and, in respect of any Mortgage Loan in the Mortgage Loan Portfolio, a period of one or more scheduled payment dates under the Mortgage Loan when the relevant Borrower is permitted by the Seller in accordance with the relevant Mortgage Conditions not to make the payments due on such scheduled payments dates.

Penalty Payment means:

(a) any amount (including any civil or criminal penalty for which the Covered Bond Guarantor is liable under the Consumer Credit Code or the National Consumer Credit Protection Laws and legal costs and

For personal use only

other expenses payable or incurred by the Covered Bond Guarantor in relation to such liability;

(b) any other liability payable by the Covered Bond Guarantor, or legal costs or other expenses payable or incurred by the Covered Bond Guarantor, in relation to such liability;

(c) any amount which the Covered Bond Guarantor agrees to pay to a Borrower, a Mortgage Guarantor or other person in settlement of any liability or alleged liability or application for an order under the Consumer Credit Code or the National Consumer Credit Protection Laws;

(d) any legal costs or other costs and expenses payable or incurred by the Covered Bond Guarantor in relation to that application or settlement; and

(e) any other losses incurred by the Covered Bond Guarantor as a result of any breach of the Consumer Credit Code or the National Consumer Credit Protection Laws,

to the extent to which a person can be indemnified for that liability, money or amount under the Consumer Credit Code or the National Consumer Credit Protection Laws and includes all amounts ordered by a court or other judicial, regulatory or administrative body to be paid by the Covered Bond Guarantor in connection with paragraphs (a) through (e) above.

Permanent Bearer Global Covered Bond means a global bearer covered bond in the form or substantially in the form set out in Part 2 of schedule 2 to the Bond Trust Deed together with the copy of the Applicable Final Terms annexed thereto and with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), comprising some or all of the Covered Bonds of the same Series, issued by the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed in exchange for the whole or part of any Temporary Bearer Global Covered Bond issued in respect of such Covered Bonds.

Permitted Investments means:

(a) Mortgage Loans and the Related Security;

(b) Substitution Assets;

(c) Authorised Investments; and

(d) amounts deposited in the Trust Accounts,

in each case, acquired in accordance with the Programme Documents, and **Permitted Investment** means any of them.

Personal Information has the meaning given to it in the Privacy Act.

Post-Enforcement Priority of Payments has the meaning given to it in the section "*Cashflows – Post-Enforcement Priority of Payments*" of this Prospectus.

For personal use only

For personal use only

Potential Covered Bond Guarantor Event of Default	means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Covered Bond Guarantor Event of Default.
Potential Issuer Event of Default	means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Issuer Event of Default.
Potential Covered Bond Guarantor Event of Default	means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute a Covered Bond Guarantor Event of Default.
PPSA	means the Personal Property Securities Act 2009 (Cth).
PPS Law	means: (a) the PPSA; (b) any regulations made at any time under the PPSA; (c) any provision of the PPSA or regulations referred to in paragraph (b) above; or (d) any amendment made at any time to any other legislation as a consequence of the PPS Law referred to in paragraphs (a) to (c) above.
PPSR	means the Personal Property Securities Register established under section 147 of the PPSA.
Pre-Acceleration Principal Priority of Payments	has the meaning given to it in the section "*Cashflows – Pre-Acceleration Principal Priority of Payments*" of this Prospectus.
Pre-Acceleration Priority of Payments	means the Pre-Acceleration Principal Priority of Payments and the Pre-Acceleration Revenue Priority of Payments.
Pre-Acceleration Revenue Priority of Payments	has the meaning given to it in the section "*Cashflows – Pre-Acceleration Revenue Priority of Payments*" of this Prospectus.
Preceding Business Day Convention	has the meaning given to it in Condition 4(b)(i) of the Programme Conditions.
Pre-Maturity Demand Note Funding	means, in relation to when on a Pre-Maturity Test Date there is a breach of the Pre-Maturity Test, where: (a) the Covered Bond Guarantor may request the Demand Note Subscriber either subscribe for the Demand Note; or

(b) if the Demand Note has previously been Issued, fund an Increase in the Demand Note (as applicable) in a principal amount (determined by the Trust Manager) not exceeding the amount necessary to rectify such breach of the Pre-Maturity Test.

Pre-Maturity Ledger means the ledger in relation to the GIC Account maintained by the Trust Manager pursuant to the Management Agreement to record the credits and debits of moneys available to repay any Series of Hard Bullet Covered Bonds on the Final Maturity Date thereof if the Pre-Maturity Test in respect of such Series of Hard Bullet Covered Bonds has been breached.

Pre-Maturity Test has the meaning given to it in the section "Credit Structure – Pre-Maturity Test" of this Prospectus.

Pre-Maturity Test Date means each AU Business Day during the Pre-Maturity Test Period prior to the occurrence of an Issuer Event of Default and/or the occurrence of a Covered Bond Guarantor Event of Default.

Pre-Maturity Test Period means, in relation to a Series of Hard Bullet Covered Bonds, in respect of:

(a) the Issuer's long-term credit rating from Moody's, the period commencing on the day 12 months prior to the Final Maturity Date of the Series and ending on the Final Maturity Date of the relevant Series; or

(b) the Issuer's short-term credit rating from Moody's or from Fitch, the period commencing on the day 12 months prior to the Final Maturity Date of the Series and ending on the Final Maturity Date of the relevant Series.

Principal Agency Agreement means the agency agreement dated on or about the Programme Date (such agency agreement as amended and/or supplemented and/or restated from time to time) and made between the Issuer, the Covered Bond Guarantor, the Trust Manager, the Bond Trustee, the Principal Paying Agent, the N Covered Bond Paying Agent, the Exchange Agent, the Transfer Agent, the Registrar and the N Covered Bond Registrar.

Principal Amount Outstanding has the meaning given to it in Condition 4(a) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.4 of the relevant N Covered Bond Conditions (if applicable).

Principal Ledger means the ledger of the GIC Account with such name maintained by the Trust Manager pursuant to the Management Agreement to record the credits and debits of Mortgage Loan Principal Receipts and the other amounts described in paragraph (b) of the definition of Available Principal Receipts in accordance with the terms of the Establishment Deed.

Principal Paying Agent means Deutsche Bank AG, London Branch, or any other person from time to time appointed to perform the role of principal paying agent under the Principal Agency Agreement.

Priorities of Payments means the orders of priority for the allocation and distribution of amounts standing to the credit of the Trust Accounts in different circumstances, including:

For personal use only

(a) the Pre-Acceleration Revenue Priority of Payments;

(b) the Pre-Acceleration Principal Priority of Payments;

(c) the Post-Enforcement Priority of Payments; and

(d) the Guarantee Priority of Payments,

each a **Priority of Payments**.

Privacy Act means the *Privacy Act 1988* (Cth).

Privacy Laws means:

(a) the Privacy Act;

(b) any approved privacy code (as defined in the Privacy Act) which binds any of the parties to the Programme Documents or the transactions contemplated by them; and

(c) any other law, code, guideline or policy relating to the collection, use, disclosure or storage of, or granting of access rights to, Personal Information which binds any of the parties to the Programme Documents or the transactions contemplated by them.

Product Switch means a variation, from time to time, in the Mortgage Conditions applicable to a Borrower's Mortgage Loan and/or moving a Borrower to an alternative mortgage product which, in either case, means that the Mortgage Loan would no longer be a Qualifying Mortgage Loan.

Programme means the covered bond programme established by the Issuer pursuant to the Programme Agreement.

