Westpac Banking Corporation

(ABN 33 007 457 141)

U.S.$40 billion
Global Covered Bond Programme
unconditionally and irrevocably guaranteed as to payments of interest and principal by
BNY Trust Company of Australia Limited *(ABN 49 050 294 052)* **as trustee of the**

Westpac Covered Bond Trust

(ABN 41 372 138 093)

Under this U.S.$40 billion global covered bond programme (the **Programme**), Westpac Banking Corporation, acting through its head office in Sydney or a branch outside Australia (the **Issuer** or **WBC**), 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).

BNY Trust Company of Australia Limited, in its capacity as trustee of the Westpac Covered Bond Trust (the **CB Guarantor**), has guaranteed payments of interest and principal under the Covered Bonds pursuant to the Covered Bond Guarantee (as defined below) which is secured over the Portfolio (as defined below) and the other assets of the Westpac Covered Bond Trust. Recourse against the CB Guarantor under the Covered Bond Guarantee is limited to the Portfolio and the other assets of the Westpac Covered Bond Trust.

The 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 as described in the Programme Agreement described herein), subject to increase as described herein.

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

Application has been made to the Financial Conduct Authority (the **FCA**) in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended (the **FSMA**), for Covered Bonds issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the official list of the FCA (the **Official List**) and an application has been made to the London Stock Exchange plc (the **London Stock Exchange**) for such Covered Bonds to be admitted to trading on the London Stock Exchange's Regulated Market.

References in this Prospectus to Covered Bonds being listed (and all related references) shall mean that such Covered Bonds have been admitted to trading on the London Stock Exchange's Regulated Market and have been admitted to the Official List. The London Stock Exchange's Regulated Market is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments.

Information contained in this Prospectus regarding N Covered Bonds, Australian Domestic Covered Bonds and any pricing supplement documents relating thereto shall not be deemed to form part of this Prospectus and the FCA has neither approved nor reviewed information contained in this Prospectus in connection with the offering and sale of N Covered Bonds or Australian Domestic Covered Bonds, or in any pricing supplement documents relating thereto, which, for the avoidance of doubt, shall not be deemed to form part of this Prospectus.

For the purposes of the Covered Bonds, this Prospectus shall be valid for a period of 12 months from its date of approval other than in circumstances where an exemption is available under Article 1(4) and/or Article 3(3) of the Prospectus Regulation.

The price and amount of Covered Bonds to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions. 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 Tranche (as defined under either *International Terms and Conditions of the Covered Bonds (other than the Australian Domestic Covered Bonds)* or *Australian Terms and Conditions of the Australian Domestic Covered Bonds*, as indicated as being applicable in respect of the relevant Tranche) of Covered Bonds will be set out in a separate document containing the final terms for that Tranche (the **Final Terms**) which, with respect to Covered Bonds to be listed on the London Stock Exchange, will be delivered to the FCA and the London Stock Exchange on or before the date of issue of such Tranche of Covered Bonds.

See *Risk Factors* for a discussion of certain factors to be considered in connection with an investment in the Covered Bonds.

The Covered Bonds and the Covered Bond Guarantee have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or the securities laws of any state of the United States or the securities laws of any other jurisdiction. The Covered Bonds and the Covered Bond Guarantee are being offered and sold without registration under the Securities Act to: (i) "qualified institutional buyers" (**QIBs**) as defined in Rule 144A under the Securities Act (**Rule 144A**) in reliance upon the exemptions provided by Section 4(a)(2) of, and Rule 144A under, the Securities Act or (ii) non-U.S. persons in offshore transactions in reliance upon Regulation S under the Securities Act (**Regulation S**). See *Form of the Covered Bonds*. Registered Covered Bonds (as defined below) are subject to certain restrictions on transfer: see *Subscription and Sale and Transfer and Selling Restrictions*.

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

Amounts payable under the Covered Bonds may be calculated by reference to one of the London inter-bank offered rate (**LIBOR**), the Euro-zone inter-bank offered rate (**EURIBOR**), the Singapore inter-bank offered rate (**SIBOR**), the Hong Kong inter-bank offered rate (**HIBOR**), the Sterling Overnight Index Average (**SONIA**), the Secured Overnight Finance Rate (**SOFR**), the Canadian dollar offered rate (**CDOR**), the Australian Bank Bill Swap Rate (**BBSW**) or the New Zealand Bank Bill Benchmark rate (**BKBM**), as specified in the relevant Final Terms. As at the date of this Prospectus, the administrator of LIBOR (ICE Benchmark Administration Limited), the administrator of EURIBOR (the European Money Markets Institute) and the administrator of CDOR (Thomson Reuters Benchmark Services Limited) appear on the register of administrators and benchmarks (the **Register**) established by the European Securities and Markets Authority (**ESMA**) under Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the **BMR**). As at the date of this Prospectus, the administrator of SIBOR (ABS Benchmarks Administration Co Pte Ltd), the administrator of HIBOR (the Hong Kong Associations of Banks), the administrator of SONIA (the Bank of England), the administrator of SOFR (the Federal Reserve Bank of New York), the administrator of BBSW (the Australian Securities Exchange) and the administrator of BKBM (the New Zealand Financial Markets Association) do not appear on the Register. As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that the administrators of SIBOR, HIBOR, SONIA, SOFR, BBSW and BKBM are not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

The Covered Bonds issued under the Programme are expected on issue to be assigned an "AAA" rating by Fitch Australia Pty Ltd (**Fitch**) and an "Aaa" rating by Moody's Investors Service Limited (**Moody's**), to the extent each such agency is a Rating Agency (as defined below) at the time of the issue 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 organisation. Moody's is established in the European Union and is registered under Regulation (EU) No. 1060/2009, as amended (the **CRA Regulation**). Fitch Australia Pty Ltd is not established in the European Union and has not applied for registration under the CRA Regulation. However, the credit ratings of Fitch are endorsed on an ongoing basis by Fitch Ratings Limited pursuant to and in accordance with the CRA Regulation. References in this Prospectus to Fitch shall be construed accordingly.

The rating of certain Series (as defined below) of Covered Bonds to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Covered Bonds will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended).

Arrangers for the Programme

BARCLAYS

WESTPAC BANKING CORPORATION

Dealers

BARCLAYS	BNP PARIBAS	BOFA SECURITIES
CITIGROUP	CREDIT SUISSE	DEUTSCHE BANK
HSBC	J.P. MORGAN	MORGAN STANLEY
NOMURA	RBC CAPITAL MARKETS	TD SECURITIES
UBS INVESTMENT BANK	WESTPAC BANKING CORPORATION	WESTPAC EUROPE LIMITED

The date of this Prospectus is 11 November 2019.

This prospectus (the **Prospectus**) has been approved as a base prospectus by the FCA, as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the CB Guarantor or of the quality of the Covered Bonds that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Covered Bonds. This Prospectus is not a prospectus for the purposes of Section 12(a)(2) of the Securities Act or any other provision or order under the Securities Act.

The Issuer accepts responsibility for the information contained in this Prospectus and the Final Terms for each Tranche of Covered Bonds issued under the Programme. To the best of the knowledge and belief of the Issuer, the information contained in this Prospectus is in accordance with the facts and this Prospectus does not omit anything likely to affect the import of such information.

The CB Guarantor (in its capacity as trustee of the Westpac Covered Bond Trust) only accepts responsibility for the following sections of this Prospectus:

(a) the financial statements referred to in paragraph 3 of the section entitled *Documents Incorporated by Reference*;

(b) the first paragraph of the section entitled *Structure Overview – Structure Overview – Covered Bond Guarantee*;

(c) the section *Overview of the Programme – Covered Bond Guarantee*;

(d) Condition 4.2 (*Status of the Covered Bond Guarantee*) in the sections *International Terms and Conditions of the Covered Bonds (other than the N Covered Bonds and the Australian Domestic Covered Bonds)* and *Australian Terms and Conditions of the Australian Domestic Covered Bonds* (in each case excluding the last two paragraphs thereof);

(e) the section entitled *Westpac Covered Bond Trust*;

(f) the section entitled *Overview of the Principal Documents – Guarantee Deed Poll*;

(g) the following sub-sections under the heading *General Information*;

  (i) paragraph (c) under *Documents Available*;

  (ii) the third and fourth paragraphs under *Significant or material change*;

  (iii) the second paragraph under *Litigation*; and

  (iv) the second paragraph under *Independent auditors*,

(together the **Relevant CB Guarantor Information**). To the best of the knowledge and belief of the CB Guarantor, the Relevant CB Guarantor Information contained in this Prospectus is in accordance with the facts and the Relevant CB Guarantor Information contained in this Prospectus does not omit anything likely to affect the import of such information.

Copies of each Final Terms (in the case of Covered Bonds to be admitted to the Official List) will be available from the London offices of the Issuer at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom and from the specified office of each of the Paying Agents (as defined below). Final Terms relating to the Covered Bonds which are admitted to trading on the London Stock Exchange's Regulated Market will be available for inspection on the website of the Regulatory News Service operated

by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see the section entitled *Documents Incorporated by Reference* below). This Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus approved by the FCA for the purpose of the Prospectus Directive.

The information contained in this Prospectus was obtained from the Issuer and (in respect of the Relevant CB Guarantor Information only) the CB Guarantor and no assurance can be given by the Arrangers, the Dealers, the Agents (as defined below), the Bond Trustee or the Security Trustee (as defined below) or (other than in respect of the Relevant CB Guarantor Information only) the CB Guarantor as to the accuracy or completeness of this information. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arrangers, the Dealers, the Agents, the Bond Trustee or the Security Trustee as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer and (in respect of the Relevant CB Guarantor Information only) the CB Guarantor in connection with the Programme. None of the Arrangers, the Dealers, the Agents, the Bond Trustee or the Security Trustee or (other than in respect of the Relevant CB Guarantor Information) the CB Guarantor accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer and (in respect of the Relevant CB Guarantor Information) the CB Guarantor in connection with the Programme.

Third party information contained or incorporated by reference in this Prospectus is accurately reproduced and, as far as the Issuer and (in respect of the Relevant CB Guarantor Information only) the CB Guarantor are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render any reproduced information inaccurate or misleading. Where such information has been provided, the source of that information is stated.

The only persons authorised to use this Prospectus in connection with an offer of Covered Bonds are the persons named in the applicable Final Terms as the relevant Dealers.

No person is or has been authorised by the Issuer, the CB Guarantor, the Arrangers, the Dealers, the Agents, the Bond Trustee or the Security Trustee to give any information or to make any representation not contained in or not consistent with the information contained or incorporated by reference in this Prospectus or any other information supplied in connection with the Programme or the Covered Bonds and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the CB Guarantor, the Arrangers, the Dealers, the Agents, the Bond Trustee or the Security Trustee.

Neither the information contained or incorporated by reference in 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 or a statement of opinion (or a report of either of those things) by the Issuer, the CB Guarantor, the Arrangers, the Dealers, the Agents, the Bond Trustee or the Security Trustee 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. In making an investment decision, investors must rely on their own examination of the Issuer and the CB Guarantor (including in respect of the Westpac Covered Bond Trust) and the terms of the Covered Bonds being offered, including the merits and risks involved. Accordingly, investors contemplating purchasing any Covered Bonds should make their own independent investigation of the financial condition and affairs, and their own appraisal of the creditworthiness, of the Issuer and the CB Guarantor (including in respect of the Westpac Covered Bond Trust). Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Covered Bonds constitutes an offer or invitation by or on behalf of the Issuer, the CB Guarantor, the Arrangers, the Dealers, the Agents, the Bond Trustee or the Security Trustee to any person to subscribe for or to purchase any Covered Bonds.

Neither the delivery of this Prospectus nor the offer, sale or delivery of any Covered Bonds shall in any circumstances imply that the information contained or incorporated by reference herein concerning the Issuer, the CB Guarantor, the Bond Trustee, the Agents, the Westpac Covered Bond Trust or the Portfolio is correct at any time subsequent to the date of the document in which it appears 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 in which it appears. The Arrangers, the Dealers, the Agents, the Bond Trustee, the CB Guarantor and the Security Trustee expressly do not undertake to review the financial condition or affairs of the Issuer, and the Arrangers, the Dealers, the Agents, the Bond Trustee and the Security Trustee expressly do not undertake to review the financial condition or affairs of the CB Guarantor and the Westpac Covered Bond Trust or its assets, during the life of the Programme or to advise any investor in the Covered Bonds of any information coming to their attention. Further the CB Guarantor expressly does not undertake to review the financial condition or affairs of the Westpac Covered Bond Trust during the life of the Programme or to advise any investor in the Covered Bonds of any information concerning the Westpac Covered Bond Trust coming to its attention, except as required of it in the Transaction Documents or under applicable Law and as summarised herein or in any supplement hereto.

As set forth in the applicable Final Terms, the Covered Bonds are being offered and sold (a) in reliance on Rule 144A to QIBs and/or (b) in reliance upon Regulation S to non-U.S. persons in offshore transactions (each as defined in Regulation S). 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. See *Subscription and Sale and Transfer and Selling Restrictions* herein.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Covered Bonds in any jurisdiction where, or to any person to whom, it is unlawful to make the offer or solicitation. The distribution of this Prospectus and the offer or sale of Covered Bonds may be restricted by law in certain jurisdictions. The Issuer, the CB Guarantor, the Arrangers, the Dealers, the Agents, the Bond Trustee and the Security Trustee do not represent that this Prospectus may be lawfully distributed, or that any Covered Bonds may be lawfully offered or sold, 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, offering or sale. In particular, no action has been taken by the Issuer, the CB Guarantor, the Arrangers, the Dealers, the Agents, the Bond Trustee or the Security Trustee which would permit a public offering of any Covered Bonds outside the European Economic Area or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Covered Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Covered Bonds may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Covered Bonds. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Covered Bonds in Australia, New Zealand, the United States, the European Economic Area (including the United Kingdom, the Netherlands, the Republic of Italy and the Republic of France), Japan, Singapore, Switzerland and Hong Kong: see *Subscription and Sale and Transfer and Selling Restrictions*. This Prospectus has been prepared on the basis that any offer of Covered Bonds in any Member State of the European Economic Area will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly any person making or intending to make an offer in a Member State of Covered Bonds which are the subject of an offering contemplated in this Prospectus as completed by a Final Terms in relation to the offer of those Covered Bonds may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do any of them authorise, the making of any offer of Covered Bonds in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

This Prospectus has not been submitted for clearance to the *Autorité des marchés financiers* in France.

In connection with the issue of any Tranche of Covered Bonds, the Dealer or Dealers (if any) disclosed as the stabilising manager(s) (the **Stabilising Manager(s)**) in the applicable Final Terms or any person acting for it or them may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds of the Series of which such Tranche forms part at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date (as defined below) of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the relevant Tranche of Covered Bonds. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

None of the Issuer, the CB Guarantor, the Arrangers, the Dealers, the Agents, the Bond Trustee or the Security Trustee 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.

The Westpac Covered Bond Trust is not relying on Section 3(c)(1) or 3(c)(7) for an exclusion or exemption from the definition of "investment company" under the U.S. Investment Company Act of 1940, as amended, and accordingly the Westpac Covered Bond Trust is not, as of the date hereof, a "covered fund" for purposes of Section 13 of the U.S. Bank Holding Company Act, which together with the implementing regulations thereunder are known as the Volcker Rule.

AUSTRALIAN BANKING LEGISLATION

The Issuer is an "authorised deposit-taking institution" (**ADI**) as that term is defined under the Banking Act 1959 of the Commonwealth of Australia (**Banking Act**). Under sections 13A(3) and 16(2) of the Banking Act and section 86 of the Reserve Bank Act 1959 of the Commonwealth of Australia (**Reserve Bank Act**), certain debts of the Issuer are preferred by law, as described below.

Section 13A(3) of the Banking Act provides that, in the event an ADI becomes unable to meet its obligations or suspends payment, the ADI's assets in Australia are available to meet specified liabilities of the ADI in priority to all other liabilities of the ADI (including, in the case of the Issuer, the Covered Bonds). For the purposes of section 13A(3) of the Banking Act:

(a) the assets of the ADI do not include any interest in an asset (or part of an asset) in a cover pool (as defined in the Banking Act); and

(b) the specified liabilities include certain obligations of the ADI to the Australian Prudential Regulation Authority (**APRA**) in respect of amounts payable by APRA to holders of protected accounts, other liabilities of the ADI in Australia in relation to protected accounts, debts to the Reserve Bank of Australia (**RBA**) and certain other debts to APRA. A "protected account" is either (a) an account where the ADI is required to pay the account-holder (as defined in the Banking Act), on demand or at an agreed time, the net credit balance of the account, or (b) another account or financial product prescribed by regulation.

Covered Bonds do not constitute protected accounts or deposit liabilities for the purposes of the Banking Act.

Under section 16(2) of the Banking Act, certain other debts of a body corporate due to APRA shall in a winding-up of the body corporate have, subject to section 13A(3) of the Banking Act, priority over all other unsecured debts of the body corporate. Further, section 86 of the Reserve Bank Act provides that in a winding-up of an ADI, debts due by the ADI to the RBA shall, subject to section 13A(3) of the Banking Act, have priority over all other debts of the ADI.

The liabilities which are preferred by law to the claim of a holder in respect of a Covered Bond against the Issuer will be substantial and the Conditions do not limit the amount of such liabilities which may be incurred or assumed by the Issuer.

The provisions of the Banking Act referred to in the preceding paragraphs:

(a) do not apply to the obligations of the CB Guarantor under the Covered Bond Guarantee as described in Condition 4.2 (*Status of the Covered Bond Guarantee*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions, or the claim of the Bond Trustee or a holder in respect of a Covered Bond against the CB Guarantor; and

(b) do not preclude the Bond Trustee exercising any rights or powers in relation to the Covered Bonds to the extent necessary to enable it to make a call under the Covered Bond Guarantee in accordance with the provisions of the Guarantee Deed Poll.

See *Structure Overview – Background and Australian legislative framework* below for more information.

NOTICE TO HONG KONG INVESTORS

The contents of this Prospectus have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

NOTICE TO SINGAPORE INVESTORS

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore – Unless otherwise stated in the Final Terms in respect of any Covered Bonds, all Covered Bonds issued or to be issued under the Programme shall be capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IMPORTANT - EEA 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 European Economic Area (**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. 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.

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

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

U.S. INFORMATION

THE COVERED BONDS AND THE COVERED BOND GUARANTEE OFFERED HEREBY HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE **SEC**) OR THE SECURITIES AUTHORITY OF ANY OTHER JURISDICTION. NEITHER THE SEC NOR THE SECURITIES AUTHORITY OF ANY OTHER JURISDICTION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS OR ANY SUPPLEMENT HERETO. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE. THE COVERED BONDS AND THE COVERED BOND GUARANTEE ARE BEING OFFERED AND SOLD TO QUALIFIED INSTITUTIONAL BUYERS WITHIN THE MEANING OF, AND IN RELIANCE UPON, THE EXEMPTION PROVIDED BY SECTION 4(A)(2) OF, AND RULE 144A UNDER, THE SECURITIES ACT AND TO CERTAIN PERSONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

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

In making an investment decision, investors must rely on their own examination of the Issuer, the CB Guarantor, the Westpac Covered Bond Trust and the Portfolio and the terms of the Covered Bonds being offered, including the merits and risks involved.

This Prospectus may be distributed on a confidential basis in the United States to a limited number of QIBs (as defined above) for informational use solely in connection with the consideration of the purchase of the Covered Bonds being offered hereby. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally distributed. This Prospectus has been prepared solely for use in connection with the offer of the Covered Bonds to QIBs under Rule 144A and to certain persons pursuant to Regulation S. The recipient of this Prospectus agrees that it will hold the information contained in this Prospectus and the transaction contemplated hereby in confidence. The recipient may not distribute this Prospectus to any person, other than a person retained to advise such recipient in connection with the purchase of the Covered Bonds. Notwithstanding anything to the contrary contained herein, each prospective investor (and each employee, representative or other agent of each prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and U.S. federal income tax structure (as such terms are used in Sections 6011, 6111 and 6112 of the Code and the Treasury Regulations promulgated thereunder) of the offering of the Covered Bonds and all materials of any kind (including opinions or other tax analyses) that are provided relating to such tax treatment and tax structure.

Registered Covered Bonds may be offered or sold within the United States or to U.S. persons only to QIBs in transactions exempt from registration under the Securities Act in reliance on Rule 144A or pursuant to any other exemption from, or in a transaction not subject to, the registration requirements of 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. 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.

Each purchaser or holder of Covered Bonds represented by a Rule 144A Global Covered Bond, or any Covered Bond issued in registered form in exchange or substitution therefor, will be deemed by its

acceptance or purchase of any such Covered Bond 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*.