Programme Agreement means the agreement dated on the Programme Date, entered into by the Issuer, the Covered Bond Guarantor, the Trust Manager, the Seller, the Co-Arranger and the Dealers to agree a basis upon which the Dealer(s) may from time to time agree to purchase Covered Bonds, as amended, restated, supplemented, replaced or novated from time to time.

Programme Conditions means the terms and conditions of the Covered Bonds (as set out in schedule 1 of the Bond Trust Deed) as completed by the Final Terms in relation to a particular Series or Tranche of Covered Bonds, as the same may be modified from time to time in accordance with the Bond Trust Deed.

Programme Date means 15 November 2011.

Programme Documents means the following documents:

(a) Mortgage Sale Agreement (and any documents entered into (including but not limited to any document setting out particulars of each New Mortgage Loan Portfolio) pursuant to the Mortgage Sale Agreement);

(b) Servicing Agreement;

For personal use only

(c) Cover Pool Monitor Agreement;

(d) Intercompany Note Subscription Agreement;

(e) Demand Note Subscription Agreement;

(f) Establishment Deed;

(g) Management Agreement;

(h) Interest Rate Swap Agreement;

(i) each Covered Bond Swap Agreement;

(j) Account Bank Agreement;

(k) Security Deed (and any documents entered into pursuant to the Security Deed, including each Deed of Accession);

(l) Bond Trust Deed;

(m) Programme Agreement;

(n) each Agency Agreement;

(o) each Subscription Agreement;

(p) Seller's Power of Attorney;

(q) Definitions Schedule; and

(r) Deed of Amendment in relation to the Establishment Deed, the Definitions Schedule and the Security Deed,

and each document, agreement or deed ancillary or supplemental to any of such documents, and each a **Programme Document**.

Programme Limit means U.S.$40 billion, subject to increase as provided in the Programme Agreement.

Programme Resolution has the meaning given to it in Condition 14 of the Programme Conditions.

Property means Land which is subject to a Mortgage.

Prospectus means this prospectus prepared in connection with the Programme and constituting a base prospectus for the purposes of Article 8 of the Prospectus Regulation.

Prospectus Regulation means Regulation (EU) No 2017/1129.

Purchase Price means, in relation to a New Mortgage Loan Portfolio being sold by the Seller to the Covered Bond Guarantor, an amount equal to the aggregate of the Current Principal Balances of the Mortgage Loans in the New Mortgage Loan Portfolio.

For personal use only

Purchaser means the Seller or any third party to whom the Covered Bond Guarantor offers to sell Selected Mortgage Loans.

Put Notice has the meaning given to it in Condition 6(d) of the Programme Conditions.

QIB has the meaning given to it in Condition 2(h) of the Programme Conditions.

Qualified Institution means an ADI:

(a) which pays any relevant interest in the ordinary course of its business;

(b) whose short-term, unsecured, unsubordinated and unguaranteed debt obligations are rated at least P-1 by Moody's, or F1 by Fitch (or, if Fitch has placed the ADI on credit ratings watch negative at the relevant time, F1+ by Fitch); and

(c) whose long-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least A by Fitch (or, if Fitch has placed the ADI on credit ratings watch negative at the relevant time, A+ by Fitch).

Qualifying Borrower means a Borrower which is not a Borrower in respect of a Defaulted Mortgage Loan and any other person which, notwithstanding this definition, the Covered Bond Guarantor approves and notifies in writing to the Seller as being a "Qualifying Borrower".

Qualifying Mortgage Loan has the meaning given to it in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Qualifying Mortgage Loans*" of this Prospectus.

Rate of Interest has the meaning given to it in Condition 5(j) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.1 of the relevant N Covered Bond Conditions (if applicable).

Rating Affirmation Notice means in relation to an event or circumstance, a notice in writing from the Issuer to the Covered Bond Guarantor confirming that it has notified the Rating Agencies of the event or circumstance and that:

(a) the Issuer is satisfied, for the purposes of the Programme Documents, following discussions with the Rating Agencies, that the event or circumstance, as applicable, will not result in a reduction, qualification or withdrawal of the credit ratings then assigned by the Rating Agencies; or

(b) the relevant Rating Agency has indicated to the Issuer that, notwithstanding that a Rating Agency confirmation may be stated in a Programme Document to be required in respect of the relevant event or circumstance, it does not consider such confirmation necessary. In such a case, the Issuer will be entitled to assume that the then-current credit rating of the Covered Bonds from that Rating Agency will not be downgraded or withdrawn by such Rating Agency as a result of such event or circumstance.

For personal use only

For personal use only

Rating Agencies	means Moody's and Fitch or their successors, to the extent they provide credit ratings in respect of the Covered Bonds, and each a Rating Agency.
RBA	means the Reserve Bank of Australia.
RBA Bond Basis	has the meaning given to it in Condition 4(a) of the Programme Conditions.
Receiver	means any person or persons appointed (and any additional person or persons appointed or substituted pursuant thereto) by the Security Trustee as a receiver, manager, or receiver and manager of the property charged or secured under the Security Deed.
Record Date	has the meaning given to it in Condition 5(d) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in the relevant Condition of the relevant N Covered Bond Conditions (if applicable).
Redeemed Covered Bonds	has the meaning given to it in Condition 6(c) of the Programme Conditions.
Redenomination Date	has the meaning given to it in Condition 5(j) of the Programme Conditions.
Redraw	means either a Cash Redraw or a Non-Cash Redraw.
Reference Banks	means nab, Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, Westpac Banking Corporation and/or such other ADI as determined by the Trust Manager from time to time.
Reference Price	in respect of a Zero Coupon Covered Bond, has the meaning given in the Applicable Final Terms.
Reference Rate	means the "Reference Rate" specified in the Applicable Final Terms.
Reference Time	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.
Register	means the register of holders of the Registered Covered Bonds maintained by the Registrar.
Registered Covered Bonds	means Covered Bonds (other than A$ Registered Covered Bonds and N Covered Bonds) issued in registered form (being Registered Global Covered Bonds and/or Registered Definitive Covered Bonds, as the case may be).
Registered Definitive Covered Bond	has the meaning given to it in the Programme Conditions.
Registered Global Covered Bond	has the meaning given to it in Condition 2(a) of the Programme Conditions.
Registrar	means Deutsche Bank Trust Company Americas, or any other person from time to time appointed to perform the role of registrar under the Principal Agency Agreement.

Regulated Market	means the regulated market of the Luxembourg Stock Exchange for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).
Regulation S	means Regulation S under the Securities Act.
Regulation S Global Covered Bond	has the meaning given to it in Condition 2(h) of the Programme Conditions.
Regulatory Event	means that the value of assets in cover pools securing covered bonds issued by the Issuer exceeds 8 per cent., or such other percentage as is prescribed by the regulations made under the Australian Banking Act, of the value of the Issuer's assets in Australia for the purposes of Sections 28 and 31D(2) of the Australian Banking Act or such other event as determined by the Issuer and notified to the Covered Bond Guarantor and the Trust Manager.
Related Entity	has the meaning given to it in the Corporations Act.
Related Security	means in relation to a Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage and all other documents, matters and things related thereto and which constitute all or part of the security for the payment of all sums due in respect of the Mortgage Loan, including, for the avoidance of doubt, guarantees, security over life policies, and any replacement security for a Mortgage Loan that is transferred to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement, and with respect to any Related Security that constitutes an All Moneys Mortgage, the beneficial interest of the Covered Bond Guarantor in the Seller Trust declared in respect of that Mortgage.
Relevant Acquired Covered Bonds	means Covered Bonds which, having been purchased or otherwise acquired by the Covered Bond Guarantor, are cancelled in accordance with Condition 6(h) or Condition 6(i) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in the relevant Condition of the relevant N Covered Bond Conditions (if applicable).
Relevant Covered Bonds	means, together with any Relevant Acquired Covered Bonds, any Covered Bonds in respect of which the Covered Bond Guarantor makes, or there is made on its behalf, a payment under the Covered Bond Guarantee.
Relevant Date	means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Bond Trustee or the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 13 of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 7.1 of the relevant N Covered Bond Conditions (if applicable).
Relevant Financial Centre	has the meaning, in respect of: (a) "*Floating Rate Covered Bonds referencing a Term Rate*", given to it in Condition 4(b)(ii)(A) of the Programme Conditions;

For personal use only

(b) "*BKBM Determination for Floating Rate Covered Bonds*", given to it in Condition 4(b)(ii)(G) of the Programme Conditions.