AVAILABLE INFORMATION

While any Covered Bonds remain outstanding, the Issuer will, during any period in which it is not subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any QIB who holds any Covered Bond and any prospective purchaser of a Covered Bond who is a QIB designated by such holder of such Covered Bond, upon the request of such holder or prospective purchaser, the information concerning the Issuer and CB Guarantor required to be provided to such holder or prospective purchaser by Rule 144A(d)(4) under the Securities Act.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of the Offshore Agency Agreement. Written requests should be addressed to Westpac Banking Corporation, Level 2, Westpac Place, 275 Kent Street, Sydney, New South Wales 2000, Australia, Attention: Head of Global Funding.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a company incorporated in Australia under the Corporations Act 2001 of Australia (the **Corporations Act**) and registered in New South Wales, having its registered office at Level 18, Westpac Place, 275 Kent Street, Sydney, New South Wales 2000, Australia. The CB Guarantor is established in Australia under the Corporations Act and registered in New South Wales with its principal address at Level 2, 1 Bligh Street, Sydney, NSW 2000. In order to enforce a final, unsatisfied and conclusive judgment for the payment of a fixed or readily calculable sum of money rendered by any New York State or United States federal court having jurisdiction under its own domestic laws, and within whose jurisdiction the Issuer or the CB Guarantor, as the case may be, was carrying on business at the time of commencement of the proceedings in which such judgment was rendered, with respect to any liability of the Issuer or the CB Guarantor, as the case may be, with respect to the Covered Bonds, it is necessary for the judgment creditor to bring separate proceedings as a new cause of action based on such judgment in the courts of competent jurisdiction of New South Wales or Australia against the Issuer or the CB Guarantor, as the case may be. Those courts could reasonably be expected in the circumstances to give conclusive effect to such judgment for the purpose of the proceedings. Please see *Overview of the Programme – Governing Law* and *Overview of the Programme – Limited right of Covered Bondholders to bring direct action against the Issuer* below.

All of the directors and executive officers of the Issuer and the CB Guarantor, and the independent accountants named herein, reside outside the United States. Substantially all or a substantial portion of the assets of all or many of such persons are located outside the United States. As a result, it may not be possible for holders of Covered Bonds to effect service of process within the United States upon such persons. In addition, it may not be possible for holders of the Covered Bonds to enforce against such persons judgments obtained in United States courts predicated upon the civil liability provisions of federal securities laws of the United States. The Issuer has been advised by its Australian counsel, King & Wood Mallesons, and the CB Guarantor has been advised by its Australian counsel, Clayton Utz, that there is doubt as to the enforceability in Australia, in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities predicated solely upon the federal or state securities laws of the United States.

FORWARD-LOOKING STATEMENTS

This Prospectus contains or incorporates by reference statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act.

Forward-looking statements are statements about matters that are not historical facts. Forward-looking statements appear in a number of places in this Prospectus and the information incorporated by reference herein and include statements regarding the Issuer's intent, belief or current expectations with respect to its business and operations, market conditions, results of operations and financial condition, including, without limitation, future loan loss provisions and financial support to certain borrowers or the CB Guarantor. Words such as "will", "may", "expect", "intend", "seek", "would", "should", "could", "continue", "plan", "estimate", "anticipate", "believe", "probability", "risk", "aim" or other similar words are used to identify forward-looking statements. These forward-looking statements reflect the Issuer's current views with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond the Issuer's control, and have been made based upon management's expectations and beliefs concerning future developments and their potential effect upon the Issuer. There can be no assurance that future developments will be in accordance with the Issuer's expectations or that the effect of future developments on the Issuer will be those anticipated. Actual results could differ materially from those expected, depending on the outcome of various factors, including, but not limited to:

- the effect of, and changes in, laws, regulations, taxation or accounting standards or practices and government policy, particularly changes to liquidity, leverage and capital requirements;
- regulatory investigations, litigation, fines, penalties, restrictions or other regulator imposed conditions;
- the stability of Australian and international financial systems and disruptions to financial markets and any losses or business impacts the Issuer or its customers or counterparties may experience as a result;
- market volatility, including uncertain conditions in funding, equity and asset markets;
- adverse asset, credit or capital market conditions;
- the conduct, behaviour or practices of the Issuer or its staff;
- changes to the Issuer's credit ratings or to the methodology used by credit rating agencies;
- levels of inflation, interest rates, exchange rates and market and monetary fluctuations;
- market liquidity and investor confidence;
- changes in economic conditions, consumer spending, saving and borrowing habits in Australia, New Zealand and in other countries in which the Issuer or its customers or counterparties conduct their operations and the Issuer's ability to maintain or to increase market share, margins and fees and control expenses;
- the effects of competition in the geographic and business areas in which the Issuer conducts its operations;
- information security breaches, including cyberattacks;
- reliability and security of the Issuer's technology and risks associated with changes to technology systems;
- the timely development and acceptance of new products and services and the perceived overall value of these products and services by customers;
- the effectiveness of the Issuer's risk management policies, including internal processes, systems and employees;

- the incidence or severity of insured events of the Issuer;
- the occurrence of environmental change or external events in countries in which the Issuer or its customers or counterparties conduct their operations;
- internal and external events which may adversely impact the Issuer's reputation;
- changes to the value of the Issuer's intangible assets;
- changes in political, social or economic conditions in any of the major markets in which the Issuer or its customers or counterparties operate;
- the success of strategic decisions involving diversification or innovation, in addition to business expansion and integration of new businesses; and
- various other factors beyond the Issuer's control.

The above list is not exhaustive. For certain other factors that may impact on forward-looking statements made by the Issuer, refer to *Risk Factors – Risks Factors Relating to the Issuer, Including the Ability of the Issuer to Fulfil its Obligations under the Covered Bonds*. When relying on forward-looking statements to make decisions with respect to investing in the Covered Bonds, investors and others should carefully consider the foregoing factors and other uncertainties and events.

The Issuer is under no obligation to update any forward-looking statements contained or incorporated by reference in this Prospectus, whether as a result of new information, future events or otherwise, subsequent to the date indicated in the document in which it appears, unless such new information, future events or otherwise constitutes a significant new factor requiring the Issuer to publish a supplementary prospectus in accordance with the requirements of the London Stock Exchange's Regulated Market or any other listing authority or stock exchange in a Member State on which the Covered Bonds are listed and/or admitted to trading.

COVERED BONDS MAY NOT BE A SUITABLE INVESTMENT FOR ALL INVESTORS

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

(a) have sufficient knowledge and experience to make a meaningful evaluation of the Covered Bonds, the merits and risks of investing in the Covered Bonds and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Covered Bonds and the impact the Covered Bonds will have on its overall investment portfolio;

(c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Covered Bonds, including Covered Bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understand thoroughly the terms of the Covered Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

(e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Covered Bonds are legal investments for it, (ii) Covered Bonds can be used as collateral for various types of borrowing and (iii) 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.

Please consider carefully the risk factors set out in the section herein entitled *Risk Factors*.

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DOCUMENTS INCORPORATED BY REFERENCE

Except as provided in any supplement hereto, the following documents, which have previously been published and have been filed with the National Storage Mechanism, shall be deemed to be incorporated in, and to form part of, this Prospectus and approved by the FCA for the purpose of the Prospectus Regulation:

1. the consolidated audited annual financial statements (including the directors' remuneration report and auditors' report thereon) and the notes thereto appearing on pages 48 to 75 (inclusive), pages 141 to 265 (inclusive) and pages 267 to 275 (inclusive) of the Issuer's 2018 annual report (the **Issuer's 2018 Annual Report**) in respect of the year ended 30 September 2018;

2. the consolidated audited annual financial statements (including the directors' remuneration report and auditors' report thereon) and the notes thereto appearing on pages 44 to 72 (inclusive), pages 135 to 279 (inclusive) and pages 281 to 287 (inclusive) of the Issuer's 2019 annual report (the **Issuer's 2019 Annual Report**) in respect of the year ended 30 September 2019;

3. the unconsolidated audited annual financial statements (including the auditors' report thereon) and the notes thereto of the Westpac Covered Bond Trust as at and for the years ended 30 September 2017 and 30 September 2018; and

4. the terms and conditions of the Covered Bonds contained in the prospectuses of Westpac Banking Corporation dated 19 November 2018, 10 November 2017, 25 November 2016, 18 November 2015, 14 November 2014, 14 November 2013, 29 November 2012 and 11 November 2011, in respect of its Global Covered Bond Programme unconditionally and irrevocably guaranteed as to payments of interest and principal by BNY Trust Company of Australia Limited (ABN 49 050 294 052) as trustee of the Westpac Covered Bond Trust.

Any information contained in a document incorporated by reference herein which is not incorporated in, and does not form part of, this Prospectus is either not relevant for investors or is contained elsewhere in this Prospectus. For the purposes of the Prospectus Regulation, any information contained in documents incorporated by reference by documents which are themselves incorporated by reference in this Prospectus, shall not form part of this Prospectus.

Financial statements for the year ended 30 September 2019 have not yet been prepared in respect of the Westpac Covered Bond Trust.

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the FCA in accordance with 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.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered head office of the Issuer and from the offices of the Issuer at Camomile Court, 23 Camomile Street, London EC3A 7LL, and from the specified office of the Principal Paying Agent (as defined below) in London and will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Use of non-AAS financial information:

Cash earnings

In assessing financial performance, including divisional results, the Westpac Group uses a measure of performance referred to as 'cash earnings'. Cash earnings is viewed as a measure of the level of profit that is generated by ongoing operations and is therefore considered in assessing distributions, including dividends. Cash earnings is neither a measure of cash flow nor net profit determined on a cash accounting basis, as it includes both cash and non-cash adjustments to statutory net profit.

Management believes this allows the Westpac Group to more effectively assess performance for the current period against prior periods and to compare performance across business divisions and across peer companies. To determine cash earnings, three categories of adjustments are made to reported results:

- material items that key decision makers at the Westpac Group believe do not reflect ongoing operations;
- items that are not considered when dividends are recommended, such as the amortisation of intangibles, impact of Treasury shares and economic hedging impacts; and
- accounting reclassifications between individual line items that do not impact reported results.

Average Ordinary Equity

Average ordinary equity is calculated as the daily average of total equity less average non-controlling interests. Management believes this measure of average ordinary equity is useful in the calculation of return on equity as it removes the impact of equity attributable to non-controlling interests. Other companies may use different methodologies to calculate average ordinary equity or similar non-AAS financial measures.

All references to websites in this Prospectus, in any supplement hereto or in any document incorporated or deemed to be incorporated by reference in this Prospectus are intended to be inactive textual references for information only and any information contained in or accessible through any such website does not form a part of this Prospectus.

To the extent that any document incorporated by reference in this Prospectus incorporates further information by reference, such further information does not form part of this Prospectus.

Any information contained in a document incorporated by reference herein which is not incorporated in, and does not form part of, this Prospectus is not relevant for investors or is contained elsewhere in this Prospectus.

STRUCTURE OVERVIEW

The following overview describes the Programme, including the Covered Bonds, the Covered Bond Guarantee and related documents, in general terms only and 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. You should read the overview together with the more detailed information that is contained in the remainder of this Prospectus and in relation to any particular Tranche of Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this overview. A glossary of certain defined terms used in this Prospectus is contained at the end of this Prospectus. Capitalised terms used but not defined herein shall have the meanings assigned to them in the glossary at the end of this Prospectus.

Background and Australian legislative framework

Each issue of the Covered Bonds will be subject to, and undertaken in compliance with, Division 3A of Part II of the Banking Act.

The legislative framework established under the Banking Act for the issuance of covered bonds by the Issuer is summarised in the following paragraphs.

- *Issuing ADIs, covered bonds and covered bond special purpose vehicles*: In the Banking Act, "covered bonds" are defined to be bonds, notes or other debentures, liabilities to the holders of which, or their representatives, are recoverable from the issuing ADI and secured by assets beneficially owned by a special purpose vehicle (a "covered bond special purpose vehicle"). Assets beneficially owned by the covered bond special purpose vehicle, to the extent that they secure the liabilities to the holders of covered bonds or their representatives equally or in priority to any other liabilities of the covered bond special purpose vehicle, constitute the cover pool for those covered bonds. The Covered Bonds to be issued by WBC under the Programme will be "covered bonds" and the CB Guarantor is the covered bond special purpose vehicle.

- *Issue restriction and maintenance of the cover pool:* The Banking Act provides that:

  (i) WBC must not issue a covered bond if the combined value of assets in cover pools securing all covered bonds (within the meaning of the Banking Act) issued by WBC would exceed 8%, or such other percentage prescribed by regulation, of the value of WBC's assets in Australia. This restriction is only to be tested at the time of issuance of covered bonds; and

  (ii) the value of assets in a cover pool must be at least 103%, or such other percentage prescribed by regulation, of the face value of covered bonds secured by the assets, except as otherwise permitted by the Banking Act. This is an ongoing requirement which applies for so long as the covered bonds are outstanding.

- *Cover pools, eligible assets and cover pool monitor:* Sections 31 and 31A of the Banking Act specify the nature of assets that may comprise the cover pool (which include residential mortgage loans, certain cash deposits and liquid securities and certain derivatives). Pursuant to the terms of the Transaction Documents (in particular, the definitions of Authorised Investments and Substitution Assets), the CB Guarantor is only permitted to hold as part of the cover pool assets which meet the requirements of sections 31 and 31A.

  The Banking Act also provides for the mandatory appointment of a cover pool monitor which must be either a registered auditor under the Corporations Act or an entity which holds an Australian financial services licence that covers the provision of financial services as the cover pool monitor (or is exempt from the requirement to do so). The cover pool monitor cannot be the issuing ADI or

an associated entity of the issuing ADI. The Asset Monitor is required under the Asset Monitor Agreement to satisfy the applicable eligibility requirements of the Banking Act for a cover pool monitor and to perform the functions required to be performed by a cover pool monitor under the Banking Act. The role of the Asset Monitor under the Asset Monitor Agreement is described further below under *Overview of the Principal Documents – Asset Monitor Agreement*.

- *Prudential supervision and standards:* The Banking Act also provides broad administrative powers to APRA to regulate and intervene in the operations of an ADI, including:

  (i) in certain circumstances (including where APRA has reason to believe that the ADI is unable to meet its liabilities, there has been a material deterioration in the ADI's financial condition, the 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 ADI's depositors or the ADI is conducting its affairs in a way that may cause or promote instability of the Australian financial system), APRA has the power, to direct an ADI not to issue a covered bond or to take, or not take, other action. Subject to certain exclusions relating to covered bonds discussed in sub-paragraphs (a) to (d) below, such directions could apply to any aspect of the business carried on by WBC and its subsidiaries (and include, in the case of the Covered Bonds, a direction that WBC not make a payment to the Covered Bondholders or transfer an asset to the CB Guarantor even if contractually obliged to do so). The CB Guarantor is not a subsidiary of WBC. An ADI has the power to comply with APRA's direction despite anything in its constitution or any contract or arrangement to which it is a party;

  (ii) if the ADI becomes unable to meet its obligations or suspends payment (and in certain other circumstances), APRA has the power to appoint a "Banking Act statutory manager" (formerly known as an "ADI statutory manager") to take control of an ADI's business;

  (iii) to determine prudential standards which provide for matters relating to covered bonds including in relation to the issuing of covered bonds, assets in cover pools, the maintenance of cover pools and the capital treatment of assets in cover pools and liabilities between an issuing ADI and the covered bond special purpose vehicle. Prudential Standard APS 121 Covered Bonds (**APS 121**) applies to ADIs who issue covered bonds. The key requirements of APS 121 are that WBC must (i) adopt policies and procedures to manage risks relating to its issuance of covered bonds, and (ii) apply an appropriate capital treatment to exposures associated with covered bond issuance. Under APS 121, WBC is also required to maintain an accurate and up-to-date register of the assets in the cover pool (as defined in the Banking Act) which would include assets securing the CB Guarantor's obligations under the Covered Bond Guarantee; and

  (iv) the power to direct a covered bond special purpose vehicle (such as the CB Guarantor) to return certain assets to the issuing ADI, but only to the extent that, at the time the direction is given, the relevant asset(s) do not secure "covered bond liabilities" (as defined in the Banking Act including, in the case of WBC, the liabilities of WBC to the Covered Bondholders). A covered bond special purpose vehicle has the power to comply with APRA's direction despite anything in its constitution or any contract or arrangement to which it is a party.

These broad administrative powers are of general application and have been provided to APRA to enable it to protect depositors and to maintain the stability of the Australian financial system. APRA's administrative powers were enhanced by the Financial Sector Legislation Amendment (Crisis Resolution Powers and Other Measures) Act 2018 of Australia (the **Crisis Management Act**) as discussed below. APRA's powers to give directions as described above are also subject to secrecy requirements which mean that investors will not necessarily receive any notice or otherwise be aware that APRA has given any direction to WBC or the CB Guarantor.

Notwithstanding these broad administrative powers, sections 11CA(2AA), 31B and 31C of the Banking Act provide that:

(a) APRA must not direct, or give a direction to WBC that would cause or require, the CB Guarantor to deal, or not deal, with an asset to the extent that the asset secures liabilities of WBC to the Covered Bondholders, or make a payment, or not make a payment, in relation to a liability of WBC to the Covered Bondholders;

(b) neither the giving of a direction by APRA to WBC nor the fact that a Banking Act statutory manager is in control of WBC's business prevents the exercise of a contractual right in relation to an asset that secures liabilities to the Covered Bondholders, if payments under the Covered Bonds are not made;

(c) neither a Banking Act statutory manager nor an external administrator (as defined in the Banking Act) in control of WBC's business has any powers in relation to an asset to the extent that the asset secures the liabilities to the Covered Bondholders, apart from the contractual powers of WBC; and

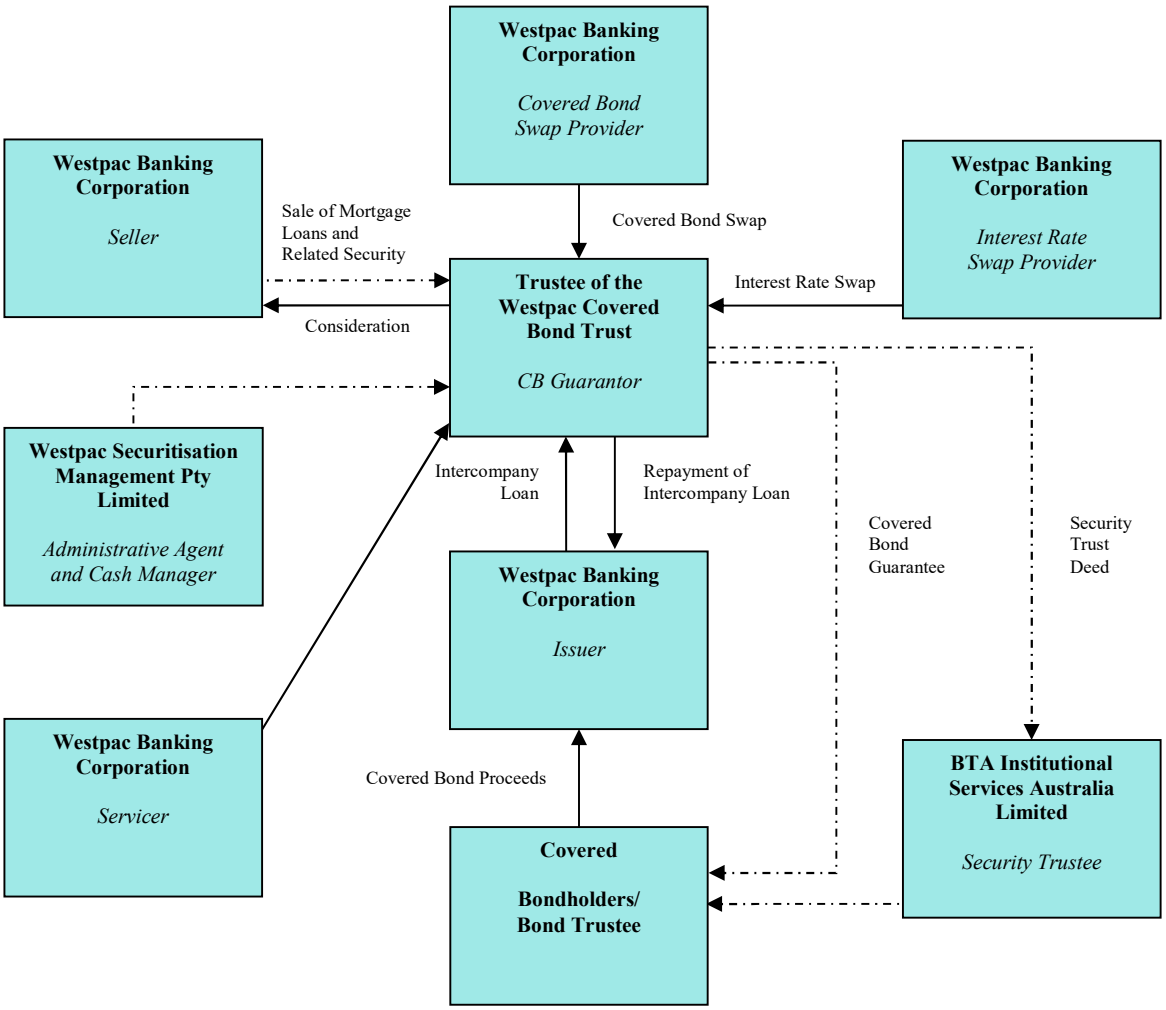
(d) a Banking Act statutory manager or external administrator has the same contractual obligations of WBC in relation to an asset to the extent that the asset secures the liabilities to the Covered Bondholders.

In addition to APRA's broad administrative powers under the Banking Act, the Financial Sector (Transfer and Restructure) Act 1999 of Australia gives APRA the power to compulsorily transfer some or all of WBC's (or its related body corporate's) assets and liabilities to another ADI in certain circumstances. The CB Guarantor is not a related body corporate of WBC for these purposes.

On 5 March 2018, the Crisis Management Act came into effect. The Crisis Management Act amends the Banking Act (among other statutes applicable to financial institutions in Australia) and is intended to enhance APRA's powers. Specifically, the Crisis Management Act enhances APRA's powers to facilitate the orderly resolution of the entities it regulates (and their subsidiaries) in times of distress. Additional powers which are given to APRA under the Crisis Management Act which could impact WBC and potentially the position of Covered Bondholders include greater oversight, management and directions powers in relation to WBC and other Westpac Group entities which were previously not regulated by APRA, increased statutory management powers over regulated entities within Westpac Group and changes which are designed to give statutory recognition to the conversion or write-off of regulatory capital instruments. As part of the measures to facilitate the orderly resolution of regulated entities, the Crisis Management Act introduces additional moratoria which would restrict, among other things, the disposal of certain property or the commencement or continuation of certain enforcement action against, or the exercise of certain rights in respect of, property of WBC and other Westpac Group entities in circumstances where a Banking Act statutory manager is in control of the business of the relevant body corporate. However, under section 31B of the Banking Act (as amended by the Crisis Management Act), these moratoria do not prevent the exercise of a contractual right in relation to an asset that secures liabilities to the Covered Bondholders, if payments under the Covered Bonds are not made.

See also *Westpac Banking Corporation – Regulatory Significant Developments - Resolution planning including additional loss-absorbing capacity and APRA's crisis management powers* below.

Structure Diagram



Structure Overview

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

- *Covered Bond Guarantee:* Under the terms of the Guarantee Deed Poll, the CB Guarantor has provided a guarantee as to payments of interest and principal under the Covered Bonds. The CB Guarantor has agreed to pay an amount equal to the Guaranteed Amounts when the same shall become Due for Payment and which have otherwise been unpaid by the Issuer. The obligations of the CB Guarantor under the Covered Bond Guarantee constitute direct and (following service of a Notice to Pay or a CBG Acceleration Notice) unconditional obligations of the CB Guarantor, secured as provided in the Security Trust Deed. Recourse to the CB Guarantor in respect of its obligations under the Covered Bond Guarantee and the Transaction Documents is limited to such secured assets (the **Secured Property**), which include, but are not limited to, the Portfolio acquired from time to time from the Seller pursuant to the terms of the Mortgage Sale Deed. The CB Guarantor holds the Portfolio and the other Secured Property in accordance with the terms of the Transaction Documents. The CB Guarantor does not hold any other asset which does not form part of the Westpac Covered Bond Trust.

Under the Bond Trust Deed and the Guarantee Deed Poll, the Bond Trustee will be required to serve a Notice to Pay on the CB Guarantor following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice pursuant to which, as against the Issuer (but not, for the avoidance of doubt, as against the CB Guarantor under the Covered Bond Guarantee), the Covered Bonds will become immediately due and repayable. A CBG Acceleration Notice may be served by the Bond Trustee on the CB Guarantor following the occurrence of a CBG Event of Default.

If a CBG Acceleration Notice is served, the Covered Bonds will (if an Issuer Acceleration Notice has not already been served) become immediately due and repayable as against the Issuer and the CB Guarantor's obligations under the Covered Bond Guarantee will be accelerated. Following service of a Notice to Pay or a CBG Acceleration Notice, payments made by the CB Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the Guarantee Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

- *Intercompany Loan Agreement:* Under the terms of the Intercompany Loan Agreement, the Issuer in its capacity as lender under the Intercompany Loan Agreement (being defined as the Intercompany Loan Provider for the purposes of this Prospectus) has agreed to make available to the CB Guarantor the Intercompany Loan in an amount up to the Intercompany Loan Facility Amount. The Intercompany Loan comprises the Guarantee Loan and the Demand Loan and is denominated in Australian Dollars.

  The interest rate on each Advance under the Intercompany Loan is an Australian Dollar floating rate to be determined by the Intercompany Loan Provider from time to time. Interest payments due and accruing under the Intercompany Loan will not exceed the gross amount payable by the Interest Rate Swap Provider to the CB Guarantor (prior to any netting or set-off) under the Interest Rate Swap less an amount for certain expenses of the CB Guarantor.

  The Guarantee Loan, at any relevant time, is in an amount equal to the AUD Equivalent of the Principal Amount Outstanding of the Covered Bonds at that time plus an amount equal to that portion of the Portfolio required as additional collateral for the Covered Bonds in excess of the Principal Amount Outstanding of the then outstanding Covered Bonds as determined in accordance with the Asset Coverage Test: see *Overview of the Principal Documents – Intercompany Loan Agreement* and *Overview of Principal Documents – Participation Agreement – Asset Coverage Test*.

  The Demand Loan at any relevant time is in an amount equal to the difference between the outstanding principal balance of the Intercompany Loan and the amount of the Guarantee Loan at that time. Except as described below, the respective balances of the Guarantee Loan and the Demand Loan will fluctuate with the issuances and redemptions of Covered Bonds and the requirements of the Asset Coverage Test.

  If a Notice to Pay or a CBG Acceleration Notice is served on the CB Guarantor, the amount of the Demand Loan and the Guarantee Loan will be fixed as at the date on which the Asset Percentage is next calculated and thereafter only adjusted to reflect permitted repayments (which will be deducted first from the Demand Loan) and further Advances (which will be added to the Guarantee Loan).

  At any time prior to an Issuer Event of Default, a CBG Event of Default or a Demand Loan Repayment Event, the CB Guarantor may, at the direction of the Administrative Agent, re-borrow any amount repaid by the CB Guarantor under the Intercompany Loan for a permitted purpose.

  Payments by the Issuer of amounts due under the Covered Bonds are not conditional upon receipt by the Intercompany Loan Provider of payments from the CB Guarantor pursuant to the Intercompany Loan Agreement. Amounts owed by the CB Guarantor under the Guarantee Loan will be subordinated to amounts owed by the CB Guarantor under the Demand Loan and, following the service of a Notice to Pay or a CBG Acceleration Notice, the Covered Bond Guarantee. Unless the Intercompany Loan Provider makes a Payment Election which has not been revoked, repayment

of the Demand Loan will be provided for in priority to amounts owed by the CB Guarantor to the other Secured Creditors (including the Covered Bondholders). Where the Intercompany Loan Provider has made a Payment Election that has not been revoked, repayment of the Demand Loan will be paid under the applicable Priorities of Payments in accordance with the order specified in the definition of "Payment Election". See *Cashflows – Payment Election* below for more information. Repayment of such Demand Loan will be by payment in kind or cash. Where repayment is by repayment in kind the Administrative Agent will randomly select, on behalf of the CB Guarantor, but in accordance with the terms of the Intercompany Loan Agreement, Loans and their Related Security (excluding Defaulted Loans) and/or Authorised Investments and/or Substitution Assets which will be transferred to the Intercompany Loan Provider or, if the Seller and the Intercompany Loan Provider are the same entity and a Title Perfection Event has not occurred in respect of the Loans, the interests of the CB Guarantor in such Loans and their Related Security, Authorised Investments and Substitution Assets (as the case may be) will be extinguished in favour of the Intercompany Loan Provider, and the Charge granted over such Loans and Related Security will be automatically released. See *Overview of the Principal Documents – Intercompany Loan Agreement – Repayment of the Demand Loan*.

- *Proceeds of the Intercompany Loan:* The CB Guarantor will use the Advances made to it from time to time under the Intercompany Loan to purchase the Portfolios consisting of Loans and their Related Security from the Seller in accordance with the terms of the Mortgage Sale Deed and will use additional Advances to:

  (i) purchase New Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Deed;

  (ii) invest in Substitution Assets or Authorised Investments in accordance with the Participation Agreement;

  (iii) subject to written confirmation from the Cash Manager that the Asset Coverage Test is met on the relevant Drawdown Date (both before and immediately following the making of the relevant repayment), repay Subordinated Advances, if any, under the Subordinated Loan Agreement; and/or

  (iv) make a deposit of the proceeds in the GI Account (including, without limitation, to fund the Reserve Fund and the Pre-Maturity Liquidity Ledger).

- *Consideration:* Under the terms of the Mortgage Sale Deed, the consideration payable to the Seller for the sale of Loans and their Related Security to the CB Guarantor will comprise a cash payment in Australian Dollars made by the CB Guarantor, in the manner that the Seller directs, from the proceeds of an Advance under the Intercompany Loan Agreement and/or Available Principal Receipts paid in accordance with the Pre-Acceleration Principal Priority of Payments.

  In respect of each sale of Loans and their Related Security to the CB Guarantor by the Seller under the Mortgage Sale Deed, the Purchase Price will be calculated by reference to the Outstanding Principal Balance of such Loans as of the relevant Cut-Off Date and there shall be an adjustment made to the Purchase Price on or before the second CBG Payment Date falling after the relevant Assignment Date to take account of (*inter alia*) arrears of interest and amounts received by the Seller under those Loans in the period from (but excluding) the Cut-Off Date in respect of those Loans to (but excluding) the relevant Assignment Date in respect of those Loans.

  In certain circumstances, the Seller will be required to repurchase Loans in the Portfolio if they do not materially comply with the applicable Representations and Warranties made in respect of those Loans on the relevant Cut-Off Date or at the time of sale, as the case may be, or if a Repurchase Event as described below occurs in respect of such loans. If the Seller fails to repurchase any Loan in respect of which there is any such breach of the Representations and Warranties, then such Loan

shall be treated as if its balance was zero for the purposes of the calculation of the Asset Coverage Test.

- *Subordinated Loan Agreement:* Under the terms of the Subordinated Loan Agreement, the Issuer in its capacity as lender under the Subordinated Loan Agreement (being defined as the Subordinated Loan Provider for the purposes of this Prospectus) may make Subordinated Advances available to the CB Guarantor.

  Except for Deemed Subordinated Advances, the Subordinated Loan Facility is uncommitted and the Subordinated Loan Provider is not obliged to make Subordinated Advances to the CB Guarantor. The Subordinated Loan Provider will be obliged to make a Deemed Subordinated Advance where the conditions required to be met in order for the Intercompany Loan Provider to make a Deemed Advance under the Intercompany Loan Agreement are not met. See *Overview of the Principal Documents – Intercompany Loan Agreement* for these conditions.

  The Subordinated Loan is subordinated to, *inter alia*, payments of principal and interest on the Covered Bonds, and all other payments or provisions ranking in priority to payments to be made to the Subordinated Loan Provider, in each case in accordance with the applicable Priorities of Payments: see *Overview of the Principal Documents – Subordinated Loan Agreement.*

- *Charge:* To secure its obligations under the Covered Bond Guarantee and the Transaction Documents to which it is a party, the CB Guarantor has granted security over the Secured Property (which consists principally of the CB Guarantor's interest in the Portfolio, the Substitution Assets, the Transaction Documents to which it is a party, the CBG Accounts and any Authorised Investments it holds) in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors) pursuant to the Security Trust Deed.

- *Cashflows:* Prior to service on the CB Guarantor of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice and/or the realisation of the Charge, the Cash Manager on behalf of the CB Guarantor will:

  (i) apply Available Revenue Receipts to paying, among other things, Trust Expenses and fees and expenses payable or to become payable by the CB Guarantor, interest due to the Intercompany Loan Provider under the Intercompany Loan, to paying certain expenses and amounts due to the Interest Rate Swap Providers, to funding the Pre-Maturity Liquidity Ledger and the Reserve Ledger and to paying interest and (if the Cash Manager or the Subordinated Loan Provider so elects) principal due to the Subordinated Loan Provider under the Subordinated Loan, in each case in accordance with the Pre-Acceleration Revenue Priority of Payments. For further details of the Pre-Acceleration Revenue Priority of Payments: see *Cashflows* below; and

  (ii) apply Available Principal Receipts to acquiring New Loans and their Related Security offered by the Seller to the CB Guarantor, acquiring Substitution Assets or Authorised Investments, making deposits in the GI Account, repaying principal due to the Intercompany Loan Provider under the Demand Loan or the Guarantee Loan and funding any liquidity that may be required in respect of Hard Bullet Covered Bonds following any breach of the Pre-Maturity Test, to paying principal due to the Subordinated Loan Provider under the Subordinated Loan, in each case in accordance with and subject to the Pre-Acceleration Principal Priority of Payments. For further details of the Pre-Acceleration Principal Priority of Payments: see *Cashflows* below.

  Following service on the CB Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to service of a Notice to Pay or a CBG Acceleration Notice, the Cash Manager on behalf of the CB Guarantor will continue to apply Available Revenue Receipts and

Available Principal Receipts as described above, except that, while any Covered Bonds remain outstanding:

(i) in respect of Available Revenue Receipts, no further amounts will be paid to the Intercompany Loan Provider under the Intercompany Loan Agreement, to the Subordinated Loan Provider under the Subordinated Loan Agreement or the Residual Income Unitholder by way of distribution of the remaining income of the CB Guarantor (but payments will, for the avoidance of doubt, continue to be made under the Interest Rate Swap): see *Cashflows* below; and

(ii) in respect of Available Principal Receipts, no payments will be made other than into the GI Accounts or credited to the Pre-Maturity Liquidity Ledger, or to acquire New Loans and their Related Security offered by the Seller to the CB Guarantor or Substitution Assets and/or Authorised Investments or to pay any repurchase price adjustment payable to the Seller under the Mortgage Sale Deed, and while the Intercompany Loan Provider may demand the repayment of any Demand Loan, such Demand Loan will be ineligible for repayment for so long as the Asset Coverage Test is not able to be satisfied: see *Cashflows* below.

Following service of a Notice to Pay on the CB Guarantor (but prior to service of a CBG Acceleration Notice), the Cash Manager on behalf of the CB Guarantor will apply Available Revenue Receipts and Available Principal Receipts to pay Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment in accordance with the Guarantee Priority of Payments. In such circumstances, the Intercompany Loan Provider will only be entitled to receive payment of any amount owing in respect of the Guarantee Loan and the Subordinated Loan Provider will only be entitled to receive payment of any amounts owing in respect of the Subordinated Loan after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for: see *Cashflows* below.

Following service of a CBG Acceleration Notice on the CB Guarantor, the Covered Bonds will become immediately due and repayable (if not already due and repayable following service of an Issuer Acceleration Notice) and the Bond Trustee will then have a claim against the CB 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 and the security created by the CB Guarantor over the Secured Property will become enforceable. Any monies received or recovered (other than Tax Credits, Demand Loan Repayment Assets (and certain principal collections with respect to such Demand Loan Repayment Assets) (unless a Payment Election has been made by the Intercompany Loan Provider which has not been revoked), Trust Back Assets, Swap Collateral Excluded Amounts, Third Party Amounts, premium received by the CB Guarantor from a replacement Swap Provider to the extent it is used to make a termination payment due and payable by the CB Guarantor with respect to the Swap being replaced (including any Excluded Swap Termination Amount), termination payment received from a Swap Provider which is applied to acquire a replacement Swap, certain other amounts received in respect of the loans and payable to parties other than the CB Guarantor and certain other amounts payable to third parties by the Security Trustee from realisation of the Secured Property following enforcement of the Charge created by the CB Guarantor in accordance with the Security Trust Deed) will be distributed according to the Post-Enforcement Priority of Payments: see *Cashflows* below.

- *Asset Coverage:* The Programme provides that the assets of the CB Guarantor are subject to an Asset Coverage Test in respect of the Covered Bonds. Accordingly, for so long as Covered Bonds remain outstanding, as of each Calculation Date, the Adjusted Aggregate Loan Amount must be equal to or in excess of the aggregate AUD Equivalent of the Principal Amount Outstanding of all Covered Bonds as at such date. The Asset Coverage Test will be tested by the Cash Manager on each Test Date as of the immediately preceding Calculation Date. A breach of the Asset Coverage

Test as of a Calculation Date which is not remedied as of the immediately succeeding Calculation Date will require the Bond Trustee to serve an Asset Coverage Test Breach Notice on the CB Guarantor. The Asset Coverage Test Breach Notice will be revoked if, as of the Calculation Date immediately succeeding the date on which an Asset Coverage Test Breach Notice is served, the Asset Coverage Test is satisfied and neither a Notice to Pay nor a CBG Acceleration Notice has been served: see *Overview of the Principal Documents – Participation Agreement – Asset Coverage Test*.

If an Asset Coverage Test Breach Notice has been delivered and has not been revoked:

(i) the application of Available Revenue Receipts and Available Principal Receipts will be restricted;

(ii) the CB Guarantor may, at the discretion of the Administrative Agent, sell Selected Loans; and

(iii) the Issuer will not be permitted to issue any further Series of Covered Bonds.

If an Asset Coverage Test Breach Notice has been served and not revoked on or before the Test Date following service of such Asset Coverage Test Breach Notice, an Issuer Event of Default shall occur and the Bond Trustee shall be entitled (and in certain circumstances may be required), in each case subject to being indemnified and/or secured and/or pre-funded to its satisfaction, to serve an Issuer Acceleration Notice on the Issuer. Following service of an Issuer Acceleration Notice, the Bond Trustee must serve a Notice to Pay on the CB Guarantor.

- *Amortisation Test:* Following the service of a Notice to Pay (but prior to service of a CBG Acceleration Notice) and, for so long as Covered Bonds remain outstanding, as of each following Calculation Date, the Amortisation Test Aggregate Loan Amount must be at least equal to the aggregate AUD Equivalent of the Principal Amount Outstanding of the Covered Bonds as at such date. The Amortisation Test will be carried out by the Cash Manager on each Test Date as of the immediately preceding Calculation Date following service of a Notice to Pay. A breach of the Amortisation Test will constitute a CBG Event of Default. Following the occurrence of a CBG Event of Default, the Bond Trustee may and in certain circumstances shall, in each case subject to being indemnified and/or secured and/or pre-funded to its satisfaction, by service of a CBG Acceleration Notice, accelerate the obligations of the CB Guarantor under the Covered Bond Guarantee and require all amounts under the Covered Bond Guarantee to become immediately due and payable. Thereafter, the Security Trustee may enforce the Charge over the Secured Property.

- *Interest Rate Swap Agreement:* To provide a hedge against possible variances between the interest revenues received by the CB Guarantor, being primarily linked to the rates of interest payable on the Loans in the Portfolio (which may, for instance, include variable rates of interest or fixed rates of interest and any Substitution Assets and Authorised Investments), and the interest amounts payable on the Intercompany Loan and (following the service of a Notice to Pay on the CB Guarantor) the Covered Bond Swap Agreements or, if no Covered Bond Swap is in place, the Covered Bonds, and the CB Guarantor has entered into the Interest Rate Swap with the Interest Rate Swap Provider on the terms set out in the Interest Rate Swap Agreement. The CB Guarantor and the Interest Rate Swap Provider have agreed to swap the amount of interest received by the CB Guarantor in respect of the Loans in the Portfolio and interest received by the CB Guarantor on the GI Account, the Substitution Assets and any Authorised Investments in exchange for an amount sufficient to pay the interest payable on the Intercompany Loan and, following service of a Notice to Pay on the CB Guarantor, the amounts payable by the CB Guarantor under the Covered Bond Swap Agreements or, if no Covered Bond Swap is in place, the Covered Bonds, and, plus, in each case, a certain amount for expenses.

- *Covered Bond Swap Agreement:* To provide a hedge against currency and/or other risks in respect of amounts received by the CB Guarantor under the Interest Rate Swap and amounts payable or that may become payable in respect of its obligations under the Covered Bond Guarantee, the CB Guarantor has entered into the Covered Bond Swap Agreement with the Covered Bond Swap Provider, and may enter into one or more new schedules and confirmations thereunder for each Tranche and/or Series of Covered Bonds at the time such Covered Bonds are issued. The Covered Bond Swap Provider and the CB Guarantor will agree to swap Australian Dollar floating rate amounts received by the CB Guarantor under the Interest Rate Swap into amounts reflecting the amounts payable under the relevant Tranche and/or Series of Covered Bonds. No cash flows will be exchanged under the Covered Bond Swap Agreement unless and until the service of a Notice to Pay on the CB Guarantor.