Relevant Governmental Body has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.

Relevant Time means 11.00 a.m. (Brussels time, in the case of determination of EURIBOR or Hong Kong time, in the case of determination of HIBOR) or as at 12.00 p.m. (Oslo time, in the case of determination of NIBOR) or as specified in the Applicable Final Terms.

Representations and Warranties means the representations and warranties made by the Seller in relation to the Mortgage Loans and the Related Security set out in schedule 2 of the Mortgage Sale Agreement.

Required Current Principal Balance Amount has the meaning given to it in the section "*Overview of the Principal Documents – Establishment Deed – Method of Sale of Selected Mortgage Loans*" of this Prospectus.

Required Redemption Amount means, in respect of a Series of Covered Bonds, the amount calculated in accordance with the following formula:

$$A \, x \left(1 + \left(B \, x \, \frac{C}{365} \right) \right)$$

where,

A = the Principal Amount Outstanding of the relevant Series of Covered Bonds;

B = the Negative Carry Factor; and

C = days to maturity of the relevant Series of Covered Bonds.

Reserve Fund means the reserve fund that the Covered Bond Guarantor will be required to establish in the GIC Account which will be credited with the proceeds of Available Revenue Receipts or proceeds from the issue of the Intercompany Note up to an amount equal to the Reserve Fund Required Amount.

Reserve Fund Required Amount means:

(a) if, and for so long as, the Issuer's credit ratings are equal to or higher than the Moody's Specified Rating and the Fitch Specified Rating, nil or such other amount as the Issuer will direct the Covered Bond Guarantor from time to time; or

(b) if, and for so long as, the Issuer's credit ratings are less than the Moody's Specified Rating but are higher than or equal to the Fitch Specified Rating, an amount equal to the Australian Dollar Equivalent of amounts of: (i) in relation to each Series of Covered Bonds where a Covered Bond Swap is in place, the aggregate amounts due to each relevant Covered Bond Swap Provider in the immediately following month; and/or (ii) in relation to each Series of Covered Bonds where

For personal use only

a Covered Bond Swap is not in place, the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following month; and/ (iii) an amount equal to one quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (d), and if applicable (e), of the Pre-Acceleration Revenue Priority of Payments provided that in determining the amount of the Reserve Fund Required Amount where any amount in respect of the Covered Bonds or the Covered Bond Swaps is by reference to a floating rate, the rate will be at the then current floating rate as at the date on which the amount is calculated; or

(c) if, and for so long as, the Issuer's credit ratings are less than the Fitch Specified Rating but are equal to or higher than the Moody's Specified Rating, an amount equal to the Australian Dollar Equivalent of: (i) in relation to each Series of Covered Bonds where a Covered Bond Swap is in place and is provided by a party other than the Issuer (or a related party), the aggregate amounts due to each relevant Covered Bond Swap Provider in the immediately following three months; and/or (ii) in relation to each Series of Covered Bonds where a Covered Bond Swap is not in place and/or is provided by the Issuer (or a related party) or is guaranteed by a third party with an appropriate credit rating, the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following three months; and, the aggregate amount of interest due in respect of each such Series of Covered Bonds in the immediately following three months; and/ (b) an amount equal to one quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (d) and if applicable (e), of the Pre-Acceleration Revenue Priority of Payments provided that in determining the amount of the Reserve Fund Required Amount where any amount in respect of the Covered Bonds or the Covered Bond Swaps is by reference to a floating rate, the rate will be at the then-current floating rate as at the date on which the amount is calculated; or

(d) if, and for so long as, the Issuer's credit ratings are less than both the Moody's Specified Rating and the Fitch Specified Rating, the higher of the amounts determined in accordance with paragraphs (b) and (c) above.

Reserve Ledger means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement, to record the crediting of Mortgage Loan Revenue Receipts to the Reserve Fund and the debiting of such Reserve Fund in accordance with the terms of the Establishment Deed.

Residual Capital Unit means a Unit in the Trust which is designated as a "Residual Capital Unit" in the Instrument Register.

Residual Capital Unitholder means a person registered as the holder of a Residual Capital Unit in the Trust in the Instrument Register.

Residual Income Unit means the Unit in the Trust which is designated as the "Residual Income Unit" in the Instrument Register.

For personal use only

For personal use only

Residual Income Unitholder	means the person registered as the holder of the Residual Income Unit in the Trust in the Instrument Register.
Residual Income Unitholder Ledger	means the ledger of such name maintained by the Trust Manager in accordance with the Management Agreement.
Residual Redemption Amount	has the meaning given to it in Condition 6(c)(B) of the Programme Conditions.
Revenue Ledger	means the ledger of such name maintained by the Trust Manager pursuant to the Management Agreement to record credits and debits of Mortgage Loan Revenue Receipts and the other amounts described in paragraph (b) of the definition of Available Revenue Receipts in accordance with the terms of the Establishment Deed.
Rule 144A	means Rule 144A under the Securities Act.
Rule 144A Global Covered Bond	has the meaning given to it in Condition 2(h) of the Programme Conditions.
Sale Proceeds	means the cash proceeds realised from the sale of Selected Mortgage Loans and the Related Security.
Scheduled Balance	means, in relation to a Mortgage Loan, the amount that would be owing on that Mortgage Loan at the date of determination if the mortgagor had made prior to that date the minimum payments required on that Mortgage Loan.
Scheduled Interest	means an amount equal to the amount in respect of interest which would have been due and payable under the Covered Bonds on each Interest Payment Date as specified in Condition 4 of the Programme Conditions and Condition 6.2 of the N Covered Bond Conditions (but excluding any additional amounts relating to premiums, default interest or interest upon interest (**Excluded Scheduled Interest Amounts**) payable by the Issuer following service of an Issuer Acceleration Notice but including such amounts (whenever the same arose) following service of a Covered Bond Guarantee Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date or, if the Final Terms specified that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date), less any additional amounts the Issuer would be obliged to pay are as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 of the Programme Conditions or Condition 7 of the N Covered Bond Conditions.
Scheduled Payment Date	means in relation to payments under the Covered Bond Guarantee, each Interest Payment Date or the Final Maturity Date as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date.
Scheduled Principal	means an amount equal to the amount in respect of principal which would have been due and repayable under the Covered Bonds on each Interest Payment Date or the Final Maturity Date (as the case may be) as specified in

For personal use only

Condition 6(a) and Condition 6(e) of the Programme Conditions and Condition 4.1 of the N Covered Bond Conditions (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest (**Excluded Scheduled Principal Amounts**) payable by the Issuer following service of an Issuer Acceleration Notice but including such amounts (whenever the same arose) following service of a Covered Bond Guarantee Acceleration Notice) as if the Covered Bonds had not become due and repayable prior to their Final Maturity Date or, if the Final Terms specify that an Extended Due for Payment Date is applicable to the relevant Covered Bonds, as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date unless any additional amounts the issuer would be obliged to pay as a result of any gross-up due to any withholding or deduction made under the circumstances set out in Condition 7 of the Programme Conditions or Condition 7 of the N Covered Bond Conditions.