- *Extendable obligations under the Covered Bond Guarantee:* An Extended Due for Payment Date may be specified as applying in relation to a Series of Covered Bonds in the applicable Final Terms. This means that if (i) the Issuer fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on the Maturity Date (in each case subject to the applicable grace period), (ii) a Notice to Pay has been served and (iii) the Guaranteed Amounts equal to the Final Redemption Amount of the relevant Series of Covered Bonds are not paid in full by the CB Guarantor on the date falling on the earlier of (a) the date which falls two Business Days after service of a Notice to Pay on the CB Guarantor or, if later, the Maturity Date (in each case subject to the applicable grace period) and (b) the Extension Determination Date (for example because, following service of a Notice to Pay, the CB Guarantor has insufficient monies available in accordance with the Guarantee Priority of Payments to pay in full the Guaranteed Amounts equal to the Final Redemption Amount of the relevant Series of Covered Bonds on the relevant date calculated in accordance with Condition 6.1 (*Scheduled redemption*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions), then payment of the unpaid portion of the Final Redemption Amount pursuant to the Covered Bond Guarantee shall be automatically deferred (without a CBG Event of Default occurring as a result of such non-payment). The unpaid portion of the Final Redemption Amount shall be due and payable on the Extended Due for Payment Date (subject to the applicable grace period and provided that the CB Guarantor shall to the extent it has the funds available to it pay such unpaid portion of the Final Redemption Amount on any Interest Payment Date up until the Extended Due for Payment Date). The CB Guarantor will pay the Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and on the Extended Due for Payment Date.

- *Servicing:* WBC, in its capacity as Servicer, has entered into the Servicing Deed with the CB Guarantor and the Security Trustee, pursuant to which it has agreed to provide administrative services in respect of the Loans and their Related Security sold by the Seller to the CB Guarantor.

- *Reliance on Third Parties:* The CB Guarantor relies on a third-party servicer and a third-party cash manager to provide calculation services, and on the third-party Servicer to provide other servicing functions in relation to the Loans. Failure of the Servicer to perform these functions could affect payment on the Covered Bonds. Further, the CB Guarantor will rely, in certain circumstances, on the Cash Manager or Administrative Agent directing it to take certain action, before the CB Guarantor becomes obligated to take such action. Additionally, the CB Guarantor relies on swap providers to hedge against possible variances in the interest revenues received by the CB Guarantor which are primarily linked to the rates of interest payable on the Loans in the Portfolio and to hedge against interest rate and currency risks in respect of amounts received by the CB Guarantor under the Interest Rate Swap and amounts payable by the CB Guarantor under the Covered Bond Guarantee. The performance of the Swap Providers and the CB Guarantor under their mutual swap agreements can affect both the rating of, and payment on, the Covered Bonds.

- *New Sellers:* Subject to meeting certain conditions precedent, New Sellers, who are members of the Westpac Group, may in the future accede to the Programme and sell Loans and their Related

Security to the CB Guarantor. Where used in this document, the term **Seller** includes, where relevant, any **New Seller**, as the context so permits.

- *Further Information:* For a more detailed description of the transactions summarised above relating to the Covered Bonds see, among other relevant sections of this Prospectus, *Risk Factors*, *Overview of the Programme, International Terms and Conditions of the Covered Bonds (other than the N Covered Bonds and the Australian Domestic Covered Bonds)*, *Australian Terms and Conditions of the Australian Domestic Covered Bonds*, *Overview of the Principal Documents*, *Credit Structure*, *Cashflows* and *The Portfolio* below.

OVERVIEW OF THE PROGRAMME

The following overview describes the Programme, including the Covered Bonds, the Covered Bond Guarantee and related documents, in general terms only and 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. You should read the overview together with the more detailed information that is contained in the remainder of this Prospectus and in relation to any particular Tranche of Covered Bonds, the applicable Final Terms. Words and expressions defined elsewhere in this Prospectus shall have the same meanings in this overview. A glossary of certain defined terms is contained at the end of this Prospectus.

Issuer:	Westpac Banking Corporation (ABN 33 007 457 141) (Legal Entity Identifier (LEI): EN5TNI6CI43VEPAMHL14), acting through its head office in Sydney or through any of its branches as specified in the relevant Final Terms. For a more detailed description of the Issuer, see *Westpac Banking Corporation* below.
CB Guarantor:	BNY Trust Company of Australia Limited (ABN 49 050 294 052) in its capacity as trustee of the Westpac Covered Bond Trust (ABN 41 372 138 093). The Westpac Covered Bond Trust is a special purpose trust, the assets of which are available to satisfy *inter alia* the obligations under the Covered Bond Guarantee, and in connection with, and for the purpose of, giving the Covered Bond Guarantee, *inter alia*, the CB Guarantor will acquire the equitable title to the Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Deed for the Westpac Covered Bond Trust. The CB Guarantor holds an interest in the Portfolio and the other Secured Property in accordance with the terms of the Transaction Documents. The CB Guarantor has provided a guarantee covering all Guaranteed Amounts when the same shall become Due for Payment following service of an Issuer Acceleration Notice and a Notice to Pay or a CBG Acceleration Notice. The obligations of the CB Guarantor under the Covered Bond Guarantee and the other Transaction Documents to which it is a party are secured by the assets from time to time of the Westpac Covered Bond Trust and recourse against the CB Guarantor is limited to such assets. For a more detailed description of the CB Guarantor, see *Westpac Covered Bond Trust* below.
Administrative Agent:	Westpac Securitisation Management Pty Limited (ABN 73 081 709 211) (**WSM**), a company incorporated in Australia under the Corporations Act, has agreed to act as Administrative Agent to the CB Guarantor pursuant to the terms of the Administration Deed and has the right, power and authority to act for and on behalf of the CB Guarantor in respect of certain matters.

Seller:	Westpac Banking Corporation (ABN 33 007 457 141), which is in the business of originating residential mortgage loans and other banking activities. For a more detailed description of the Seller, see *Westpac Banking Corporation* below.
Intercompany Loan Provider:	Westpac Banking Corporation (ABN 33 007 457 141).
Subordinated Loan Provider:	Westpac Banking Corporation (ABN 33 007 457 141).
Servicer:	Westpac Banking Corporation (ABN 33 007 457 141) has been appointed to service, on behalf of the CB Guarantor, the Loans and Related Security in the Portfolio pursuant to the terms of the Servicing Deed. For a more detailed description of the Servicer, see *Westpac Banking Corporation* below.
Cash Manager:	WSM has also been appointed, *inter alia*, to provide cash management services to the CB Guarantor and to monitor compliance by the CB Guarantor with the Asset Coverage Test and the Amortisation Test pursuant to the Cash Management Deed.
Agents:	The Principal Paying Agent, Exchange Agent, Transfer Agent, Paying Agent, Registrar and Australian Agent and Registrar as described below.
Principal Paying Agent, Exchange Agent, Transfer Agent and Paying Agents:	The Bank of New York Mellon, acting through its office at One Canada Square, London E14 5AL, has been appointed pursuant to the Agency Agreement as issuing and principal paying agent, exchange agent and transfer agent. Additional paying agents (**Paying Agents**) may also be appointed from time to time.
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch, acting through its office at Vertigo Building-Polaris, 2-4 rue Eugene Ruppert, L2453 Luxembourg, has been appointed pursuant to the Agency Agreement as registrar.
Australian Agent and Registrar:	BTA Institutional Services Australia Limited (ABN 48 002 916 396) has been appointed pursuant to the Australian Agency Agreement to act as Australian registrar and issuing and paying agent.
Bond Trustee:	BNY Mellon Corporate Trustee Services Limited, acting through its office at One Canada Square, London E14 5AL, has been appointed to act as bond trustee on behalf of the Covered Bondholders in respect of the Covered Bonds and holds the benefit of, *inter alia*, the Covered Bond Guarantee on behalf of the Covered Bondholders pursuant to the Bond Trust Deed.
Security Trustee:	BTA Institutional Services Australia Limited (ABN 48 002 916 396), has been appointed to act as security trustee to hold the benefit of the security granted by the CB Guarantor to the Security Trustee (for itself, the Covered Bondholders and the other Secured Creditors) under the Security Trust Deed.

	The Security Trustee has a limited role and, unless any Transaction Document expressly records that the Security Trustee may act in its discretion, the Security Trustee will not be bound to act unless directed to do so by the Bond Trustee or (if there are no Covered Bonds outstanding) the Secured Creditors.
Asset Monitor:	A reputable institution, acceptable to the Rating Agencies, appointed pursuant to the Asset Monitor Agreement, as an independent monitor to, among other things, perform tests in respect of the Asset Coverage Test and the Amortisation Test when required. The initial Asset Monitor is PricewaterhouseCoopers.
Covered Bond Swap Provider:	Each Swap Provider which agrees to act as a provider of a Covered Bond Swap to the CB Guarantor to hedge certain interest rate, currency and/or other risks in respect of amounts received by the CB Guarantor under the Interest Rate Swap and amounts payable by the CB Guarantor under the Covered Bond Guarantee. In the event that the ratings of the Covered Bond Swap Provider fall below a specified ratings level, the Covered Bond Swap Provider will be required to obtain a guarantee of its obligations from an appropriately rated guarantor or put in place other appropriate credit support arrangements (including posting collateral or transferring the covered bond swap arrangements to another appropriately rated covered bond swap provider). For a more detailed description of the Covered Bond Swap Provider, see *Westpac Banking Corporation* below.
Interest Rate Swap Provider:	The initial Interest Rate Swap Provider is Westpac Banking Corporation (ABN 33 007 457 141). In the event that the ratings of the Interest Rate Swap Provider fall below a specified ratings level, the Interest Rate Swap Provider will be required to obtain a guarantee of its obligations from an appropriately rated guarantor or put in place other appropriate credit support arrangements (including posting collateral or transferring the interest rate swap arrangements to another appropriately rated interest rate swap provider). For a more detailed description of the Interest Rate Swap Provider, see *Westpac Banking Corporation* below.
Account Bank:	Westpac Banking Corporation (ABN 33 007 457 141) has agreed to act as Account Bank to the CB Guarantor pursuant to the Bank Account Agreement.
Programme description:	Global Covered Bond Programme.
Arrangers:	Barclays Capital Asia Limited and Westpac Banking Corporation (ABN 33 007 457 141).

Dealers:	To be selected from time to time in accordance with the terms of the Programme Agreement. As at the date of this Prospectus, the Dealers are Barclays Capital Asia Limited, BNP Paribas, Merrill Lynch International, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank Aktiengesellschaft, HSBC Bank plc, J.P.Morgan Securities plc, Morgan Stanley & Co., International plc, Nomura International plc, RBC Europe Limited, The Toronto-Dominion Bank, UBS AG London Branch, Westpac Banking Corporation (ABN 33 007 457 141) and Westpac Europe Limited.
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 be issued only in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time. There are restrictions on the offer, sale and transfer of Covered Bonds in Australia, New Zealand, the United States, the European Economic Area (including the United Kingdom, the Netherlands, the Republic of Italy and the Republic of France), Japan, Singapore, Switzerland and Hong Kong. Other restrictions may apply in connection with the offering and sale of a particular Tranche of Covered Bonds. See *Subscription and Sale and Transfer and Selling Restrictions* below.
Programme size:	Up to U.S.$40 billion (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time as described herein. The Issuer and the CB Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution and Transfer Restrictions:	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions set forth in *Subscription and Sale and Transfer and Selling Restrictions* below.
Specified Currency:	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:	The Covered Bonds will have such maturities as may be agreed between the Issuer and the relevant Dealer(s) and indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by any 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.
Form of Covered Bonds:	The Covered Bonds (other than the N Covered Bonds and the Australian Domestic Covered Bonds) will be issued in bearer or registered form as described in *Form of the Covered Bonds.* Registered Covered Bonds will not be exchangeable into Bearer

Covered Bonds and Bearer Covered Bonds will be exchangeable into Registered Covered Bonds only in the circumstances set out in International Condition 3.7 (*Exchange of Bearer Covered Bonds for Registered Covered Bonds*).

The Issuer may also issue N Covered Bonds in the form of Registered Definitive Covered Bonds.

Australian Domestic Covered Bonds will be issued in uncertificated registered form. No certificate or other evidence of title will be issued in respect of the Australian Domestic Covered Bonds.

Principal and interest on Covered Bonds in bearer form will only be payable outside the United States and its possessions.

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).

Fixed Rate Reset Covered Bonds: **Fixed Rate Reset Covered Bonds** will bear interest:

(a) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate Reset Date (or, if there is more than one Reset Period, the first Fixed Rate Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and

(b) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Reset Rate, as determined by the Calculation Agent on the relevant Reset Determination Date in accordance with the Conditions,

and such interest is payable in arrear on each Interest Payment Date, subject as provided in the Conditions.

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

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

(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

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 Rate of Interest, a Minimum Rate of Interest 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, in each case as may be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Covered Bonds:	**Zero Coupon Covered Bonds**, bearing no interest, may be offered and sold at a discount to their nominal amount unless otherwise specified in the applicable Final Terms.
Redemption:	The applicable Final Terms relating to each Tranche of Covered Bonds will indicate either that such Covered Bonds cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons) or that such Covered Bonds will be redeemable at the option of (i) the Issuer upon giving not more than 60 nor less than five days' irrevocable notice (or such other period of notice (if any) as is indicated in the applicable Final Terms) to the Bond Trustee, the Principal Paying Agent (in the case of the redemption of Bearer Covered Bonds), the Registrar (in the case of the redemption of Registered Covered Bonds) and the Covered Bondholders or (ii) the Covered Bondholders upon the deposit, not less than 45 days before the relevant Optional Redemption Date (Put) (as defined below) of the Covered Bond with any Paying Agent (in the case of the redemption of Bearer Covered Bonds) or the Registrar (in the case of the redemption of Registered Covered Bonds) and a duly completed irrevocable Put Option Notice (as defined below), in each case on one or more specified dates prior to their stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
Extendable obligations under the Covered Bond Guarantee:	The applicable Final Terms may also provide that the CB Guarantor's obligations under the Covered Bond Guarantee to pay the Guaranteed Amounts equal to the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date may be deferred until the Extended Due for Payment Date. The Extended Due for Payment Date in respect of each relevant Series of Covered Bonds will be specified in the relevant Final Terms and will be a date not less than 12 months from the relevant Maturity Date. In such case, such deferral will occur automatically if (i) the Issuer and the CB Guarantor fail to pay the Final Redemption Amount of the relevant Series of Covered Bonds on their Maturity Date (in each case subject to the applicable grace period), (ii) a Notice to Pay has been served on the CB Guarantor and (iii) the Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of

	Covered Bonds are not paid in full by the CB Guarantor on the date falling on the earlier of (a) the date which falls two Business Days after service of a Notice to Pay on the CB Guarantor or, if later, the Maturity Date (in each case subject to the applicable grace period) and (b) the Extension Determination Date because (for example) the CB Guarantor has insufficient monies to pay in full the Guaranteed Amounts equal to the Final Redemption Amount in respect of the relevant Series of Covered Bonds after payment of higher ranking amounts and taking into account amounts ranking *pari passu* in the Guarantee Priority of Payments. To the extent that the CB Guarantor has received a Notice to Pay by the time specified in Condition 6.1 (*Scheduled redemption*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions, and has sufficient monies under the Guarantee Priority of Payments to pay in part the Final Redemption Amount, partial payment of the Final Redemption Amount shall be made as described in Condition 6.1 (*Scheduled redemption*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions. The CB Guarantor shall, to the extent it has the funds available to it, make payments in respect of the unpaid portion of the Final Redemption Amount on any Interest Payment Date up until the Extended Due for Payment Date. When a deferral occurs, interest will continue to accrue and be payable on the unpaid portion of the Final Redemption Amount up to the Extended Due for Payment Date in accordance with Condition 5 (*Interest*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions, and the CB Guarantor will make payments of Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date.
Hard Bullet Covered Bonds:	Hard Bullet Covered Bonds may be offered and will have the benefit of 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 to a certain level.
Denomination of Covered Bonds:	The Covered Bonds (other than the Australian Domestic Covered Bonds) will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms save that, except in certain limited circumstances, the minimum denomination of each Covered Bond will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency rounded to an appropriate amount as agreed between the Issuer and the Dealer(s)) or such other higher amount as is required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Unless otherwise stated in the applicable Final Terms, the minimum denomination of each Definitive Rule 144A Covered Bond will be U.S.$100,000, or the equivalent denomination of €100,000 if such amount is greater than U.S.$100,000, or its approximate equivalent in other Specified Currencies. Australian Domestic Covered Bonds will be issued in a single denomination only. Unless otherwise stated in the applicable Final

	Terms, the denomination of each Australian Domestic Covered Bond will be A$100,000.
Taxation:	All payments in respect of the Covered Bonds will be made without deduction or withholding for or on account of Taxes, save as may be required by Law. If any such deduction or withholding for or on account of Taxes imposed by Australia or (in the case of Covered Bonds issued by a branch of the Issuer located outside Australia) the jurisdiction, country or territory in which such branch is located is required by Law, the Issuer will, save as provided in Condition 8 (*Taxation*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions, be required to pay additional amounts in respect of the amounts so deducted or withheld. Under the Covered Bond Guarantee, the CB Guarantor will not be obliged to pay any amount in respect of the additional amounts payable by the Issuer under Condition 8 (*Taxation*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions, or to pay any additional amount in respect of deductions or withholdings that it may be required to make in respect of any payments made under the Covered Bond Guarantee.
Cross Default:	If an Issuer Acceleration Notice is served in respect of any one Series of Covered Bonds, then the obligations of the Issuer (but not the CB Guarantor) to pay all amounts in respect of each Series of Covered Bonds then outstanding will be accelerated. If a CBG Acceleration Notice is served in respect of any one Series of Covered Bonds, then the obligation of the CB Guarantor to pay Guaranteed Amounts in respect of all Series of Covered Bonds then outstanding will be accelerated.
Status of the Covered Bonds:	The Covered Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank at least *pari passu* without any preference among themselves and at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding, other than any obligations preferred by mandatory provisions of applicable law.
Covered Bond Guarantee:	Payment of Guaranteed Amounts in respect of the Covered Bonds when Due for Payment will be irrevocably guaranteed by the CB Guarantor. The obligations of the CB Guarantor to make payment in respect of the Guaranteed Amounts when Due for Payment are subject to the condition that (in the case where an Issuer Event of Default has occurred) the Bond Trustee has served an Issuer Acceleration Notice on the Issuer and a Notice to Pay on the CB Guarantor or (in the case where a CBG Event of Default has occurred) the Bond Trustee has served a CBG Acceleration Notice on the Issuer and the CB Guarantor, following which the obligations of the CB Guarantor under the Covered Bond Guarantee will accelerate against the CB Guarantor. The obligations of the CB Guarantor under the Covered Bond Guarantee constitute direct obligations of the CB Guarantor secured against the assets from time to time of the Westpac Covered Bond Trust and recourse against the CB Guarantor is limited to such assets.

Interest Rate Swap Agreement:	To provide a hedge against possible variances between interest revenues received by the CB Guarantor (primarily in respect of the Loans and the Related Security, the Substitution Assets, interest earned on the GI Account and Authorised Investments) and the amounts payable by the CB Guarantor on the Intercompany Loan and (following the service of a Notice to Pay on the CB Guarantor) the Covered Bond Swap Agreements or if a Covered Bond Swap is not placed, the Covered Bonds, plus, in each case, a certain amount for expenses, the CB Guarantor, WBC and the Security Trustee have entered into the Interest Rate Swap with the Interest Rate Swap Provider on the terms set out in the Interest Rate Swap Agreement.
Covered Bond Swap Agreement:	To hedge certain interest rate, currency and/or other risks arising, following the service of a Notice to Pay on the CB Guarantor, in respect of amounts received by the CB Guarantor under the Interest Rate Swap and amounts payable under the Covered Bond Guarantee, the CB Guarantor, WBC and the Security Trustee have entered into the Covered Bond Swap Agreement with the Covered Bond Swap Provider.
Ratings:	Covered Bonds to be issued under the Programme will, unless otherwise specified in the applicable Final Terms, be rated "AAA" by Fitch and "Aaa" by Moody's, to the extent each such agency is a Rating Agency. Credit ratings are for distribution only to a person (a) who is not a "retail client" within the meaning of section 761G of the Corporations Act and is also a sophisticated investor, professional investor or other investor in respect of whom disclosure is not required under Part 6D.2 or 7.9 of the Corporations Act, and (b) who is otherwise permitted to receive credit ratings in accordance with applicable law in any jurisdiction in which the person 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.
Clearing Systems:	The Covered Bonds, other than N Covered Bonds, will be eligible to clear through any of the Clearing Systems as indicated in the relevant Final Terms. It is anticipated that Regulation S Covered Bonds and Rule 144A Covered Bonds (denominated in a currency other than U.S. dollars) will clear through Euroclear and/or Clearstream, Luxembourg and that U.S. dollar denominated Rule 144A Covered Bonds will clear through DTC. Covered Bonds may be cleared through a Clearing System or, particularly in the case of Definitive Covered Bonds, may not be cleared through any Clearing System. Covered Bonds may also be cleared through a clearing system other than the Clearing Systems, as may be agreed between the Issuer, the Bond Trustee and the Principal Paying Agent in relation to each issue. The Final Terms relating to each Tranche of the Covered Bonds will state whether or not the Covered Bonds are to be cleared and, if so, in which clearing system. Australian Domestic Covered Bonds may be transacted through the

	Austraclear System as well as through Euroclear, Clearstream, Luxembourg and/or any other Clearing System specified in the applicable Final Terms. Australian Domestic Covered Bonds which are held in the Austraclear System will be registered in the name of Austraclear Limited (Austraclear). Payments through the Austraclear System may only be made in Australian Dollars. Interests in Australian Domestic Covered Bonds traded in the Austraclear System may be held in Euroclear and/or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in Australian Domestic Covered Bonds in Euroclear would be held in the Austraclear System by a nominee of Euroclear (currently HSBC Custody Nominees (Australia) Limited), while entitlements in respect of holdings of interests in Australian Domestic Covered Bonds in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of J.P. Morgan Chase Bank, N.A. as custodian for Clearstream, Luxembourg. Australian Domestic Covered Bonds which are held in Euroclear and/or Clearstream, Luxembourg and not registered in the name of Austraclear will be registered in the name of a nominee for a common depositary for Euroclear and/or Clearstream, Luxembourg, as the case may be. Australian Domestic Covered Bonds which are held in any other Clearing System will be registered in the name of the nominee or depositary for that Clearing System. N Covered Bonds, or interests in any N Covered Bonds, will not be cleared in any clearing system.
Listing and admission to trading:	Application has been made to the FCA for Covered Bonds issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the Official List and to the London Stock Exchange for such Covered Bonds to be admitted to trading on the London Stock Exchange's Regulated Market. N Covered Bonds will not be listed and/or admitted to trading on any stock exchange. Information contained in this Prospectus regarding N Covered Bonds shall not be deemed to form part of this Prospectus and the FCA has neither approved nor reviewed information contained in this Prospectus in connection with the offering and sale of N Covered Bonds.
Governing law:	The Guarantee Deed Poll, the Australian Domestic Covered Bond Deed Poll, the Mortgage Sale Deed, the Servicing Deed, the Participation Agreement, the Asset Monitor Agreement, the Administration Deed, the Trust Deed, the Interest Rate Swap Agreement, each Covered Bonds Swap Agreement, the Cash Management Deed, the Bank Account Agreement, the Security Trust Deed, the Subordinated Loan Agreement, the Intercompany Loan Agreement, the Master Definitions and Construction Agreement, the Australian Agency Agreement, Clause 31 of the Bond Trust Deed, Clause 40.2 of the Offshore Agency Agreement and Clause 19 of the

	Programme Agreement are governed by the laws of New South Wales, Australia. The Bond Trust Deed (except for Clause 31), the Offshore Agency Agreement (except for Clause 40.2), the Programme Agreement (except for Clause 19), N Covered Bond Condition 2.2, the N Covered Bond Confirmation Terms, Clause 16 of any N Covered Bond Assignment Agreement, together with any non-contractual obligations arising out of or in connection with any of them, are governed by, and construed in accordance with, English law. Covered Bonds to which the International Terms and Conditions apply, together with any non-contractual obligations arising out of or in connection with any of them, will be governed by and construed in accordance with English law. The courts of England and Wales and (but only if so indicated in the relevant Final Terms) the United States federal courts located in the Borough of Manhattan and the court of the state of New York located in the Borough of Manhattan shall have non-exclusive jurisdiction to settle any dispute arising from or in connection with the Covered Bonds to which the International Terms and Conditions apply. Australian Domestic Covered Bonds will be governed by the laws of New South Wales, Australia. The courts of New South Wales, Australia will have non-exclusive jurisdiction to settle any dispute arising from or connected with the Australian Domestic Covered Bonds. N Covered Bonds (except N Covered Bond Condition 2.2) and any N Covered Bond Assignment Agreement (except Clause 16) will be governed by the laws of Germany. The courts of England and Wales shall have the exclusive jurisdiction to settle any dispute arising from or connected with the N Covered Bonds.
Limited right of Covered Bondholders to bring direct action against the Issuer and CB Guarantor:	No Covered Bondholder or Couponholder will be entitled to proceed directly against the Issuer or the CB Guarantor or to take any action with respect to the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll, any other Transaction Document, the Covered Bonds or the Coupons unless the Bond Trustee having become bound so to proceed or to instruct the Security Trustee to so proceed, fails so to do within a reasonable period and such failure shall be continuing (in which case each of such Covered Bondholder or Couponholder shall be entitled to take any such steps or proceedings as it shall deem necessary other than the presentation of a petition for the winding-up of, or for an administration order in respect of, the Issuer or the CB Guarantor). Only the Security Trustee (acting on the directions of the Bond Trustee) may pursue the remedies available under the general law or under the Security Trust Deed to enforce the Charge and no Secured Creditor will be entitled to proceed directly against the CB Guarantor to enforce the Charge.

RISK FACTORS

The Issuer believes that the following material factors may affect the ability of the Issuer and the CB Guarantor to fulfil their respective obligations under the Covered Bonds issued under the Programme and the Covered Bond Guarantee. These factors are contingencies that may or may not occur, and neither the Issuer nor the CB Guarantor is in a position to express a view on the likelihood of any such contingency occurring. In addition, risk factors which are specific to the Covered Bonds are also described below.

Prospective investors should consult their own financial and legal advisers about risks associated with investment in the Covered Bonds and the suitability of investing in the Covered Bonds in light of their particular circumstances.

The Issuer believes that the factors described below represent the material risks inherent in investing in the Covered Bonds issued under the Programme. However, the inability of the Issuer and the CB Guarantor to pay interest, principal or other amounts on or in connection with any Covered Bonds may occur for other reasons which are not considered to be significant or which are currently unknown or which the Issuer is unable to anticipate, and accordingly the Issuer does not represent that the statements below regarding the risks of holding any Covered Bonds are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in the Terms and Conditions of the Covered Bonds below or elsewhere in this Prospectus have the same meanings in this section.

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

Issuer is liable to make payments when due on the Covered Bonds

The Issuer is liable to make payments when due on the Covered Bonds. The obligations of the Issuer under the Covered Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer, and will rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, other than any obligations preferred by mandatory provisions of applicable law.

The CB Guarantor has no obligation to pay the Guaranteed Amounts payable under the Covered Bond Guarantee until service of a Notice to Pay following service of an Issuer Acceleration Notice or a CBG Acceleration Notice following the occurrence of a CBG Event of Default.

The occurrence of an Issuer Event of Default does not constitute a CBG Event of Default. However, failure by the CB Guarantor to pay amounts when Due for Payment under the Covered Bond Guarantee would constitute a CBG Event of Default.

Following the occurrence of a CBG Event of Default, the Bond Trustee may accelerate the obligations of the CB Guarantor under the Covered Bond Guarantee by serving a CBG Acceleration Notice. Service of a CBG Acceleration Notice will also accelerate the obligations of the Issuer under the Covered Bonds (if they have not already become due and payable following service of an Issuer Acceleration Notice). The Security Trustee would then become entitled to enforce the Charge.

Risks relating to WBC's business

Legal and regulatory risk

WBC's businesses are highly regulated and could be adversely affected by changes in laws, regulations or regulatory policy

WBC is subject to detailed laws and regulations in each of the jurisdictions in which it operates or obtains funding, including Australia, New Zealand, the United Kingdom, the United States and various jurisdictions in Asia and the Pacific. WBC is also supervised by a number of different regulatory and supervisory authorities which have broad administrative powers over its businesses. The Westpac Group's business, prospects, reputation, financial performance and financial condition could be affected by changes to law and regulation, to regulatory policies and in the supervisory activities and expectations of WBC's regulators. The Westpac Group is currently operating in an environment where there is increased scrutiny of the financial services sector, including by regulators, and faces increasing supervision and regulation in the jurisdictions in which WBC operates or obtains funding. This environment has increased the pace and scope of regulatory change.

Regulatory change could directly and adversely affect the Westpac Group's financial condition and financial position. In recent years, new laws have required WBC to maintain increased levels of liquidity and hold higher levels of, and better quality, capital and funding. Regulatory change may continue in this area. Regulation also affects the way WBC operates its business. New regulation could require WBC to change its existing business models (including by imposing restrictions on the types of businesses it can conduct) or amend its corporate structure.

The development and implementation of laws and regulations affect how WBC provides products and services to its customers. New laws have been introduced that further regulate WBC's ability to provide products and services to certain customers and that require WBC to alter its product and service offerings. WBC's ability to set prices for certain products and services may also be impacted by future regulation. The competitive landscape may also be altered by new laws affecting banks, financial service companies, or WBC's agents, authorised representatives and external service providers. The phasing in of open banking is one example of new laws that are likely to affect competition amongst banks and other financial services providers in Australia (see "*Westpac Banking Corporation – Significant Developments – Open banking regime*"). Regulatory changes and revisions to existing regulatory policies, including those driven by international, governmental and/or regulatory bodies, or flowing from reviews and inquiries commissioned by governments or regulators, could adversely affect one or more of WBC's businesses, restrict its flexibility, require WBC to incur substantial costs, impact the profitability of one or more of its business lines, result in the Westpac Group being unable to increase or maintain market share, create pressure on WBC's margins and fees, and/or lead to investigations, all of which could adversely affect WBC's business, prospects, reputation, financial performance or financial condition.

Governments or regulators in jurisdictions in which WBC operates or obtains funding might revise their application of existing regulatory policies that apply to, or impact, its business (including by instituting macro-prudential limits on lending). Regulators or governments may take this action for a variety of reasons, including for reasons relating to national interest and/or systemic stability.

WBC manages its businesses in the context of regulatory uncertainty and complexity. The nature and impact of future changes are unpredictable and beyond WBC's control. Regulatory compliance and the management of regulatory change are an important part of WBC's planning processes. WBC expects that it will continue to invest significantly in compliance and the management and implementation of regulatory change and, at the same time, significant management attention and resources will be required to update existing, or implement new, processes to comply with new regulations (such as obligations to provide certain data and information to regulators) or new interpretations of existing laws or regulations. Another consideration in managing regulatory change arises when regulation is introduced in one jurisdiction that conflicts with the way it is introduced in other jurisdictions in which WBC operates. The failure of the

Westpac Group to appropriately manage and implement regulatory change, including by failing to implement effective processes to comply with new regulations, has, in some instances resulted in, and could in the future result in, the Westpac Group failing to meet a compliance obligation.

WBC's businesses are highly regulated and WBC has been or could be adversely affected by failing to comply with laws, regulations or regulatory policy

WBC is responsible for ensuring that it complies with all applicable legal and regulatory requirements and industry codes of practice, as well as meeting its ethical standards. The Westpac Group is subject to compliance risk, which is the risk of legal or regulatory sanction or financial or reputational loss, arising from WBC's failure to abide by the compliance obligations required of WBC. This risk is exacerbated by the increasing complexity and volume of regulation and can also arise where WBC interprets its obligations and rights differently to its regulators or a court. Such risk is heightened in circumstances where regulation is untested and/or not accompanied by extensive regulatory guidance. The Westpac Group employs a compliance management system which is designed to identify, assess and manage compliance risk. However this system may not always be effective and system breakdowns may occur due to, for example, flaws in the design of controls or processes. This has resulted in, and may in the future result in, potential breaches of WBC's compliance obligations, as well as poor customer outcomes.

The Westpac Group also depends on its employees, contractors, agents, authorised representatives and external service providers to 'do the right thing' for it to meet its compliance obligations. Any failure to act in an appropriate manner, such as neglecting to follow a policy or engaging in misconduct, could result in poor customer outcomes and a failure, or suspected failure, by the Westpac Group to comply with compliance obligations, which in turn could lead to a regulator commencing surveillance or an investigation into the Westpac Group. Depending on the circumstances, the regulator could take administrative or enforcement action against the Westpac Group and/or its representatives (including pursuing civil or criminal proceedings and seeking substantial fines, civil penalties or other enforcement outcomes). In addition, the failure or alleged failure of WBC's competitors to comply with their obligations could lead to increased regulatory scrutiny across the financial services sector.

In many cases, WBC's regulators (including APRA and the Australian Securities and Investments Commission (**ASIC**)) have broad powers, and in the case of APRA, to direct WBC to comply with prudential requirements, conduct an audit, remove a Director, executive officer or employee, take remedial action, not to undertake transactions, disqualify an 'Accountable Person' under the Banking and Executive Accountability Regime, or hold additional capital. Earlier this year, APRA exercised its broad powers, directing WBC to hold additional capital by applying a A$500 million overlay to WBC's operational risk capital requirement following the completion of its self-assessment of its frameworks and practices in relation to governance, culture and accountability. If the Westpac Group incurs additional capital overlays in the future it may need to raise additional capital which could have an adverse impact on its business, prospects, financial performance and financial condition.

The current political and regulatory environment has seen (and may in the future see) WBC's regulators receive new powers. Under ASIC's product intervention power, ASIC can make orders that prevent issuers of financial products from engaging in certain conduct. Legislation has been passed that strengthens the penalties that can be imposed for corporate and financial sector misconduct. ASIC can now commence civil penalty proceedings and seek significant civil penalties against an Australian Financial Services licensee (such as WBC) for failing to do all things necessary to ensure that financial services provided under the licence are provided efficiently, honestly and fairly. The Westpac Group may also face significant penalties for failing to comply with other obligations, such as those provided for under the Consumer Data Right (as defined in the section titled "*Westpac Banking Corporation – Significant Developments – Open banking regime*"). This trend to more severe penalties for failing to meet compliance obligations could continue in the future and be expanded into other areas of regulation that the Westpac Group is subject to.

Changes may also occur in the oversight approach of regulators, which could result in a regulator preferring its enforcement powers over a more consultative approach, such as ASIC committing to accelerating enforcement activities, conducting more enforcement actions against large financial institutions and

adopting a 'why not litigate?' stance. ASIC has continued to implement its 'Close and Continuous Monitoring' programme, which has seen ASIC staff embedded within the institutions they supervise, including WBC. APRA has publicly committed to a revised approach to enforcement. APRA has indicated that it will use enforcement where appropriate to prevent and address serious prudential risks and hold entities and individuals to account. In recent years, there have been significant increases in the nature and scale of regulatory investigations, enforcement actions and the quantum of fines issued by global regulators. As well as conducting more civil penalty proceedings, WBC's regulators may be more likely to bring criminal proceedings against institutions and/or their representatives in the future. Alternatively, regulators may elect to make criminal referrals to the Commonwealth Department of Public Prosecutions or other prosecutorial bodies.

The provision of new powers to regulators, coupled with the increasingly active supervisory and enforcement approaches adopted by them, increases the prospect of adverse regulatory action being brought against the Westpac Group. Further, the severity and consequences of that action are now greater, given the expansion of penalties for corporate and financial sector misconduct.

Regulatory action brought against the Westpac Group may expose it to an increased risk of litigation brought by third parties (including through class action proceedings) which may require the Westpac Group to pay compensation to third parties and/or undertake further remediation activities. Regulatory investigations, inquiries, litigation, fines, penalties, infringement notices, revocation, suspension or variation of conditions of relevant regulatory licences or other enforcement or administrative action or agreements (such as enforceable undertakings) could, either individually or in aggregate with other regulatory action, adversely affect WBC's business, prospects, reputation, financial performance or financial condition.

The failure to comply with financial crime obligations could have an adverse effect on WBC's business and reputation

The Westpac Group is subject to anti-money laundering and counter-terrorism financing (**AML/CTF**) laws, anti-bribery and corruption laws, economic and trade sanctions laws and tax transparency laws in the jurisdictions in which it operates. These laws can be complex and, in some circumstances, impose a diverse range of obligations. For example, AML/CTF laws require WBC and other regulated institutions to (amongst other things) undertake customer identification and verification, conduct ongoing due diligence on customers, maintain and comply with an AML/CTF programme and undertake ongoing risk assessments. AML/CTF laws also require WBC to report certain matters and transactions to regulators (including in relation to International Funds Transfer Instructions, Threshold Transaction Reports and Suspicious Matter Reports) and ensure that certain information is not disclosed to third parties in a way that would contravene the 'tipping off' provisions in AML/CTF legislation.

In recent years there has been increased focus on compliance with financial crime obligations, with regulators around the globe commencing large-scale investigations and taking enforcement action where they have identified non-compliance (often seeking significant monetary penalties). Further, due to the large volume of transactions that the Westpac Group processes, the undetected failure or the ineffective implementation, monitoring or remediation of a system, policy, process or control (including in relation to a regulatory reporting obligation) has in some instances and could in the future result in, a significant number of breaches of AML/CTF obligations. This in turn could lead to significant monetary penalties.

While the Westpac Group has systems, policies, processes and controls in place that are designed to manage its financial crime obligations (including its reporting obligations), these have not always been, and may not in the future always be, effective. The Westpac Group is currently undertaking a multi-year programme designed to address areas of control weaknesses in its financial crime management framework and improve the management of this risk class.

If WBC fails, or where the Westpac Group has failed, to comply with these obligations, WBC could face regulatory enforcement action such as litigation, significant fines, penalties and the revocation, suspension or variation of licence conditions. As reported in the Issuer's 2018 Annual Report, the Westpac Group self-

reported to AUSTRAC a failure to report a large number of International Funds Transfer Instructions (**IFTI**s) (as required under Australia's AML/CTF Act). AUSTRAC has issued a number of detailed statutory notices over the last year requiring information relating to the Westpac Group's processes, procedures and oversight. These notices relate to a range of matters including these IFTI reporting failures and associated potential failings related to record keeping and obligations to obtain and pass on certain data in funds transfer instructions, as well as correspondent banking due diligence, risk assessments and transaction monitoring. Non-compliance with financial crime obligations could also lead to litigation commenced by third parties (including class action proceedings) and cause reputational damage. These actions could, either individually or in aggregate, adversely affect WBC's business, prospects, reputation, financial performance or financial condition.

The Royal Commission has led to, and may continue to lead to, regulatory enforcement activity, litigation and changes in laws, regulations or regulatory policy, and has resulted in, and may continue to result in, ongoing reputational damage to the Westpac Group, all of which has and may continue to have an adverse effect on WBC's business and prospects

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry investigated (amongst other things) whether any conduct, practices, behaviours or business activities engaged in by financial services entities amounted to potential misconduct, or fell below community standards and expectations.

These investigations (including the public hearings, submissions, evidence and findings of the Royal Commission) had, and may continue to have, an adverse impact on the Westpac Group's reputation and potentially the financial performance of the Westpac Group's businesses. In addition, the Royal Commission's findings have led to, and may continue to lead in the future to, regulators commencing investigations and/or enforcement action against financial institutions (including the Westpac Group). This environment has also resulted in an increase in class actions or other litigation being commenced by the Westpac Group's customers, including in relation to matters raised at the Royal Commission. For further information about this risk, refer to the section titled "*WBC has and could suffer losses due to litigation (including class action proceedings)*" below.

In addition, the recommendations made in the Final Report of the Commission (which was publicly released on 4 February 2019) have resulted and will, depending on how its recommendations are implemented, result in further changes to legislation, and further influence the policies and practices of WBC's regulators. In some instances, this has already had, and may continue to have in the future, an adverse effect on WBC's business, prospects, financial performance or financial condition.

The Royal Commission has also led to increased political or regulatory scrutiny of the financial industry in New Zealand, and may continue to do so.

WBC has suffered and could suffer losses due to litigation (including class action proceedings)

The Westpac Group (and individual entities within the Westpac Group) may, from time to time, be involved in legal proceedings (including class actions), regulatory actions or arbitration arising from the conduct of their business and the performance of their legal and regulatory obligations.

Proceedings could be commenced against the Westpac Group by a range of potential plaintiffs, such as its customers, shareholders, suppliers and counterparties. These plaintiffs may commence proceedings individually or they may commence class action proceedings.

In recent years, there has been an increase in the number of class action proceedings brought against financial services companies (and other organisations more broadly), many of which have resulted in significant monetary settlements. The risk of class action proceedings being commenced is heightened by findings from regulatory investigations or inquiries (such as the Royal Commission into Misconduct in the Financial Services Industry), adverse media, an adverse judgment or the settlement of proceedings brought

by a regulator. Furthermore, there is a risk that class action proceedings commenced against a competitor could lead to similar class action proceedings being commenced against the Westpac Group.

The growth in third party litigation funding in Australia has also contributed to a recent increase in the number of class actions being commenced in Australia. This trend may continue in light of recent court judgments which have clarified the courts' approach to liability and loss on certain types of class action claims. This clarification may encourage plaintiffs, law firms and funders to bring and maintain class action proceedings, as well as potentially improve the ability of plaintiffs to establish certain types of class action claims.