SEC means the United States Securities and Exchange Commission.

Secured Creditors means the Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Covered Bond Guarantor (in its own capacity), the Bond Trustee (in its own capacity and on behalf of the Covered Bondholders), the Covered Bondholders, the Couponholders, the Issuer, the Seller, the Servicer, the Intercompany Note Subscriber, each Intercompany Noteholder, the Demand Note Subscriber, each Demand Noteholder, the Account Bank, the Swap Providers, the Trust Manager, the Cover Pool Monitor, the Agents and any other person who becomes a Secured Creditor pursuant to the Security Deed, and each, a **Secured Creditor**.

Secured Obligations means all amounts (whether actual or contingent, present or future) which at any time for any reason or circumstance in connection with any Programme Document that relates to, or applies to, the Trust or the Security Deed or any transactions contemplated by any of them (insofar as such transactions relate to, or apply to, the Trust), whatsoever whether at law, in equity, under statute or otherwise:

(a) are payable, are owing but not currently payable, are contingently owing, or remain unpaid by the Covered Bond Guarantor to the Security Trustee on its own account or for the account of the Secured Creditors or to any Secured Creditor or to any Receiver;

(b) have been advanced or paid by the Security Trustee on its own account or for the account of the Secured Creditors or by any Secured Creditor:

(i) at the express request of the Covered Bond Guarantor; and

(ii) on behalf of the Covered Bond Guarantor;

(c) which the Security Trustee on its own account or for the account of the Secured Creditors or any Secured Creditor is liable to pay by reason of any act or omission of the Covered Bond Guarantor or has paid or advanced in the protection or maintenance of the Charged Property or the Security and the charge created by the Security Deed following an act or omission by the Covered Bond Guarantor; or

(d) are reasonably foreseeable as likely, after that time, to fall within any of paragraph (a), (b) or (c) above,

and references to Secured Obligations include references to any of them but exclude Liability Payments.

This definition applies:

(i) irrespective of the capacity in which the Covered Bond Guarantor, the Security Trustee or any Secured Creditor became entitled or is liable in respect of the amount concerned;

(ii) whether the Covered Bond Guarantor, the Security Trustee or any Secured Creditor is liable as principal debtor or surety or otherwise;

(iii) whether the Covered Bond Guarantor is liable alone or jointly, or jointly and severally with another person;

(iv) whether the Security Trustee or any Secured Creditor is the original obligee or an assignee or a transferee of the Secured Obligations and whether or not:

(A) the assignment or transfer took place before or after the delivery of the Security Deed; or

(B) the Covered Bond Guarantor consented to or was aware of the assignment or transfer; or

(C) the assigned or transferred obligation was secured; or

(v) whether the Security Trustee or any Secured Creditor is the original Security Trustee or an original Secured Creditor or an assignee or a transferee of the original Security Trustee or an original Secured Creditor, and whether or not the Covered Bond Guarantor consented to or was aware of the assignment or transfer.

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

Security means the Security Interests over the Charged Property granted pursuant to the Security Deed.

Security Deed means the security deed dated on 10 November 2011 (such security deed as amended and/or supplemented and/or restated from time to time) and made between, among others, the Covered Bond Guarantor, the Trust Manager and the Security Trustee.

Security Interest means any mortgage, security interest, charge, encumbrance, pledge, lien, hypothecation, assignment by way of security or other security interest or title retention arrangement and any agreement, trust or arrangement having substantially the same economic or financial effect as any of the foregoing (other than a lien arising in the ordinary course of business or by operation of law).

Security Trust means the trust formed under the Security Deed.

For personal use only

For personal use only

Security Trustee	means P.T. Limited (ABN 67 004 454 666), in its capacity as security trustee under the Establishment Deed and the Security Deed together with any additional security trustee appointed from time to time in accordance with the terms of the Security Deed.
Selected Mortgage Loan Extinguishment Notice	means a notice from the Covered Bond Guarantor served on the Seller offering to extinguish its interest in, or transfer, Selected Mortgage Loans and the Related Security in favour of, or to, the Seller.
Selected Mortgage Loans	means Mortgage Loans and the Related Security the Covered Bond Guarantor's interest in which is to be extinguished in favour of the Seller, or transferred to the Seller, pursuant to the terms of the Establishment Deed having in aggregate the Required Current Principal Balance Amount.
Selection Date	has the meaning given to it in Condition 6(c) of the Programme Conditions.
Seller	means nab in its capacity as seller pursuant to the Mortgage Sale Agreement.
Seller's Power of Attorney	has the meaning given to it in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Transfer of Title to the Mortgage Loans to the Covered Bond Guarantor*" in this Prospectus.
Seller Trust	has the meaning given to it in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller Trust*" of this Prospectus.
Seller Trust Assets	has the meaning given to it in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Seller Trust*" of this Prospectus.
Seller Trustee	means, in respect of a Seller Trust, the Covered Bond Guarantor as bare trustee of that Seller Trust.
Senior Demand Note Component	has the meaning given to it in the section "*Overview of the Principal Documents – Demand Note Subscription Agreement*" of this Prospectus.
Series	means (i) with respect to N Covered Bonds, each N Covered Bond made out in the name of a Specific N Covered Bondholder and (ii) in any other case, a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are: (a) expressed to be consolidated and form a single series; and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.
Series Reserved Matter	has the meaning given to it in Condition 14 of the Programme Conditions.
Servicer	means nab, or any other person from time to time appointed to perform the role of servicer under the Servicing Agreement.
Servicer Termination Event	has the meaning given to it in the section "*Overview of the Principal Documents – Servicing Agreement – Removal or resignation of the Servicer*" of this Prospectus.

Services	means the services which the Servicer agrees to provide in accordance with the Servicing Agreement.
Servicing Agreement	means the servicing agreement entered into on 11 November 2011, between the Covered Bond Guarantor, the Trust Manager, the Servicer and the Security Trustee, as amended, restated, supplemented, replaced or novated from time to time.
Servicing Procedures	means the guidelines relating to the servicing and collection procedures (including enforcement) as agreed by the Trust Manager, the Seller and the Servicer and provided to the Covered Bond Guarantor (as such guidelines may be amended by the Trust Manager and Servicer from time to time in accordance with the Servicing Agreement).
SOFR	has the meaning given to it in Condition 4(b)(ii)(B)(1) of the Programme Conditions.
$SOFR_i$	has the meaning given to it Condition 4(b)(ii)(B)(1) of the Programme Conditions.
SOFR Administrator	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.
SOFR Administrator's Website	has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.
$SOFR\ Index_{End}$	has the meaning given to it Condition 4(b)(ii)(B)(2) of the Programme Conditions.
$SOFR\ Index_{Start}$	has the meaning given to it Condition 4(b)(ii)(B)(2) of the Programme Conditions.
SONIA Compounded Index	has the meaning given to it in Condition 4(b)(ii)(C)(2) of the Programme Conditions.
$SONIA\ Compounded\ Index_{End}$	has the meaning given to it in Condition 4(b)(ii)(C)(2) of the Programme Conditions.
$SONIA\ Compounded\ Index_{Start}$	has the meaning given to it in Condition 4(b)(ii)(C)(2) of the Programme Conditions.
SONIA Compounded Index Rate	has the meaning given to it in Condition 4(b)(ii)(C)(2) of the Programme Conditions.
SONIA reference rate	has the meaning given to it in Condition 4(b)(ii)(C)(1) of the Programme Conditions.
Specified Currency	means, subject to any applicable legal or regulatory restrictions, Australian Dollars, Euro, Sterling, U.S. dollars, Yen, Swiss Franc and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Bond Trustee and specified in the Applicable Final Terms.