Litigation (including class action proceedings) may, either individually or in aggregate, adversely affect the Westpac Group's business, operations, prospects, reputation or financial condition. This risk is heightened by the recent increases in the severity of penalties for certain breaches of the law. Such matters are subject to many uncertainties (for example, the outcome may not be able to be predicted accurately). Furthermore, the Westpac Group's ability to respond to and defend litigation may be adversely affected by inadequate record keeping.

Depending on the outcome of any litigation, the Westpac Group may be required to comply with broad court orders, including compliance orders, enforcement orders or otherwise pay money such as damages, fines, penalties or legal costs.

There is a risk that these contingent liabilities may be larger than anticipated or that additional litigation or other contingent liabilities may arise, which could adversely affect WBC's business, prospects, reputation, financial performance or financial condition.

Risk relating to the core operations supporting WBC's activities

Reputational damage could harm WBC's business and prospects

WBC's ability to attract and retain customers and WBC's prospects could be adversely affected if WBC's reputation is damaged.

Reputation risk is the risk of loss of reputation, stakeholder confidence or public trust and standing. It arises where there are differences between stakeholders' current and emerging perceptions, beliefs and expectations and WBC's past, current and planned activities, processes, performance and behaviours.

There are various potential sources of reputational damage. WBC's reputation may be damaged where any of its policies, processes, practices or behaviours result in a negative outcome for a customer or a class of customers. Other potential sources of reputational damage include the failure to effectively manage risks in accordance with WBC's risk management frameworks, failure to comply with legal and regulatory requirements, adverse findings from regulatory reviews (including WBC-specific and industry-wide reviews), environmental, social and ethical issues, failure of information security systems, technology failures, security breaches and inadequate record keeping which may prevent WBC from demonstrating that a past decision was appropriate at the time it was made.

WBC may suffer reputational damage where its conduct, practices, behaviours or business activities do not align with the evolving standards and expectations of the community, WBC's regulators and other stakeholders. As these expectations may exceed the standard required in order to comply with the law, WBC may incur reputational damage even where it has met its legal obligations. WBC's reputation could also be adversely affected by the actions of the financial services industry in general or from the actions of WBC's competitors, customers, suppliers, joint-venture partners, strategic partners and other counterparties.

Furthermore, the risk of reputational damage may be heightened by factors such as the increasing use of social media or the increasing prevalence of groups which seek to publicly challenge the Westpac Group's strategy or approach to aspects of its business. Failure, or perceived failure, to appropriately address issues

that could or do give rise to reputational risk could also impact the regulatory change agenda, give rise to additional legal risk, subject WBC to regulatory investigations, regulatory enforcement actions, fines and penalties or litigation brought by third parties (including class actions), require WBC to remediate and compensate customers and incur remediation costs or harm WBC's reputation among customers, investors and the marketplace.

This could lead to loss of business which could adversely affect WBC's business, prospects, financial performance or financial condition.

WBC has and could in the future suffer information security risks, including cyberattacks

The proliferation of new technologies, the increasing use of the internet and telecommunications to conduct financial transactions and the growing sophistication and activities of attackers (including organised crime and state-sponsored actors) have resulted in increased information security risks for major financial institutions such as WBC and its external service providers.

While WBC has systems in place to protect against, detect and respond to cyberattacks, these systems have not always been, and may not in the future always be effective. There can be no assurance that WBC will not suffer losses from cyberattacks or other information security breaches. The Westpac Group may not be able to anticipate and prevent a cyberattack, or it may not be able to implement effective measures to respond to a cyberattack in progress. Further, there is a risk that the Westpac Group will not be able to rectify or minimise the damage resulting from a cyberattack.

If the Westpac Group incurs a successful cyberattack, technology systems might fail to operate properly or become disabled and it could result in the unauthorised release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the Westpac Group, its employees, customers or third parties or otherwise adversely impact network access, business operations or availability of services.

In addition, as cyber threats continue to evolve, WBC may be required to expend significant additional resources to modify or enhance its systems or to investigate and remediate any vulnerabilities or incidents.

WBC's operations rely on the secure processing, storage and transmission of information on its computer systems and networks, and the systems and networks of external suppliers. Although WBC implements measures to protect the security, integrity and confidentiality of its information, there is a risk that the computer systems, software and networks on which WBC relies may be subject to security breaches, unauthorised access, malicious software, external attacks or internal breaches that could have an adverse impact on WBC's confidential information or that of WBC's customers and counterparties.

Major banks in other jurisdictions have suffered security breaches from sophisticated cyberattacks. WBC's external service providers, other parties that facilitate WBC's business activities and financial platforms and infrastructure (such as clearing houses, payment systems and exchanges) are also subject to the risk of cyberattacks. Any such security breach could result in the loss of customers and business opportunities, significant disruption to WBC's operations, misappropriation of WBC's confidential information and/or that of its customers and damage to WBC's computers or systems and/or those of its customers. Such a security breach could also result in reputational damage, claims for compensation and regulatory investigations and penalties, which could adversely affect WBC's business, prospects, financial performance or financial condition.

WBC's risk and exposure to such threats remains heightened because of the evolving nature of technology, WBC's prominence within the financial services industry, the prominence of WBC's customers (including those in the government, mining and health sectors), increasing obligations to make data and information available to external third parties and WBC's plans to continue to improve and expand its internet and mobile banking infrastructure.

WBC could suffer losses due to technology failures WBC could suffer losses due to technology failures or its inability to appropriately manage and upgrade its technology

The reliability, integrity and security of WBC's information and technology is crucial in supporting WBC's customers' banking requirements and meeting its compliance obligations and its regulators' expectations.

While the Westpac Group has a number of processes in place to provide for and monitor the availability and recovery of its systems, there is a risk that its information and technology systems might fail to operate properly or become disabled, including as a result of events that are wholly or partially beyond its control. If WBC incurs a technology failure it may fail to meet a compliance obligation (such as the obligation to retain records and data for requisite periods of time), or WBC's customers may be adversely affected. This could potentially result in reputational damage, remediation costs and a regulator commencing an investigation and/or taking administrative or enforcement action against WBC. The overuse or overreliance on legacy or outdated systems may heighten the risk of a technology failure occurring.

Further, in order to continue to deliver new products and services to customers, comply with WBC's regulatory obligations (such as obligations to report certain data and information to regulators) and meet the ongoing expectations of WBC's regulators and customers, WBC needs to regularly renew and enhance its technology. WBC is constantly managing technology projects including projects to consolidate technology platforms, simplify and enhance its technology and operations environment, assist WBC to comply with legal obligations, improve productivity and provide for a better customer experience. Failure to implement these projects or manage associated change effectively could result in cost overruns, unrealised productivity, operational instability, failure to meet compliance obligations, reputational damage and/or result in the loss of market share to competitors. In turn, this could place WBC at a competitive disadvantage and adversely affect WBC's financial performance.

The Westpac Group's failure to recruit and retain key executives, employees and Directors may have adverse effects on WBC's business

Key executives, employees and Directors play an integral role in the operation of WBC's business and its pursuit of its strategic objectives. The unexpected departure of an individual in a key role, or the Westpac Group's failure to recruit and retain appropriately skilled and qualified persons into these roles, could each have an adverse effect on WBC's business, prospects, reputation, financial performance or financial condition.

Risks related to WBC's financial situation

Adverse credit and capital market conditions or depositor preferences may significantly affect WBC's ability to meet funding and liquidity needs and may increase WBC's cost of funding

WBC relies on deposits, and credit and capital markets, to fund its business and as a source of liquidity. WBC's liquidity and costs of obtaining funding are related to credit and capital market conditions.

Global credit and capital markets can experience periods of extreme volatility, disruption and decreased liquidity as was demonstrated during the Global Financial Crisis. While there have now been extended periods of stability in these markets, the environment remains unpredictable. The main risks WBC faces are damage to market confidence, changes to the access and cost of funding and a slowing in global activity or other impacts on entities with whom WBC does business.

As of 30 September 2019, approximately 30 per cent. of WBC's total funding originated from domestic and international wholesale markets. Of this, around 65 per cent. was sourced outside Australia and New Zealand. Customer deposits provide around 63 per cent. of total funding. Customer deposits held by WBC are comprised of both term deposits which can be withdrawn after a certain period of time and at call deposits which can be withdrawn at any time.

A shift in investment preferences could result in deposit withdrawals by customers which could increase WBC's need for funding from other, potentially less stable, or more expensive, forms of funding.

If market conditions deteriorate due to economic, financial, political or other reasons, there may also be a loss of confidence in bank deposits and WBC could experience unexpected deposit withdrawals. In this situation WBC's funding costs may be adversely affected and its liquidity and its funding and lending activities may be constrained.

If WBC's current sources of funding prove to be insufficient, WBC may be forced to seek alternative financing. The availability of such alternative financing, and the terms on which it may be available, will depend on a variety of factors, including prevailing market conditions, the availability of credit, WBC's credit ratings and credit market capacity. Even if available, these alternatives may be more expensive or on unfavourable terms, which could adversely affect WBC's financial performance, liquidity, capital resources or financial condition. There is no assurance that WBC will be able to obtain adequate funding, do so at acceptable prices, or that WBC will be able to recover any additional costs.

If WBC is unable to source appropriate funding, it may also be forced to reduce its lending or begin selling liquid securities. Such actions may adversely impact WBC's business, prospects, liquidity, capital resources, financial performance or financial condition. If WBC is unable to source appropriate funding for an extended period, or if it can no longer sell liquid securities, there is a risk that WBC will be unable to pay its debts as and when they become due and payable.

WBC enters into collateralised derivative obligations, which may require WBC to post additional collateral based on movements in market rates, which has the potential to adversely affect WBC's liquidity or ability to use derivative obligations to hedge its interest rate, currency and other financial instrument risks.

Sovereign risk may destabilise financial markets adversely

Sovereign risk is the risk that governments will default on their debt obligations, will be unable to refinance their debts as they fall due or will nationalise parts of their economy including assets of financial institutions such as WBC. Sovereign defaults could negatively impact the value of WBC's holdings of high quality liquid assets. There may also be a cascading effect to other markets and countries, the consequences of which, while difficult to predict, may be similar to or worse than those experienced during the Global Financial Crisis. Such an event could destabilise global financial markets, adversely affecting WBC's liquidity, financial performance or financial condition.

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

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

The credit ratings assigned to WBC by rating agencies are based on an evaluation of a number of factors, including WBC's financial strength, the quality of its governance, structural considerations regarding the Australian financial system and the credit rating of the Australian Government. A credit rating downgrade could be driven by a downgrade of the Australian Government, the occurrence of one or more of the other risks identified in this section or by other events including changes to the methodologies used by the rating agencies to determine ratings.

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

A systemic shock in relation to the Australian, New Zealand or other financial systems could have adverse consequences for WBC or its customers or counterparties that would be difficult to predict and respond to

There is a risk that a major systemic shock could occur that causes an adverse impact on the Australian, New Zealand or other financial systems.

As outlined above, during the past decade the financial services industry and capital markets have been, and may continue to be, adversely affected by market volatility, global economic conditions, geopolitical instability (such as threats of or actual conflict occurring around the world) and political developments. In particular, there are significant and ongoing global political developments that have the potential to impact major global economies, including Brexit and the introduction of tariffs and other protectionist measures by various countries, such as the US and China. A shock to one of the major global economies could again result in currency and interest rate fluctuations and operational disruptions that negatively impact the Westpac Group.

Any such market and economic disruptions could adversely affect financial institutions such as WBC because consumer and business spending may decrease, unemployment may rise and demand for the products and services WBC provides may decline, thereby reducing WBC's earnings. These conditions may also affect the ability of WBC's borrowers to repay their loans or its counterparties to meet their obligations, causing WBC to incur higher credit losses and affect investors' willingness to invest in the Westpac Group. These events could also result in the undermining of confidence in the financial system, reducing liquidity, impairing WBC's access to funding and impairing WBC's customers and counterparties and their businesses. If this were to occur, WBC's business, prospects, financial performance or financial condition could be adversely affected.

The nature and consequences of any such event are difficult to predict and there can be no certainty that WBC could respond effectively to any such event.

Declines in asset markets could adversely affect WBC's operations or profitability

Declines in Australian, New Zealand or other asset markets, including equity, residential and commercial property and other asset markets, could adversely affect WBC's operations and profitability.

Declining asset prices also impact WBC's wealth management business. Earnings in WBC's wealth management business are, in part, dependent on asset values because WBC typically receives fees based on the value of securities and/or assets held or managed. A decline in asset prices could negatively impact the earnings of this business.

Declining asset prices could also impact customers and counterparties and the value of security (including residential and commercial property) WBC holds against loans and derivatives. This may impact WBC's ability to recover amounts owing to it if customers or counterparties were to default. It may also affect WBC's level of provisioning which in turn impacts its profitability and financial condition.

WBC's business is substantially dependent on the Australian and New Zealand economies

WBC's revenues and earnings are dependent on economic activity and the level of financial services its customers require. In particular, lending is dependent on various factors including economic growth, business investment, business and consumer sentiment, levels of employment, interest rates, asset prices and trade flows in the countries in which WBC operates.

WBC conducts the majority of its business in Australia and New Zealand and, consequently, WBC's performance is influenced by the level and cyclical nature of lending in these countries. These factors are in turn impacted by both domestic and international economic conditions, natural disasters and political events. A significant decrease in Australian and New Zealand housing valuations could adversely impact

WBC's home lending activities because borrowers with loans in excess of their property value show a higher propensity to default. In the event of defaults WBC's security may be eroded, causing it to incur higher credit losses. The demand for WBC's home lending products may also decline due to adverse changes in tax legislation (such as changes to tax rates, concessions or deductions), regulatory requirements or other buyer concerns about decreases in values.

Adverse changes to economic and business conditions in Australia and New Zealand and other countries such as China, India, Japan and the United States could also adversely affect the Australian economy and WBC's customers. In particular, due to the current economic relationship between Australia and China, particularly in the mining and resources sectors, a slowdown in China's economic growth, including as the result of the implementation of tariffs or other protectionist trade measures, could negatively impact the Australian economy. Changes in commodity prices, Chinese government policies and broader economic conditions could, in turn, result in reduced demand for WBC's products and services and affect the ability of WBC's borrowers to repay their loans. If this were to occur, it could negatively impact WBC's business, prospects, financial performance or financial condition.

Monetary policy can also significantly affect the Westpac Group. Interest rate settings (including low or negative rates), as well as other actions taken by central banks (such as quantative easing), may adversely affect WBC's cost of funds and the values of WBC's lending and investments and margins. Monetary policies also impact the broader economic conditions of the various jurisdictions that the Westpac Group operates or obtains funding in. These policies could affect demand for WBC's products and services and/or have a negative impact on the Westpac Group's customers and counterparties, potentially increasing the risk that they will default on their obligations to the Westpac Group. All of these factors could adversely affect WBC's business, prospects, financial performance or financial condition.

Risks related to the Issuer's business activities and industry

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

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

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

Credit risk also arises from certain derivative, clearing and settlement contracts WBC enters into, and from its dealings with, and holdings of, debt securities issued by other banks, financial institutions, companies, clearing houses, governments and government bodies, the financial conditions of which may be affected to varying degrees by economic conditions in global financial markets.

WBC faces intense competition in all aspects of its business

The financial services industry is highly competitive. WBC competes, both domestically and internationally, with a range of firms, including retail and commercial banks, asset managers, investment banking firms, brokerage firms, other financial service firms and businesses in other industries with emerging financial services aspirations. This includes specialist competitors that may not be subject to the same capital and regulatory requirements and therefore may be able to operate more efficiently. Digital technologies are changing consumer behaviour and the competitive environment. The use of digital channels by customers to conduct their banking continues to rise and emerging competitors are increasingly utilising new technologies and seeking to disrupt existing business models, including in relation to digital

payment services. The Westpac Group faces competition from established providers of financial services as well as from banking businesses developed by non-financial services companies.

The competitive environment may also change as a result of legislative reforms. If WBC is unable to compete effectively in the increasingly competitive environment in which its various businesses operate, WBC's market share may decline. This may adversely affect WBC by diverting business to its competitors or creating pressure to lower margins and fees.

Increased competition for deposits could also increase WBC's cost of funding and lead WBC to seek access to other types of funding or reduce lending. WBC relies on bank deposits to fund a significant portion of its balance sheet and deposits have been a relatively stable source of funding. WBC competes with banks and other financial services firms for such deposits. To the extent that WBC is not able to successfully compete for deposits, WBC would be forced to rely more heavily on other, potentially less stable or more expensive forms of funding, or reduce lending.

WBC is also dependent on its ability to offer products and services that match evolving customer preferences. If WBC is not successful in developing or introducing new products and services or responding or adapting to changes in customer preferences and habits, it may lose customers to WBC's competitors. This could adversely affect WBC's business, prospects, financial performance or financial condition.

WBC could suffer losses due to market volatility

WBC is exposed to market risk as a consequence of its trading activities in financial markets, its defined benefit plan and through the asset and liability management of its financial position. This is the risk of an adverse impact on earnings resulting from changes in market factors, such as foreign exchange rates, commodity prices, equity prices, and interest rates including the potential for low or negative interest rates. This includes interest rate risk in the banking book, such as the risk to interest income from a mismatch between the duration of assets and liabilities that arises in the normal course of business activities.

Changes in market factors could be driven by a number of developments. As an example, in July 2017, the FCA, which regulates the London Interbank Offered Rate (**LIBOR**), announced that it would not require panel banks to continue to submit rates for the calculation of the LIBOR benchmark after 2021. Accordingly, the continuation of LIBOR in its current form will not be guaranteed after 2021, and it appears likely that LIBOR will be discontinued or modified by 2021. Any such developments or future changes in the administration of LIBOR or any other benchmarks could result in adverse consequences to the return on, value of and market for securities and other instruments whose returns are linked to any such benchmark, including those securities or other instruments issued by the Westpac Group.
If WBC were to suffer substantial losses due to any market volatility (including changes in the return on, value of or market for, securities or other instruments) it may adversely affect WBC's business, prospects, liquidity, capital resources, financial performance or financial condition.

WBC has and could suffer losses due to operational risks

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It also includes, among other things, reputational risk, technology risk, model risk and outsourcing risk, as well as the risk of business disruption due to external events such as natural disasters, environmental hazard, damage to critical utilities, and targeted activism and protest activity. These events can potentially result in financial losses or other damages to WBC, including damage to reputation.

While WBC has policies, processes and controls in place to manage these risks, these may not always have been, or continue to be, effective. Ineffective processes and controls have resulted in, and could in the future result in, an adverse outcome for WBC's customers. A process breakdown could result in a customer not receiving a product on the terms and conditions or at the pricing, they agreed to. Inadequate record keeping may prevent WBC from demonstrating that a past decision was appropriate at the time it was made

or that a particular action or activity was undertaken. If this was to occur, WBC may incur significant costs in paying refunds and compensation to customers, as well as remediating any underlying process breakdown. Failed processes could result in WBC incurring losses because it is not able to enforce its contractual rights. This could arise in circumstances where WBC did not correctly document their rights or failed to perfect a security interest. These types of operational failures, may also result in increased regulatory scrutiny and depending on the nature of the failure and its impact, result in a regulator potentially commencing an investigation and/or taking other enforcement, administrative or supervisory action. WBC could incur losses from fraudulent applications for loans or from incorrect or fraudulent payments and settlements, particularly real-time payments. Fraudulent conduct can also emerge from external parties seeking to access the bank's systems and customers' accounts. If systems, procedures and protocols for managing fraud fail, or are ineffective, they could lead to losses which could adversely affect WBC's customers, as well as its business, prospects, reputation, financial performance or financial condition.

WBC also relies on a number of suppliers, both in Australia and overseas, to provide services to it and its customers. Failure by these suppliers to deliver services as required could disrupt services and adversely impact WBC's operations, profitability or reputation. The Westpac Group could also be adversely affected by events that cause disruption within the banking and financial services industry. For example, there is a risk that if central banks adopt negative interest rates in the future, the technology systems used by the Westpac Group, its counterparties and/or financial infrastructure providers may fail to operate correctly and this may cause loss or damage to the Westpac Group and/or its counterparties. Operational risks can impact WBC's reputation and result in financial losses (including through decreased demand for WBC's products and services) which would adversely affect WBC's financial performance or financial condition.

Operational risk, technology risk, conduct risk or compliance risk events have required, and could in the future require, WBC to undertake customer remediation activity

WBC relies on a large number of policies, processes, procedures, systems and people to conduct its business. Breakdowns or deficiencies in one of these areas (arising from one or more operational risk, technology risk, conduct risk or compliance risk events) have resulted, and could in the future result in, adverse outcomes for customers which WBC is required to remediate. These events could require the Westpac Group to incur significant remediation costs (which may include compensation payments to customers and costs associated with correcting the underlying issue) and result in reputational damage.

There are significant challenges and risks involved in customer remediation activities. WBC's ability to investigate an adverse customer outcome that may require remediation could be impeded if the issue is a legacy matter spanning beyond WBC's record retention period, or if WBC's record keeping is otherwise inadequate. Depending on the nature of the issue, it may be difficult to quantify and scope the remediation activity.