For personal use only

Specified Denomination means in respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds specified in the Applicable Final Terms.

Stock Exchange means the Luxembourg Stock Exchange or any other or further stock exchange(s) on which any Covered Bonds may from time to time be listed or admitted to trading and references to the relevant Stock Exchange will, in relation to any Covered Bonds, be references to the Stock Exchange on which such Covered Bonds are, from time to time, or are intended to be, listed or admitted to trading.

Subsidiary has the meaning given in the Corporations Act.

Substitute Servicer at any given time, means the entity then appointed as Servicer in accordance with the Servicing Agreement.

Substituted Debtor has the meaning given to it in Condition 14 of the Programme Conditions.

Substitution Assets means:

(a) Australian Dollar bank accepted bills and certificates of deposit held with a Qualified Institution, with a remaining period to maturity of 100 days or less, provided that such Qualified Institution accepted bills and certificates of deposit are not issued by nab and satisfy the requirements for eligible assets that may collateralise covered bonds in accordance with RBA repo eligibility requirements (if any);

(b) Australian Dollar at call deposits held with a Qualified Institution and convertible into cash within two AU Business Days;

(c) Australian Dollar denominated bonds, notes, debentures or other instruments issued or guaranteed by the Commonwealth of Australia or an Australian state or territory, provided that such investments have certain minimum long-term and short-term credit ratings which will be at least:

(i) for so long as Moody's is rating the Covered Bonds, A2 or P-1 for exposures maturing within 30 days, Aa3 and P-1 for exposures maturing between 30 days and 365 days and Aaa and P-1 for exposures maturing after 365 days; and

(ii) for so long as Fitch is rating the Covered Bonds, AA- or F1+ for exposures maturing within 365 days and AAA (or the highest credit rating of the Covered Bonds then on issue) for exposures maturing after 365 days; and

(d) any other asset of a kind prescribed in Section 31(1) of the Australian Banking Act or by regulations for the purposes of Section 31(1)(i) of the Australian Banking Act in respect of which the Issuer has issued a Rating Affirmation Notice.

sub-unit has the meaning given to it in Condition 4(a) of the Programme Conditions.

For personal use only

Successor Rate	has the meaning given to it in Condition 4(d)(vii) of the Programme Conditions.
Swap Agreement Credit Support Document	means a credit support document entered into between the Covered Bond Guarantor and a Swap Provider in the form of the ISDA 1995 Credit Support Annex (Bilateral Form – Transfer) published by ISDA.
Swap Agreements	means the Interest Rate Swap Agreement and the Covered Bond Swap Agreements, and each a **Swap Agreement**.
Swap Collateral	means, at any time, an amount of cash which is paid or transferred by a Swap Provider to the Covered Bond Guarantor as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such cash.
Swap Collateral Account Mandate	means the resolutions, instructions and signature authorities relating to the Swap Collateral Cash Accounts.
Swap Collateral Cash Account	means the account in the name of the Covered Bond Guarantor held with the Account Bank and maintained, subject to the terms of the Account Bank Agreement and the relevant Swap Agreement Credit Support Document, into which cash is deposited by a Swap Provider as collateral to secure the performance by such Swap Provider of its obligations under the relevant Swap Agreement.
Swap Collateral Excluded Amounts	means at any time, the amount of Swap Collateral which may not be applied under the terms of the relevant Swap Agreement at that time in satisfaction of the relevant Swap Provider's obligations to the Covered Bond Guarantor, including Swap Collateral, which is to be returned to the relevant Swap Provider from time to time in accordance with the terms of the Swap Agreements and, ultimately, upon termination of the relevant Swap Agreement.
Swap Master Agreement	means each agreement between the Covered Bond Guarantor, the Trust Manager, a Swap Provider and the Security Trustee governing Swaps entered into with such Swap Provider in the form of an ISDA 2002 Master Agreement, as published by ISDA, including the schedule thereto, and any relevant Swap Agreement Credit Support Document.
Swap Provider Default	means, in relation to a Swap Agreement, the occurrence of an Event of Default or Termination Event (each as defined in such Swap Agreement) where the relevant Swap Provider is the Defaulting Party or the sole Affected Party (as defined in such Swap Agreement), as applicable, other than a Swap Provider Downgrade Event.
Swap Provider Downgrade Event	means, in relation to a Swap Agreement, the occurrence of an Additional Termination Event (as defined in such Swap Agreement) following a failure by the relevant Swap Provider to comply with the requirements of the credit ratings downgrade provisions set out in such Swap Agreement.
Swap Providers	means the Interest Rate Swap Provider and the Covered Bond Swap Providers, and each a **Swap Provider**.

For personal use only

Swaps	means the Interest Rate Swap and the Covered Bond Swaps, and each a **Swap**.
T2	has the meaning given to it in Condition 4(b)(i) of the Programme Conditions and/or, in the case of an N Covered Bond, the meaning given to it in Condition 4.4 of the relevant N Covered Bond Conditions (if applicable).
Talons	means, if indicated in the Applicable Final Terms, talons for further Coupons on interest-bearing Bearer Definitive Covered Bonds.
Tax Act	means the Income *Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) as applicable.
Taxes	mean all present and future taxes, levies, imposts, duties, fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including income tax, corporation tax, GST or other tax in respect of added value, stamp duties, and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon and **Tax** or **Taxation** is to be construed accordingly.
Tax Authority	means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world including the Australian Taxation Office.
Tax Resident in Australia	means resident in Australia for the purposes of the Tax Act.
Temporary Bearer Global Covered Bond	means a temporary bearer global covered bond in the form or substantially in the form set out in Part 1 of schedule 2 to the Bond Trust Deed together with the copy of the Applicable Final Terms annexed thereto with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), comprising some or all of the Covered Bonds of the same series, issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the Bond Trust Deed.
Third Party Amounts	means any of the following amounts which are identified by the Seller and notified to the Trust Manager and Covered Bond Guarantor in respect of: (a) payments by a Borrower of any fees (including Early Repayment Charges) and other charges which are due to the Seller; and (b) any amount received from a Borrower for the express purpose of payment being made to a third party for the provision of a service (including giving insurance cover) to any of that Borrower or the Seller or the Covered Bond Guarantor, which amounts may be paid daily from moneys on deposit in the GIC Account. It does not, for the avoidance of doubt, include interest payable on the Mortgage Loans.
Title Documents	in respect of a Mortgage Loan, includes the original of:

For personal use only

(a) the certificate or other indicia of title (if any) in respect of the relevant Property;

(b) any valuation report obtained in connection with the Mortgage Loan;

(c) any deed of priority or similar document entered into in connection with that Mortgage Loan;

(d) the relevant Mortgage Conditions;

(e) all other documents required to evidence the interest of the lender of record in the relevant Property; or

(f) all other documents specified as such in the relevant New Mortgage Loan Portfolio Notice,

as applicable.

Title Penalty Payment in relation to a Mortgage Loan and Related Security means:

(a) any civil or criminal penalty incurred by the Covered Bond Guarantor in relation to a breach of Section 11A or Section 11B of the Land Title Act;

(b) any money ordered by a court or other judicial body to be paid by the Covered Bond Guarantor in relation to any claim against the Covered Bond Guarantor under Section 11A or Section 11B of the Land Title Act; or

(c) a payment by the Covered Bond Guarantor in settlement of a liability or alleged liability relating to a breach of Section 11A or Section 11B of the Land Title Act,

in each case, in respect of a Mortgage Loan and Related Security and includes any legal costs incurred by the Covered Bond Guarantor or which the Covered Bond Guarantor is ordered by a court or other judicial body to pay in connection with paragraphs (a) through (c) above.

Title Perfection Event has the meaning given to it in the section "*Overview of the Principal Documents – Mortgage Sale Agreement – Transfer of Title to the Mortgage Loans to the Covered Bond Guarantor*" of this Prospectus.

Total Demand Note Commitment means an amount as set out in the Demand Note Subscription Agreement, as may be increased or decreased from time to time in accordance with the Demand Note Subscription Agreement.

Total Intercompany Note Commitment means an amount as set out in the Intercompany Note Subscription Agreement, as may be increased or decreased from time to time in accordance with the Intercompany Note Subscription Agreement.

Tranche means Covered Bonds (other than N Covered Bonds) which are identical in all respects (including as to listing).

For personal use only

For personal use only

Transaction Accounts	means the accounts (other than the GIC Account) as may, for the time being, be in place with the prior consent of the Security Trustee and designated as such, and **Transaction Account** will denote any one of the Transaction Accounts.
Transaction Party	means any person who is a party to a Programme Document, and **Transaction Parties** means some or all of them.
Transfer Agent	means Deutsche Bank Trust Company Americas, or any other person from time to time appointed to perform the role of transfer agent under the Principal Agency Agreement.
Transfer Certificate	has the meaning given to it in Condition 2(f) of the Programme Conditions.
Transfer Date	means the date on which the Seller, subject to the fulfilment of certain conditions, sells a New Mortgage Loan Portfolio to the Covered Bond Guarantor in accordance with the Mortgage Sale Agreement.
Treaty	has the meaning given to it in Condition 5(j) of the Programme Conditions.
Trust	means the trust known as the "nab Covered Bond Trust" formed under the Establishment Deed.
Trust Accounts	means each of the Transaction Accounts, the GIC Account, the Swap Collateral Cash Account or any other applicable currency transaction account held by the Covered Bond Guarantor with the Account Bank.
Trust Corporation	means a corporation (as defined in the Law of Property Act 1925 (UK)) or a corporation entitled to act as trustee pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction.
Trust Management Services	has the meaning given to it in the Management Agreement.
Trust Manager	means nab, or any other person from time to time appointed to perform the role of trust manager under the Management Agreement.
Trust Manager Termination Event	means an occurrence of any of the following events: (a) the Trust Manager fails to make any payment it is required to make (including on behalf of the Covered Bond Guarantor) under the Management Agreement or any of the other Programme Documents and such failure is not remedied within a period of five AU Business Days after the date on which the Trust Manager is notified, or otherwise becomes aware, of the failure; (b) the Trust Manager fails to comply with any of its other obligations under the Management Agreement or any of the other Programme Documents, which the Security Trustee considers acting on the directions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) the Majority Secured Creditors, is materially prejudicial to the Covered Bondholders and such failure is not remedied or waived within a

For personal use only

period of 20 AU Business Days after the Trust Manager is notified, or otherwise becomes aware, of the failure; or

(c) an Insolvency Event occurs in relation to the Trust Manager.

Trust Payment Date means the 15th day of each calendar month or, if such day is not a Business Day, the next Business Day.

Trust Payment Period means the period from (and including) a Trust Payment Date (or the first Transfer Date in the case of the first Trust Payment Period) to (but excluding) the next Trust Payment Date.

Unadjusted Benchmark Replacement has the meaning given to it in Condition 4(b)(ii)(B)(5) of the Programme Conditions.

Unit means, in respect of the Trust, the Residual Income Unit and each Residual Capital Unit in that Trust.

Unitholder means each person registered as the holder of a Unit in the Trust in the Instrument Register.

Unlegended Covered Bonds means those of the Registered Covered Bonds which are not Legended Covered Bonds.

Unpaid Interest means, in relation to an Offset Mortgage Loan, the amount of interest which would, but for the offset arrangement in the Offset Mortgage Loan, have been payable in respect of the relevant Mortgage Loan on the relevant Scheduled Payment Date for such Mortgage Loan.

U.S.$ or **U.S. dollars** means the lawful currency for the time being of the United States of America.

U.S. Government Securities Business Day has the meaning given to it in Condition 4(b)(ii)(B)(1) of the Programme Conditions.

U.S. Paying Agent means Deutsche Bank Trust Company Americas or any other person from time to time appointed to perform the role of U.S. paying agent under the Principal Agency Agreement.

Vesting Date means, in relation to the Trust, the earliest of:

(a) the day preceding the eightieth anniversary of the date upon which the Trust was established;

(b) the date upon which the Trust terminates by operation of law or in accordance with the Establishment Deed; and

(c) following the occurrence of a Covered Bond Guarantor Event of Default, the date on which the Security Trustee has notified the Covered Bond Guarantor in writing that it has enforced the Security and has distributed all of the amounts which it is required to distribute under the Security Deed.

Written Resolution means a written resolution of Covered Bondholders passed as such under the terms of the Bond Trust Deed.

Yield Shortfall	has the meaning given to it in the section "*Overview of the Principal Documents – Servicing Agreement – Yield Shortfall Test*" of this Prospectus.
Yield Shortfall Test	has the meaning given to it in the section "*Overview of the Principal Documents – Servicing Agreement – Yield Shortfall Test*" of this Prospectus.
Zero Coupon Covered Bonds	means Covered Bonds which will be offered and sold at a discount to their nominal amount, and which will not bear interest.

For personal use only

For personal use only

ISSUER

National Australia Bank Limited (ABN 12 004 044 937)
Level 28
395 Bourke Street
Melbourne Victoria 3000
Australia

COVERED BOND GUARANTOR
Perpetual Corporate Trust Limited
Level 18
123 Pitt Street
Sydney NSW 2000
Australia

TRUST MANAGER
National Australia Bank Limited
Level 28
395 Bourke Street
Melbourne Victoria 3000
Australia

CO-ARRANGERS

National Australia Bank Limited
Level 6
2 Carrington Street
Sydney NSW 2000
Australia

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Germany

DEALERS

National Australia Bank Limited
The Scalpel
52 Lime Street
London EC3M 7AF
United Kingdom

nabSecurities, LLC
277 Park Avenue, 19th Floor
New York, New York 10172
United States

Deutsche Bank Aktiengesellschaft
Taunusanlage 12
60325 Frankfurt am Main
Germany

Barclays Bank PLC
1 Churchill Place
London E14 5HP
United Kingdom

Barclays Capital Inc.
745 Seventh Avenue
New York, New York 10019
United States

BNP Paribas
16, boulevard des Italiens
75009 Paris
France

Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013
United States

For personal use only

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Goldman Sachs & Co. LLC
200 West Street
New York, New York 10282
United States

Goldman Sachs International
Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

HSBC Continental Europe
38, avenue Kléber
75116 Paris
France

HSBC Securities (USA) Inc.
452 Fifth Avenue
New York, New York 10018
United States

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Lloyds Bank Corporate Markets plc
10 Gresham Street
London EC2V 7AE
United Kingdom

Lloyds Securities Inc.
1095 Avenue of the Americas
34th Floor
New York, NY 10036
United States

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

BofA Securities, Inc.
One Bryant Park
New York, New York 10036
United States

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Morgan Stanley & Co. LLC
1585 Broadway
New York, New York 10036
United States

NatWest Markets Plc
250 Bishopsgate
London EC2M 4AA
United Kingdom

NatWest Markets Securities Inc.
600 Washington Boulevard
Stamford
Connecticut 06901
United States