Determining how to properly and fairly compensate customers can also be a complicated exercise involving numerous stakeholders, such as the affected customers, regulators and industry bodies. The Westpac Group's proposed approach to a remediation may be affected by a number of events, such as a group of affected customers commencing class action proceedings on behalf of the broader population of affected customers, or a regulator exercising their powers to require that a particular approach to remediation be taken. These factors could impact the timeframe for completing the remediation activity, potentially resulting in WBC failing to execute the remediation in a timely manner. A failure of this type could lead to a regulator commencing enforcement action against the Westpac Group. The ineffective or slow completion of a remediation also exposes the Westpac Group to reputational damage, with the Westpac Group potentially being criticised by regulators, affected customers, the media and other stakeholders, resulting in reputational damage.

The significant challenges and risks involved in scoping and executing remediations in a timely way also create the potential for remediation costs actually incurred to be higher than those initially estimated by the Westpac Group.

If the Westpac Group cannot effectively scope, quantify or implement a remediation activity in a timely way, there could be a negative impact on WBC's business, prospects, reputation, financial performance or financial condition.

A failure or interruption of WBC's data practices could adversely affect its business, results of operations and financial condition

Accurate and complete data is critical to ensure that WBC's systems (both customer facing and back-office), and financial reporting processes operate effectively. In some areas of its business and operations, WBC is affected by poor data quality. This has arisen, and could in the future arise, in a number of ways, including through inadequacies in systems, processes and policies. This could lead to deficiencies or failings in customer service, risk management, financial reporting (including in the calculation of risk weighted assets), credit systems and processes, compliance with legal obligations (including obligations to provide data to regulators) and also result in poor decision making, including in relation to the provision of credit and the terms on which it is provided. Poor data quality, could affect the ability of WBC to improve systems and processes. WBC is also exposed to model risk, being the risk of loss arising from errors or inadequacies in data or a model, or in the control and use of a model.

WBC is required to retain and access data and documentation for specific retention periods in order to satisfy its compliance obligations. In some cases, WBC also retains data to enable it to demonstrate that a past decision was appropriate at the time it was made. Failings in systems, processes and policies could all adversely affect WBC's ability to retain and access data.

In recent times, financial services entities have been increasingly sharing data with third parties, such as suppliers and regulators (both domestic and offshore), in order to conduct their business activities and meet regulatory obligations. A breakdown in a process or control related to the transfer, storage or protection of data transferred to a third party, or the failure of a third party to use and handle this data correctly, could result in the Westpac Group failing to meet a compliance obligation (including any relevant privacy obligations) and/or have an adverse impact on WBC's customers and the Westpac Group.

WBC has and could suffer losses due to conduct risk

Conduct risk is the risk that WBC's provision of services and products results in unsuitable or unfair outcomes for its stakeholders or undermines market integrity. Conduct risk could occur through the provision of products and services to WBC's customers that do not meet their needs or do not support market integrity, as well as the poor conduct of WBC's employees, contractors, agents, authorised representatives and external service providers, which could include deliberate attempts by such individuals to circumvent WBC's controls, processes and procedures. This could occur through a failure to meet professional obligations to specific clients (including fiduciary and suitability requirements), poor product design and implementation, failure to adequately consider customer needs or selling products and services outside of customer target markets. Conduct risk may also arise where there has been a failure to adequately provide a product or service that WBC had agreed to provide a customer.

While WBC has frameworks, policies, processes and controls that are designed to manage poor conduct outcomes, these policies and processes may not always have been or continue to be effective. The failure of these policies and processes could result in financial losses and reputational damage and this could adversely affect WBC's business, prospects, financial performance or financial condition.

WBC could suffer losses and its business has been and could be adversely affected by the failure to adopt and implement effective risk management

WBC has implemented risk management strategies, policies and internal controls involving processes and procedures intended to identify, monitor and manage risks facing the Westpac Group. However, WBC's risk management framework has not always been, or may not in the future prove to be, effective. This could be because the design of the framework may be inadequate, which could result in key information

not being provided to decision-makers in the right form and in a timely manner, or because of weaknesses in underlying data. There is also the possibility that key risk management policies, controls and processes may be ineffective, either due to inadequacies in their design, or because of the poor implementation of these policies, controls and processes. There are also inherent limitations with any risk management framework as there may exist, or emerge in the future, risks that WBC has not anticipated or identified and WBC's controls may not be effective.

Risk management frameworks may also prove ineffective because of weaknesses in risk culture, which may result in risks and control weaknesses not being identified, escalated and acted upon. Further, while the development of appropriate remuneration structures can play an important role in supporting a sound risk culture, a deficiency in the design or operation of WBC's remuneration structures could have a negative effect, potentially resulting in staff engaging in excessive risk taking behaviours.

Risk management failings of the type outlined above could adversely impact the Westpac Group in numerous ways, with the Westpac Group potentially being exposed to higher levels of risk than expected, which may result in the Westpac Group incurring unexpected losses, breaches of compliance obligations and reputational damage.

As part of the Westpac Group's risk management framework, the Westpac Group measures and monitors risks against its risk appetite. Where the Westpac Group identifies a risk as being out-of-appetite, the Westpac Group needs to take steps to bring this risk back into appetite in a timely way. However, the Westpac Group may not always be able to achieve this within the proposed timeframes, such as where the Westpac Group experiences delays in enhancing its information technology systems to better manage the out-of-appetite risk, or in recruiting sufficient numbers of appropriately trained staff or to undertake required activities. It is also possible that because of external factors beyond the Westpac Group's control, certain risks may be inherently outside of appetite for periods of time. In addition, the Westpac Group is required to periodically review its risk management framework to determine whether it remains appropriate.

If the Westpac Group is unable to bring risks back into appetite, or if it is determined that the Westpac Group's risk management framework is no longer appropriate, the Westpac Group may incur unexpected losses and be required to undertake considerable remedial work. The failure to remedy this situation could result in increased scrutiny from regulators, who could take supervisory action such as requiring the Westpac Group to hold additional capital or directing the Westpac Group to spend money to enhance its risk management systems and controls. The Westpac Group has been adversely affected by weaknesses in risk management systems and controls in the recent past, with APRA requiring WBC to hold additional capital following the completion of WBC's Compliance, Governance and Accountability self-assessment. Inadequacies in addressing risks or in the Westpac Group's risk management framework could also result in the Westpac Group failing to meet a compliance obligation and/or financial losses.

If any of WBC's governance or risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, WBC could suffer unexpected losses and reputational damage which could adversely affect its business, prospects, financial performance or financial condition.

Climate change may have adverse effects on WBC's business

WBC, its customers and external suppliers may be adversely affected by the physical risks of climate change, including increases in temperatures, sea levels, and the frequency and severity of adverse climatic events including fires, storms, floods and droughts. These effects, whether acute or chronic in nature, may directly impact WBC and its customers through reputational damage, environmental factors, insurance risk and business disruption and may have an adverse impact on financial performance (including through an increase in defaults in credit exposures).

Initiatives to mitigate or respond to adverse impacts of climate change may impact market and asset prices, economic activity, and customer behaviour, particularly in geographic locations and industry sectors

adversely affected by these changes. Failure to effectively manage these transition risks could adversely affect WBC's business, prospects, reputation, financial performance or financial condition.

WBC could suffer losses due to environmental factors

WBC and its customers operate businesses and hold assets in a diverse range of geographic locations. Any significant environmental change or external event (including fire, storm, flood, earthquake, pandemic, civil unrest or terrorism) in any of these locations has the potential to disrupt business activities, impact on WBC's operations, damage property and otherwise affect the value of assets held in the affected locations and WBC's ability to recover amounts owing to it. In addition, such an event could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets, all of which could adversely affect WBC's business, prospects, financial performance or financial condition.

WBC could suffer losses due to insurance risk

WBC has exposure to insurance risk in its life insurance, general insurance and lenders mortgage insurance businesses, which may adversely affect WBC's business, operations or financial condition.
Insurance risk is the risk in WBC's licensed regulated insurance entities of lapses being greater than expected, or the costs of claims being greater than expected due to a failure in product design, underwriting, reinsurance arrangements or an increase in the severity and/or frequency of insured events.

In the life insurance business, risk arises primarily through mortality (death) and morbidity (illness and injury) risks, the costs of claims relating to those risks being greater than was anticipated when pricing those risks and policy lapses (including through an unexpected or sustained increase in the rate of policy lapses).

In the general insurance business, insurance risk arises mainly through environmental factors (including storms, floods and bushfires) and other calamities, such as earthquakes, tsunamis and volcanic activity, as well as general variability in home and contents insurance claim amounts. The frequency and severity of external events such as natural disasters is difficult to predict and it is possible that the amounts WBC reserves for potential losses from existing events, such as those arising from natural disaster events, may not be adequate to cover actual claims that may arise.

In the lenders mortgage insurance business, insurance risk arises primarily from unexpected downturns in economic conditions leading to higher levels of mortgage defaults from unemployment or other economic factors.

If WBC's reinsurance arrangements are ineffective, this could lead to greater risk, and more losses than anticipated. There is also a risk that WBC will not be able to renew an expiring reinsurance arrangement on similar terms, including in relation to the cost, duration and amount of reinsurance cover provided under that arrangement.

Changes in critical accounting estimates and judgements could expose the Westpac Group to losses

The Westpac Group is required to make estimates, assumptions and judgements when applying accounting policies and preparing its financial statements, particularly in connection with the calculation of provisions (including those related to remediations or credit losses) and the determination of the fair value of financial instruments. A change in a critical accounting estimate, assumption and/or judgement resulting from new information or from changes in circumstances or experience could result in the Westpac Group incurring losses greater than those anticipated or provided for. This may have an adverse effect on the Westpac Group's financial performance, financial condition and reputation. The Westpac Group's financial performance and financial condition may also be impacted by changes to accounting standards or to generally accepted accounting principles.

WBC could suffer losses due to impairment of capitalised software, goodwill and other intangible assets that may adversely affect WBC's business, operations or financial condition

In certain circumstances WBC may be exposed to a reduction in the value of intangible assets. As at 30 September 2019, WBC carried goodwill principally related to its investments in Australia, other intangible assets principally relating to assets recognised on acquisition of subsidiaries and capitalised software balances.

WBC is required to assess the recoverability of the goodwill and other intangible asset balances on at least an annual basis or wherever an indicator of impairment exists. For this purpose, WBC uses a discounted cash flow calculation. Changes in the methodology or assumptions upon which the calculation is based, together with changes in expected future cash flows, could materially impact this assessment, resulting in the potential write-off of part or all of the intangible assets.

In the event that an asset is no longer in use, or its value has been reduced or that its estimated useful life has declined, an impairment will be recorded, adversely impacting the Westpac Group's financial condition. The estimates and assumptions used in assessing the useful life of an asset can be affected by a range of factors including changes in strategy and the rate of external changes in technology and regulatory requirements.

WBC could suffer losses if it fails to syndicate or sell down underwritten securities

As a financial intermediary, WBC underwrites listed and unlisted debt and equity securities. Underwriting activities include the development of solutions for corporate and institutional customers who need capital and investor customers who have an appetite for certain investment products. WBC may guarantee the pricing and placement of these facilities. WBC could suffer losses if it fails to syndicate or sell down its risk to other market participants. This risk is more pronounced in times of heightened market volatility.

Certain strategic decisions may have adverse effects on WBC's business

WBC, at times, evaluates and may implement strategic decisions and objectives including diversification, innovation, divestment or business expansion initiatives.

The expansion or integration of a new business, or entry into a new business, can be complex and costly and may require WBC to comply with additional local or foreign regulatory requirements which may carry additional risks.

WBC also acquires and invests in businesses owned and operated by external parties. These transactions involve a number of risks for the Westpac Group. For example, WBC may incur financial losses if a business it invests in does not perform as anticipated or subsequently proves to be overvalued at the time that the transaction was entered into.

In addition, WBC may be unable to successfully divest businesses or assets. These activities may, for a variety of reasons, not deliver the anticipated positive business results and could have a negative impact on WBC's business, prospects, reputation, engagement with regulators, financial performance or financial condition.

Electing not to pursue a course of action could have an adverse effect on the Westpac Group. If WBC fails to appropriately respond to changes in the business environment it operates in (including changes related to economic, geopolitical, regulatory, technological, social and competitive factors) this could have a range of adverse effects on the Westpac Group's business, such as being unable to increase or maintain market share as well as creating pressure on margins and fees, any of which could have a negative impact on the Westpac Group's business, prospects, financial performance or financial condition.

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

CB Guarantor only obliged to pay Guaranteed Amounts when the same are Due for Payment and the CB Guarantor will not gross up payment of Guaranteed Amounts for withholding or similar taxes

Following service of a Notice to Pay (but prior to service of a CBG Acceleration Notice), the CB Guarantor will be obliged under the terms of the Covered Bond Guarantee to pay Guaranteed Amounts as and when the same are Due for Payment. However, the CB Guarantor will only be obliged to make payments in respect of the Final Redemption Amount that are due and payable on any Interest Payment Date up until the Maturity Date or if the relevant Series of Covered Bonds has specified in the Final Terms that payment of the Final Redemption Amount may be deferred until the Extended Due for Payment Date, the Extended Due for Payment Date to the extent that it has sufficient monies available under the Guarantee Priority of Payments to do so.

Payments by the CB Guarantor under the Covered Bond Guarantee will be made subject to any applicable withholding or deduction and the CB Guarantor will not be obliged to pay any additional amounts as a consequence. The CB Guarantor will not be obliged at any time to make any payments in respect of additional amounts which may become payable by the Issuer under Condition 8.1 (*Gross up by Issuer*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions – see *General Risk Factors – No gross up for certain withholdings from payments* below. Subject to the applicable grace period in the Terms and Conditions, if (after service of a Notice to Pay) the CB Guarantor fails to make a payment when Due for Payment under the Covered Bond Guarantee or any other CBG Event of Default occurs, then the Bond Trustee may accelerate the obligations of the CB Guarantor under the Covered Bond Guarantee by service of a CBG 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 not payable by the CB Guarantor pursuant to Condition 8 (*Taxation*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions). However, the CB Guarantor will not be obliged to pay any amount under the Covered Bond Guarantee either in respect of amounts due from the Issuer pursuant to Condition 8 (*Taxation*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions, or in respect of any withholding or deduction the CB Guarantor may be required to make in respect of any payments made by it under the Covered Bond Guarantee. Following delivery of a CBG Acceleration Notice to the Security Trustee, the Security Trustee may or must, if so directed by the Bond Trustee or, if there are no Covered Bonds outstanding, all of the other Secured Creditors, enforce the Charge over the Secured Property. The proceeds of enforcement and realisation of the Charge shall be applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments in the Security Trust Deed, and Covered Bondholders will receive amounts from the CB Guarantor on an accelerated basis.

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

The CB Guarantor's ability to meet its obligations under the Covered Bond Guarantee will depend on (i) the realisable value of Selected Loans and their Related Security in the Portfolio and any Substitution Assets and/or Authorised Investments, (ii) the amount of Available Revenue Receipts and Available Principal Receipts generated by the Portfolio and any Substitution Assets and/or Authorised Investments and the timing thereof, (iii) amounts received from, and payable to, the Swap Providers and (iv) the receipt by it of credit balances and interest on credit balances on the GI Account and the other CBG Accounts. The CB Guarantor will not have any other source of funds available to meet its obligations under the Covered Bond Guarantee.

If, following the occurrence of a CBG Event of Default and delivery of a CBG Acceleration Notice to the Security Trustee, the Charge created under the Security Trust Deed is enforced, the Secured Property may not be sufficient to meet the claims of all the Secured Creditors, including the Covered Bondholders.

If, following enforcement of the Charge under the Security Trust Deed, the Secured Creditors have not received the full amount due to them pursuant to the terms of the Transaction 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.

In addition, all obligations of the CB Guarantor to the Covered Bondholders in respect of the secured obligations owing to the Covered Bondholders are limited in recourse to the Secured Property. There is no guarantee that the proceeds of realisation of the Secured 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 Transaction Documents. If the proceeds of realisation of the Secured Property are insufficient to pay amounts due to the Secured Creditors (including the Covered Bondholders), there will be no other source, other than the unsecured claim against the Issuer referred to above, from which to receive these payments and Covered Bondholders may experience a loss or receive a lower yield on their investment than expected.

The Secured Creditors (including the Covered Bondholders) may not seek to recover (including by bringing proceedings against the CB Guarantor or applying to have the CB Guarantor wound up) any shortfall in the amounts which would otherwise be owing by the CB Guarantor (including any Guaranteed Amounts) after the realisation of the Secured Property and the application of the proceeds of realisation in accordance with the Priorities of Payments. If after the realisation of the Secured Property and the application of amounts in accordance with the Priorities of Payments, there are insufficient amounts to discharge the Other Secured Liabilities in full, the Secured Creditors shall have no further claim against the CB Guarantor in respect of the amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged and any relevant payments rights shall be deemed to cease.

Covered Bondholders should note that the Asset Coverage Test has been structured to test whether the Adjusted Aggregate Loan Amount is equal to or greater than the aggregate AUD Equivalent of the Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding, which should reduce the risk of there being a shortfall (although there is no assurance of this): see *Overview of the Principal Documents – Participation Agreement – Asset Coverage Test*. The Asset Coverage Test has been structured to test whether the Portfolio is sufficient to pay amounts due on the Covered Bonds and senior ranking expenses which will include costs relating to the maintenance and administration of the Portfolio while the Covered Bonds are outstanding. However, no assurance can be given that the Portfolio will yield sufficient amounts for such purpose.

Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the CB Guarantor, Covered Bondholders will not have any general right to claim against any assets of BNY Trust Company of Australia Limited other than against the Trust Assets comprised in the Westpac Covered Bond Trust. See *Risk Factors relating to the Covered Bonds - CB Guarantor's liability* below. Additionally, unless a Payment Election has been made by the Intercompany Loan Provider that has not been revoked, the Administrative Agent will select Loans and their Related Security and/or Substitution Assets and/or Authorised Investments in discharge of the CB Guarantor's obligation to repay the principal amount outstanding under the Demand Loan and such assets and certain related principal income will not be available to the Covered Bondholders once selected. See *Risk Factors relating to the CB Guarantor, including the ability of the CB Guarantor to fulfil its obligations in relation to the Covered Bonds Guarantee – Repayment of the Demand Loan* below.

Maintenance of Portfolio

Asset Coverage Test: The Asset Coverage Test is met if the Adjusted Aggregate Loan Amount is equal to or exceeds the aggregate AUD Equivalent of the Principal Amount Outstanding of the Covered Bonds from

time to time subject to applicable Law. The Seller is required to sell Loans and their Related Security to the CB Guarantor in order to ensure that the Portfolio is in compliance with the Asset Coverage Test. See, however, the risk factor entitled *Risk Factors relating to the Covered Bonds – APRA's powers under the Banking Act – Power to prevent additional sales to meet Asset Coverage Test on any day* below. The Portfolio is not static and its composition will change over time.

If a breach of the Asset Coverage Test occurs as of any Calculation Date and is not cured as of the following Calculation Date, the Bond Trustee will serve an Asset Coverage Test Breach Notice on the CB Guarantor which (unless and until it is revoked) may result, *inter alia*, in the sale of Selected Loans: see further *Overview of the Principal Documents – Participation Agreement – Sale of Selected Loans following service of an Asset Coverage Test Breach Notice*. If an Asset Coverage Test Breach Notice has been served and not revoked on or before the next following Calculation Date following service of such Asset Coverage Test Breach Notice, then an Issuer Event of Default shall occur and the Bond Trustee shall be entitled (and, in certain circumstances, may be required) to serve an Issuer Acceleration Notice on the Issuer. Following service of an Issuer Acceleration Notice, the Bond Trustee must serve a Notice to Pay on the CB Guarantor.

Amortisation Test: Pursuant to the Participation Agreement, prior to service of a CBG Acceleration Notice and/or enforcement of the Charge, the Amortisation Test will be satisfied if the Amortisation Test Aggregate Loan Amount is in an amount at least equal to the aggregate AUD Equivalent of the Principal Amount Outstanding of the Covered Bonds on each Calculation Date following service of a Notice to Pay. The Amortisation Test is intended to test whether the assets of the CB Guarantor fall below a certain threshold, and therefore whether the assets of the CB Guarantor are sufficient to meet its obligations under the Covered Bond Guarantee and senior expenses that rank in priority to or *pari passu* with amounts due on the Covered Bonds.

If the value of the Portfolio has not been maintained in accordance with the terms of the Asset Coverage Test and, if applicable, the Amortisation Test, then that may affect the realisable value of the Portfolio or any part thereof (both before and after the occurrence of a CBG Event of Default) and/or the ability of the CB Guarantor to make payments under the Covered Bond Guarantee.