RBC Europe Limited
100 Bishopsgate
London EC2N 4AA
United Kingdom

RBC Capital Markets, LLC
Brookfield Place
200 Vesey Street
New York, New York 10281
United States

The Toronto-Dominion Bank
60 Threadneedle Street
London EC2R 8AP
United Kingdom

TD Securities (USA) LLC
One Vanderbilt Avenue, 11th Floor
New York, New York 10017
United States

UBS AG London Branch
5 Broadgate
London EC2M 2QS
United Kingdom

UBS Securities LLC
1285 Avenue of the Americas
New York, New York 10019
United States

SECURITY TRUSTEE
P.T. Limited
Level 18
123 Pitt Street
Sydney NSW 2000
Australia

BOND TRUSTEE
Deutsche Trustee Company Limited
21 Moorfields
London EC2Y 9DB
United Kingdom

LISTING AGENT
Deutsche Bank Luxembourg S.A.
2 Boulevard Konrad Adenauer
L-1115 Luxembourg

REGISTRAR, TRANSFER AGENT AND U.S. PAYING AGENT

Deutsche Bank Trust Company Americas
1 Columbus Circle, 17th Floor
New York, NY 10019
United States

A$ REGISTRAR

Austraclear Services Limited
20 Bridge Street
Sydney NSW 2000
Australia

N COVERED BOND PAYING AGENT AND N COVERED BOND REGISTRAR

Deutsche Bank AG
Taunusanlage 12, 60325,
Frankfurt am Main,
Germany

For personal use only

For personal use only

PRINCIPAL PAYING AGENT AND EXCHANGE AGENT

Deutsche Bank AG, London Branch
21 Moorfields
London EC2Y 9DB
United Kingdom

PRINCIPAL PAYING AGENT
In respect of certain Series of Covered Bonds where specified in the Applicable Final Terms

Deutsche Bank Trust Company Americas
1 Columbus Circle
17th Floor
New York, NY 10019
United States

COVER POOL MONITOR
Ernst & Young
Ernst & Young Building
8 Exhibition Street
Melbourne VIC 3000
Australia

LEGAL ADVISERS

To the Issuer as to English Law

Allen Overy Shearman Sterling LLP
One Bishops Square
London E1 6AD
United Kingdom

To the Issuer as to Australian law

Allen Overy Shearman Sterling
Level 25, 85 Castlereagh Street
Sydney NSW 2000
Australia

To the Issuer as to U.S. Law

Sullivan & Cromwell
Level 20, 101 Collins Street
Melbourne Victoria 3000
Australia

To the Covered Bond Guarantor and the Security Trustee as to Australian law

Ashurst Australia
Level 11
5 Martin Place
Sydney NSW 2000
Australia

To the Bond Trustee as to English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

To the Co-Arrangers as to English law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

To the Co-Arrangers as to U.S. Law

Linklaters LLP
1290 Avenue of The Americas
New York, New York 10104
United States

AUDITORS

Ernst & Young
Ernst & Young Building
8 Exhibition Street
Melbourne Victoria 3008
Australia

For personal use only

For personal use only

Disclaimer

The attachment to this disclaimer does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or in any other jurisdiction and neither the attachment, nor anything contained therein, shall form the basis of any contract or commitment. The attachment is being provided solely for information purposes to satisfy the requirements of the Australian Stock Exchange ("ASX") in connection with the proposed quotation on ASX of National Australia Bank Limited's ("NAB") U.S.$1,750,000,000 4.370% Covered Bonds due June 3, 2030 (the "Covered Bonds").

The Covered Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("U.S. Securities Act"), or with any securities regulatory authority of any state or other jurisdiction of the United States. Accordingly, the Covered Bonds may be offered or sold only in transactions that are exempt from, or not subject to registration under, the U.S. Securities Act and the securities laws of any other jurisdiction of the United States.

IMPORTANT: You must read the following before continuing. The following applies to the Information Memorandum, dated May 14, 2025 (the "Information Memorandum"), the accompanying Prospectus, dated November 13, 2024 (the "Prospectus") and the Final Terms of the Covered Bonds, dated as of May 27, 2025 (the "Final Terms") following this notice, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Information Memorandum, Prospectus or Final Terms. In accessing the Information Memorandum, Prospectus and Final Terms, you shall be deemed to have represented and confirmed that you understand and agree that the Covered Bonds have not been registered under the U.S. Securities Act and may be offered or sold only to (1) qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act or (2) persons who are not in the United States and are not U.S. persons (as defined in Regulation S under the U.S. Securities Act).

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Covered Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation (where **Prospectus Regulation** means Regulation (EU) No 2017/1129). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared, and, therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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

PROHIBITION OF SALES TO CONSUMERS IN BELGIUM – The Covered Bonds are not intended to be offered, sold or otherwise made available, and will not be offered, sold or otherwise made available, in Belgium to "consumers" (*consommateurs/consumenten*) within the meaning of the Belgian Code of Economic Law (*Code de droit économique/Wetboek van economisch recht*), as amended.

For personal use only

For personal use only

FINAL TERMS

As of May 27, 2025

National Australia Bank Limited (ABN 12 004 044 937)

Legal Entity Identifier (LEI): F8SB4JFBSYQFRQEH3Z21

Issue of U.S.$1,750,000,000 4.370% Covered Bonds due June 3, 2030
under the U.S.$40 billion nab Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments of interest and principal by
Perpetual Corporate Trust Limited
as trustee of the nab Covered Bond Trust and Covered Bond Guarantor

PART A—CONTRACTUAL TERMS

Terms used herein will be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Information Memorandum, dated May 14, 2025 (the **Information Memorandum**), and the accompanying Prospectus, dated November 13, 2024 (the **Prospectus**), which forms an integral part of the Information Memorandum. This document constitutes the Final Terms of the Covered Bonds described herein (the **Final Terms**) and must be read in conjunction with the Information Memorandum (including the documents incorporated by reference therein). If the information in these Final Terms is inconsistent with any information in the Information Memorandum, these Final Terms will apply and supersede such information.

1.	(a)	Issuer:	National Australia Bank Limited (ABN 12 004 044 937)
	(b)	Covered Bond Guarantor:	Perpetual Corporate Trust Limited (ABN 99 000 341 533), in its capacity as trustee of the nab Covered Bond Trust
	(c)	A$ Registrar:	Not Applicable
	(d)	Calculation Agent:	Not Applicable
2.	(a)	Series Number:	51
	(b)	Tranche Number:	1
	(c)	Date on which Covered Bonds will be consolidated and form a single Series: (As referred to under Condition 16)	Not Applicable
3.		Specified Currency or Currencies:	U.S.$

For personal use only

4.	Aggregate Nominal Amount of Covered Bonds admitted to trading:		
	(a)	Series:	U.S.$1,750,000,000
	(b)	Tranche:	U.S.$1,750,000,000
5.	Issue Price:		100% per cent. of the Aggregate Nominal Amount plus accrued interest, if any, from June 3, 2025
6.	(a)	Specified Denominations:	U.S.$250,000
	(As referred to under Condition 1)		Minimum denomination and integral multiples of U.S.$1,000 thereafter
	(b)	Calculation Amount (in relation to calculation of interest for Covered Bonds in global form or in the form of Registered Definitive Covered Bonds, see Conditions):	U.S.$1,000
7.	(a)	Trade Date:	May 27, 2025
	(b)	Issue Date:	June 3, 2025
	(c)	Interest Commencement Date:	Issue Date
	(d)	A$ Record Date:	Not Applicable
8.	Final Maturity Date:		June 3, 2030
9.	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:		The Interest Payment Date falling on or nearest to June 3, 2031 If the Final Redemption Amount is not paid in full on the Final Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Due for Payment Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Final Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Due for Payment Date

For personal use only

10.	Interest Basis: (As referred to under Condition 4)	4.370 per cent. per annum Fixed Rate in relation to the period from (and including) the Interest Commencement Date, to (but excluding) the Final Maturity Date Compounded Daily SOFR Formula plus the Margin in relation to the period from (and including) the Final Maturity Date to (but excluding) the earlier of: (i) the date on which the Covered Bonds are redeemed in full; and (ii) the Extended Due for Payment Date (see paragraphs 16 and 17 below)
11.	Redemption/Payment Basis: (As referred to under Condition 6)	100 per cent. of the nominal amount
12.	Change of Interest Basis or Redemption/Payment Basis: (As referred to under Conditions 4 and 6)	From Fixed to Floating (see paragraph 10 above)
13.	Put/Call Options: (As referred to under Conditions 6(c) and 6(d))	Not Applicable
14.	Date of Board approval for issuance of Covered Bonds obtained:	Not Applicable
15.	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Covered Bond Provisions: (As referred to under Condition 4(a))	Applicable from the Interest Commencement Date to the Final Maturity Date
	(a) Rate of Interest: (As referred to under Condition 4(a))	4.370 per cent. per annum payable semi-annually in arrear on each Interest Payment Date
	(b) Interest Payment Date(s):	June 3 and December 3 in each year from (and including) December 3, 2025 up to and (including) the Final Maturity Date, subject to adjustment in accordance with the Business Day Convention set out below (provided, however, that after the Final Maturity Date, the Interest Payment Dates shall be monthly in accordance with paragraph 17 below)

For personal use only

(c)	Fixed Coupon Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form or in the form of Registered Definitive Covered Bonds, see Conditions): (As referred to under Condition 4(a))	Condition 5.1 applies
(d)	Broken Amount(s) for Covered Bonds in definitive form (and in relation to Covered Bonds in global form or in the form of Registered Definitive Covered Bonds, see Conditions): (As referred to under Condition 4(a))	Not Applicable
(e)	Day Count Fraction: (As referred to under Condition 4(a))	30/360
(f)	Business Day Convention:	Following Business Day Convention
	(i) Adjusted:	Not Applicable
	(ii) Non-Adjusted:	Applicable
(g)	Additional Business Centres:	New York For the avoidance of doubt, in accordance with the Conditions, this Additional Business Centre is in addition to Sydney and London.
(h)	Determination Date(s): (As referred to under Condition 4(a))	Not Applicable
17.	Floating Rate Covered Bond Provisions: (As referred to under Condition 4(b))	Applicable from the Final Maturity Date to the Extended Due for Payment Date
(a)	Specified Period(s)/Specified Interest Payment Dates: (As referred to under Condition 4(b))	The period from (and including) each Specified Interest Payment Date up to (but excluding) the next following Specified Interest Payment Date provided that the first Specified Period shall be from (and including) the Final Maturity Date to (but excluding) the next following Specified Interest Payment Date, subject to adjustment in accordance with the Business Day Convention set out in paragraph (b) below

For personal use only

		The Specified Interest Payment Dates are the 3rd calendar day of each month from (but excluding) the Final Maturity Date to (and including) the earlier of: (i) the date on which the Covered Bonds are redeemed in full; and (ii) the Extended Due for Payment Date, in each case subject to adjustment in accordance with the Business Day Convention set out in paragraph (b) below
(b)	Business Day Convention: (As referred to under Condition 4(b))	Modified Following Business Day Convention
(c)	Additional Business Centre: (As referred to under Condition 4(b))	New York For the avoidance of doubt, in accordance with the Conditions, this Additional Business Centre is in addition to Sydney and London
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined: (As referred to under Condition 4(b))	Screen Rate Determination – SOFR
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent): (As referred to under Condition 4(b))	Not Applicable
(f)	Screen Rate Determination:	Applicable – SOFR
	(i) Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: SOFR Relevant Time: Not Applicable Relevant Financial Centre: Not Applicable
	(ii) Interest Determination Date(s): (As referred to under Condition 4(b))	The day falling two U.S. Government Securities Business Days prior to each Interest Payment Date
	(iii) Relevant Screen Page:	Not Applicable
	(iv) SOFR Provisions:	Applicable
	(A) Calculation Method:	Compounded Daily SOFR Formula

For personal use only

	(B) Observation Method:	Observation Shift
	(C) Lookback Period (*p*):	Not Applicable
	(D) Observation Shift Period:	Two U.S. Government Securities Business Days
	(E) Relevant Number:	Not Applicable
	(v) SONIA Provisions:	Not Applicable
	(vi) CORRA Provisions:	Not Applicable
	(vii) €STR Provisions:	Not Applicable
(g)	BBSW Determination:	Not Applicable
(h)	BKBM Determination:	Not Applicable
(i)	Linear Interpolation:	Not Applicable
(j)	Margin: (As referred to under Condition 4(b))	+ 0.71 per cent. per annum
(k)	Minimum Rate of Interest: (As referred to under Condition 4(b))	Not Applicable
(l)	Maximum Rate of Interest: (As referred to under Condition 4(b))	Not Applicable
(m)	Day Count Fraction: (As referred to under Condition 4(b))	Actual/360
(n)	Interest Amounts Non-Adjusted:	Not Applicable
(o)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions:	Not Applicable

18.	Zero Coupon Covered Bond Provisions: (As referred to under Condition 6(f)(iii))	Not Applicable

PROVISIONS RELATING TO REDEMPTION

19.	Notice periods for Condition 6(b) (Redemption for taxation reasons) or Condition 6(e) (Redemption due to illegality):	Minimum Period: 30 days Maximum Period: 60 days
20.	Issuer Call:	Not Applicable
21.	Issuer Clean-Up Call:	Not Applicable
22.	Investor Put: (As referred to under Condition 6(d))	Not Applicable
23.	Final Redemption Amount: (As referred to under Condition 6(a))	U.S.$1,000 per Calculation Amount
24.	Early Redemption Amount payable on redemption for taxation reasons or illegality of the Intercompany Note Subscription Agreement or the Demand Note Subscription Agreement or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(f)): (As referred to under Condition 6(f))	Condition 6(f) is applicable

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

25.	Principal Paying Agent (if not Deutsche Bank AG, London Branch):	Not Applicable
26.	Tax gross-up by Issuer in accordance with Condition 7:	Not Applicable If any payments of principal and interest (if any) in respect of the Covered Bonds and Coupons by or on behalf of the Issuer are or become subject to any withholding or deduction, on account of any taxes, duties or other charges of whatever nature, imposed or levied by or on behalf of Australia or by any other authority having power to tax, the Issuer will not be obliged to pay any additional

For personal use only

For personal use only

		amount as a consequence. For the avoidance of doubt, any amounts to be paid on the Covered Bonds will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and no additional amounts will be required to be paid on account of any such deduction or withholding.
27.	Form of Covered Bonds:	Registered Covered Bonds: Rule 144A Global Covered Bond registered in the name of a nominee for DTC/Regulation S Global Covered Bond registered in the name of a nominee for DTC
28.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	New York For the avoidance of doubt, in accordance with the Conditions, this Additional Financial Centre is in addition to Sydney and London
29.	Talons for future Coupons to be attached to Definitive Bearer Covered Bonds:	Not Applicable
30.	Additional U.S. Federal Tax Considerations:	Not Applicable
31.	Additional final terms:	Not Applicable