Prior to service of a Notice to Pay or a CBG Acceleration Notice, the Asset Monitor will, subject to receipt of the relevant information from the Cash Manager, test the calculations performed by the Cash Manager in respect of the Asset Coverage Test. Following service of a Notice to Pay (but prior to service of a CBG Acceleration Notice), the Asset Monitor will be required to test the calculations performed by the Cash Manager in respect of the Amortisation Test. In addition, the Asset Monitor will be required to assess compliance by the Issuer with certain statutory obligations under the Banking Act: see further *Overview of the Principal Documents – Asset Monitor Agreement.*

Neither the Bond Trustee, the Security Trustee nor the CB Guarantor shall be responsible for monitoring compliance with the Asset Coverage Test, the Amortisation Test, the Pre-Maturity Test or any other test, or supervising the performance by any other party of its obligations under any Transaction Document.

Factors that may affect the realisable value of the Portfolio or any part thereof or the ability of the CB Guarantor to make payments under the Covered Bond Guarantee

The realisable value of Selected Loans and their Related Security comprised in the Portfolio may be reduced (which may affect the ability of the CB Guarantor to make payments under the Covered Bond Guarantee) by:

(a) default by Borrowers in payment of amounts due on their Loans;

(b) the Loans of New Sellers being included in the Portfolio;

(c) changes to the Servicer's Policy;

(d) geographic concentration of the loans;

(e) issues affecting the CB Guarantor's title to the Loans and their Related Security in the Portfolio;

(f) set-off risks in relation to some Loans in the Portfolio;

(g) no representations or warranties being given by the CB Guarantor or the Seller if Selected Loans and their Related Security are to be sold;

(h) limited recourse to the Seller (including in respect of breaches of the Representations and Warranties);

(i) the assignment of Related Security that secures Other Secured Liabilities which are subject to Trust Back arrangements in favour of the Seller; and

(j) the effect of the Consumer Credit Legislation on the Loans and their Related Security in the Portfolio.

Each of these factors is considered in more detail below. However, it should be noted that the Asset Coverage Test, the Amortisation Test and the Eligibility Criteria are intended to ensure that there will be an adequate amount of Loans in the Portfolio and monies standing to the credit of the GI Account to enable the CB Guarantor to repay the Covered Bonds following service on the CB Guarantor of a Notice to Pay or a CBG Acceleration Notice.

Default by Borrowers in paying amounts due on their Loans

Borrowers may default on their obligations under the Loans in the Portfolio. Defaults may occur for a variety of reasons. The 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, such as changes in the national or international economic climate, regional economic or housing conditions, changes in tax laws, interest rates, inflation, the availability of financing, yields on alternative investments, political developments and government policies. Other factors in Borrowers' individual, personal or financial circumstances may affect the ability of Borrowers to repay the 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 Loans. In addition, the ability of a Borrower to sell a property given as security for a Loan at a price sufficient to repay the amounts outstanding under that Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time. Any of the above may affect the realisable value of the Portfolio or any part thereof or the ability of the CB Guarantor to make payments under the Covered Bond Guarantee.

Any Defaulted Loans in the Portfolio will be given a zero weighting for the purposes of any calculation of the Asset Coverage Test and the Amortisation Test.

The Loans of New Sellers may be included in the Portfolio

New Sellers may in the future accede to the Programme and sell Loans and their Related Security to the CB Guarantor. However, this would only be permitted if the conditions precedent relating to New Sellers acceding to the relevant Transaction Documents (more fully described under *Overview of the Principal Documents – Mortgage Sale Deed – New Sellers* below) are met. Provided that those conditions are met, the consent of Covered Bondholders to the accession of any New Seller to the relevant Transaction Documents will not need to be obtained.

Any loans originated by a New Seller will have been originated in accordance with the lending criteria of the New Seller, which may differ from the lending criteria for Loans originated by the Seller. If the lending criteria differ in a way that affects the creditworthiness of the Loans in the Portfolio, that may lead to increased defaults by Borrowers and may affect the realisable value of the Portfolio or any part thereof or the ability of the CB Guarantor to make payments under the Covered Bond Guarantee. As noted above, however, Defaulted Loans in the Portfolio will be given a zero weighting for the purposes of the calculation of the Asset Coverage Test and the Amortisation Test.

Changes to the Servicer's Policy

Each of the Loans originated by the Seller will have been originated in accordance with the Servicer's Policy in force at the time of origination. It is expected that the Servicer's Policy will generally consider type of property, term of loan, age of applicant, the loan-to-value ratio, status of applicant, credit history and serviceability. In the event of the assignment of any Loans and their Related Security to the CB Guarantor, the Seller will give a representation at the relevant Assignment Date that such Loans and Related Security were originated in accordance with the Servicer's Policy applicable at the time of origination. The Seller and the Servicer have agreed not to amend the Servicer's Policy in any way that would reasonably be expected to result in an Adverse Effect, unless it must do so to ensure compliance with law. The Servicer has agreed to notify promptly the CB Guarantor and each Rating Agency of any material amendment to the relevant Servicer's Policy which may relate to any Loan comprised in the Portfolio or any Related Security or relate to the performance of the Services. If the Servicer's Policy changes in a manner that affects the creditworthiness of the Loans, that may lead to increased defaults by Borrowers and may affect the realisable value of the Portfolio, or part thereof, and the ability of the CB Guarantor to make payments under the Covered Bond Guarantee. In addition, the Servicer's Policy of any New Seller may differ from that of the Seller and may have an impact on the creditworthiness of the Portfolio. As noted above, however, Defaulted Loans in the Portfolio will be given a zero weighting for the purposes of the calculation of the Asset Coverage Test and the Amortisation Test.

Geographic concentration of the Loans

Loans and their Related Security included in the Portfolio may be concentrated on certain geographical regions of Australia. 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 Loans in such a region may be expected to exacerbate any or all of the risks relating to the Loans described in this section. If the timing and payment of the Loans in the Portfolio is adversely affected as described above, the ability of the CB Guarantor to make payments under the Covered Bond Guarantee could be reduced or delayed.

Issues affecting the CB Guarantor's title to the Loans and their Related Security in the Portfolio

On the relevant Assignment Date, the CB Guarantor will only take an equitable assignment of the relevant Loans and their Related Security, and will not have legal title to such Loans and their Related Security. The Loans and Related Security will be legally assigned to the CB Guarantor only upon the occurrence of a Title Perfection Event. If a Title Perfection Event has occurred, the Administrative Agent, on behalf of the CB Guarantor, must, among other things, take steps to perfect the CB Guarantor's interest in and title to Loans and their Related Security, including lodging transfers of title with the relevant land titles office, giving notice to each Borrower of the assignment of the relevant Loans and Related Security to the CB Guarantor under section 12 of the Conveyancing Act 1919 (NSW) or the applicable equivalent provision in each other State and Territory of Australia, complying with the additional requirements under section 80(7) of the Personal Property Securities Act 2009 (**PPSA**) (described below) and requiring each Borrower to make all payments in respect of the relevant Loans and Related Security to the GI Account.

Because the CB Guarantor does not hold legal title to the Loans and their Related Security, Covered Bondholders will be subject to the following risks, which may lead to a failure to receive Revenue Receipts, delays in receiving the Revenue Receipts or losses in respect of the Portfolio:

(a) until notice of the assignment is received by a Borrower and the additional requirements under section 80(7) of the PPSA are complied with, any payment by that Borrower to the Seller discharges the Borrower's debt to the extent of the payment. As the CB Guarantor will not have the right to give notice of the assignment to the Borrower until a Title Perfection Event has occurred, there is, therefore, a risk that a Borrower may make payments to the Seller after the Seller has become insolvent, but before the Borrower receives notice of the assignment of the relevant Loan and Related Security. These payments may not be able to be recovered by the CB Guarantor;

(b) the CB Guarantor's rights to any amounts payable in respect of a Loan and/or Related Security will be subject to:

- the terms of the contract between the Borrower and the Seller and any equity, defence, remedy or claim arising in relation to the Loans and their Related Security; and

- any other equity, defence, remedy or claim of the Borrower against the Seller that accrues before the first time when payment by the relevant Borrower to the Seller no longer discharges the obligations of the relevant Borrower under section 80(8) of the PPSA to the extent of the payment (which can only occur after notice of the assignment has been given to the relevant Borrower and the additional requirements of section 80(7) of the PPSA (as described below) have been complied with); and

(c) until legal title is transferred to the CB Guarantor, the CB Guarantor will need to join the Seller as a party to any legal proceedings to enforce its rights under the Loans and their Related Security.

To effect a legal assignment of the Loans and their Related Security will require:

(a) the provision of notice in writing to Borrowers by the Seller or the CB Guarantor in accordance with section 12 of the Conveyancing Act 1919 (NSW) or the applicable equivalent provision in each other State and Territory of Australia;

(b) in relation to each Mortgage, the execution and registration of instruments of transfer under the applicable real property legislation in the relevant State or Territory of Australia; and

(c) depending on the situs of the mortgage loan, the payment of stamp duty, if any, on the transfer of the mortgage loan.

In addition, section 80(7) of the PPSA provides that a Borrower will be entitled to make payments and obtain a good discharge from the Seller rather than directly to, and from, the CB Guarantor until such time as the Borrower receives a notice of the assignment that complies with the requirements of section 80(7)(a) of the PPSA, including, without limitation, a statement that payment is to be made to the CB Guarantor. If the notice is from a person other than the Seller, the Borrower may continue to make payments to the Seller after receiving the notice if the Borrower requests the CB Guarantor to provide proof of the assignment and the CB Guarantor fails to provide that proof within 5 business days of the request. Accordingly, a Borrower may nevertheless make payments to the Seller and obtain a good discharge from the Seller notwithstanding the legal assignment of a mortgage loan to the CB Guarantor, if the CB Guarantor fails to comply with these requirements, leading to a failure to receive Revenue Receipts, delays in receiving Revenue Receipts or losses in respect of the Portfolio.

Modifications or substitutions of Loan and Related Security

Irrespective of whether the assignment of a Loan and its Related Security has taken effect as a legal assignment, section 80 of the PPSA also provides that, unless the Borrower has otherwise agreed, a modification of, or substitution for, a Loan and its Related Security between a Borrower and the Seller is effective against the CB Guarantor if:

(a) the relevant Borrower and the Seller have acted honestly in modifying or substituting the relevant Loan and its Related Security;

(b) the manner in which modification or the substitution is made is commercially reasonable; and

(c) the modification or substitution does not have a material adverse effect on:

(i) the CB Guarantor's rights under the relevant Loan and its Related Security; or

(ii) the Seller's ability to perform under the relevant Loan and its Related Security.

Accordingly, it is possible that in the above circumstances, the terms of a Loan and its Related Security could be amended by the Borrower and the Seller even after the CB Guarantor holds legal title to that Loan and its Related Security, including in ways that could reduce or delay receipt of the relevant Revenue Receipts or lead to losses in respect of the Portfolio.

See also *Set-off risks in relation to some Loans in the Portfolio* below.

Application of the Personal Property Securities Act

The Personal Property Securities Register (**PPSR**) commenced operation throughout Australia on 30 January 2012 pursuant to the *Personal Property Securities Act 2009* of Australia (**PPSA**) which established a national system for the registration of security interests in personal property and introduced rules for the creation, priority and enforcement of security interests in personal property.

Security interests for the purposes of the PPSA include traditional securities over personal property such as charges and mortgages and other transactions that in substance, secure payment or performance of an obligation but may not have previously been 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.

A person who holds a security interest under the PPSA is not obliged to register (or otherwise perfect) the security interest. However if they do not do so:

(a) another security interest may take priority;

(b) another person may acquire an interest in the assets which are subject to the security interest free of their security interest; or

(c) except in limited cases, they may not be able to enforce the security interest against a grantor who becomes insolvent (because the security interest will vest in the grantor).

The assignment of the Loans from the Seller to the CB Guarantor is a deemed security interest under the PPSA as the Loans are either "accounts" or "chattel paper". The interest of a transferee under a transfer of an account or chattel paper is deemed to be a security interest whether or not the transaction secures payment or performance of an obligation. The CB Guarantor will need to register the assignment to ensure that its interest in the Loans has priority over another competing interest in the Loans (such as another security interest or the interest of a third party purchaser). A failure to register could therefore lead to a loss

of priority of interest for the CB Guarantor and losses in respect of the Portfolio, though (provided the assignment does not secure payment or performance of an obligation) a failure to register will not prevent the CB Guarantor from being able to enforce against the Seller.

The Charge granted by the CB Guarantor to the Security Trustee is also a security interest under the PPSA. The Security Trustee has registered the Charge to eliminate priority, taking free and vesting risk.

Transitional security interests

The PPSA came into operational effect on 30 January 2012. The PPSA has a retrospective effect on security interests that arise under security agreements in force immediately before that time (transitional security interests) by operation of the transitional provisions. The transitional provisions provided for security interests registered on certain pre-PPSA registers conferring priority (including charges registered on the ASIC Register of Company Charges) to be migrated to the PPSR and that when they were migrated, they were perfected. Security interests which were registered on pre-PPSA registers which were not migrated, or which were not registrable on any pre-PPSA registers, were required to be registered (or otherwise perfected) by 30 January 2014 to maintain their pre-PPSA priority. The PPSA has special rules governing the attachment, enforceability against third parties and priority of transitional security interests and requires registrations to indicate whether a security interest is transitional.

Generally speaking, if during the transitional period any migrated security interest was properly migrated and any other transitional security interest was properly registered, the priorities between them will be as they were before 30 January 2012. However, there are various other rules in the PPSA which mean that despite the purported protection of the transitional provisions, the PPSA may result in different priority outcomes in certain circumstances unless the holders of these security interests took additional steps to protect their security interests, The transitional provisions will be relevant to any security interests which were entered into before 30 January 2012 and continue to exist.

Set-off risks in relation to some Loans in the Portfolio

As noted above, the CB Guarantor takes the Loans and their Related Security subject to any equities, claims or defences as between the Borrower and the Seller that had arisen or accrued prior to the Borrower receiving notice of the assignment. Included in such equities, claims and defences are any rights of set-off by the Borrower against the Seller that accrue or arise before the Borrower receives notice of the assignment, such as rights of set-off which occur in relation to transactions or deposits made between Borrowers and the Seller.

However, any right of set-off should be precluded or extinguished by an express provision in the underlying contract or contracts between the Borrower and the Seller under which the Loans and their Related Security are constituted that disclaims any right of set-off. Such rights of set-off are disclaimed in the Seller's standard form of loan documentation.

In addition the Seller will represent and warrant that no Loan or Related Security sold to the CB Guarantor is subject to, or affected by, any interest off-set arrangement or right other than any interest set-off or other arrangement arising under a Loan Offset Deposit Account in respect of any Loan Offset Interest Amount. The Seller will represent and warrant that in respect of each Loan sold to the CB Guarantor, the relevant Loan Terms permit, subject to applicable Law, the termination by the Seller of the Loan Offset Deposit Account arrangements, if any, in respect of that Loan. However, there still remains a risk that set off rights are exercised prior to such termination, adversely affecting the realisable value of the Portfolio and/or the ability of the CB Guarantor to make payments under the CB Guarantee.

In addition to any set-off rights, the Loans may contain certain features which permit Borrowers to reduce the amount of interest payable on their Loans by the amount of interest earned on any designated account. This feature of the Loans could reduce the amount of interest payable to the CB Guarantor. If a Title Perfection Event has occurred and is subsisting, the Servicer, the CB Guarantor or the Security Trustee may

direct the Seller, subject to and in accordance with the terms of the relevant Loan and applicable Law, to promptly commence the process and do all things necessary for terminating the Loan Offset Deposit Account arrangements in respect of the Loan. However, there still remains a risk that set off rights are exercised prior to such termination, adversely affecting the realisable value of the Portfolio and/or the ability of the CB Guarantor to make payments under the CB Guarantee.

No representations or warranties to be given by the CB Guarantor or the Seller if Selected Loans and their Related Security are to be sold

Following a failure of the Pre-Maturity Test or service of an Asset Coverage Test Breach Notice (which is not revoked) or a Notice to Pay on the CB Guarantor (but in each case prior to the service of a CBG Acceleration Notice and/or enforcement of the Charge), the Administrative Agent, on behalf of the CB Guarantor, may sell Selected Loans and their Related Security to third party purchasers, subject to a right of pre-emption in favour of the Seller pursuant to the terms of the Participation Agreement: see *Overview of the Principal Documents – Participation Agreement – Method of Sale of Selected Loans*). In respect of any sale of Selected Loans and their Related Security to third parties, however, neither the CB Guarantor nor the Seller will give representations and warranties or indemnities in respect of those Selected Loans and their Related Security (unless otherwise agreed by the CB Guarantor or the Seller, as the case may be). It should be noted that any Representations and Warranties previously given by the Seller to the CB Guarantor in respect of the Loans in the Portfolio under the Mortgage Sale Deed do not pass to any third party acquiring the Selected Loans and their Related Security from the CB Guarantor. Accordingly, there is a risk that the realisable value of the Selected Loans and their Related Security could be adversely affected by the lack of representations and warranties or indemnities which in turn could adversely affect the ability of the CB Guarantor to meet its obligations under the Covered Bond Guarantee.

Limited recourse to the Seller (including in respect of breaches of the Representations and Warranties)

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

If any Representations or Warranties in respect of any Loan or its Related Security comprised in the Portfolio is materially untrue as at the relevant Assignment Date in respect of each such Loan and its Related Security, and provided that:

(a) at least ten Sydney Business Days' notice in writing of such breach of Representation or Warranty has been given to or by the Seller; and

(b) such breach is not waived by the parties or, where capable of remedy, not remedied by the Seller to the reasonable satisfaction of the CB Guarantor (acting in its discretion) within the ten Sydney Business Day period (or such longer period as the Administrative Agent may direct the CB Guarantor in writing),

then the CB Guarantor (or the Administrative Agent on its behalf) must deliver to the Seller a Loan Repurchase Notice requiring the Seller to purchase the relevant Loan and its Related Security (and any other Loan secured or intended to be secured by that Related Security or any part of it).

There can be no assurance that the Seller will have the financial resources to repurchase a Loan or Loans and its or their Related Security. There is no recourse to the Seller in respect of a breach of a Representation or Warranty other than in relation to its obligation to repurchase and should the Seller fail to repurchase any such loans, the retention of such loans in the Portfolio could ultimately affect the realisable value of the Portfolio.

Effect of the National Consumer Credit Protection Act on the Loans and their Related Security in the Portfolio

Some of the Loans and Related Security are regulated by the Consumer Credit Legislation.

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

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

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

- grant an injunction preventing a regulated Loan from being enforced (or any other action in relation to the Loan) if to do so would breach the Consumer Credit Legislation;
- order compensation to be paid for loss or damage suffered (or likely to be suffered) as a result of a breach of a civil penalty provision or a criminal offence in the Consumer Credit Legislation;
- if a credit activity has been engaged in without a licence and no relevant exemption applies, an order it considers appropriate so that no profiting can be made from the activity, to compensate for loss and to prevent loss. This could include an order declaring a contract, or part of a contract, to be void, varying the contract, refusing to enforce, ordering a refund of money or return of property, payment for loss or damage or being ordered to supply specified services;
- in the case of a Borrower, vary the terms of a Loan on the grounds of hardship;
- vary the terms of a Loan or Related Security or a change to the related documents, that are unjust, and reopen the transaction that gave rise to the Loan and any Related Security or change;
- in the case of a Borrower, reduce or cancel any interest rate payable on the Loan arising from a change to that rate which is unconscionable;
- declare that all or certain provisions of a Loan or Related Security which are in breach of the relevant Consumer Credit Legislation are void or unenforceable from the time it was entered into or at all times on and after a specified day before the order is made;
- obtain restitution or compensation from the credit provider in relation to any breaches of the Consumer Credit Legislation in relation to the Loan or a Related Security; or
- seek various remedies for other breaches of the Consumer Credit Legislation.

Applications may also be made to relevant external dispute resolution schemes which have the power to resolve disputes where the amount in dispute is below the relevant threshold (which was previously A$500,000, but which increased to A$1,000,000 for most types of disputes (certain disputes having a higher, in some cases, unlimited threshold amount) from 1 November 2018 when the Australian Financial Complaints Authority, which oversees a single scheme for resolution of financial services and superannuation disputes in Australia, commenced operation). There is no ability to appeal from an adverse determination by an external dispute resolution scheme, including on the basis of bias, manifest error or want of jurisdiction.

Any such order (by a court or external dispute resolution scheme) may affect the timing or amount of interest, fees or charges, or principal payments under the relevant Loan (which might in turn affect the timing or ability of the CB Guarantor to meet its payment obligations, including under the Covered Bond Guarantee).

Where a systemic contravention affects the content of multiple Loans or Related Security and contract disclosures, there is a risk of a representative or class action in respect of all affected contracts.

Breaches of the Consumer Credit Legislation may also lead to civil penalties or criminal fines being imposed on WBC, for so long as it holds legal title to the Loans and Related Security. If the CB Guarantor acquires legal title, it will then become primarily responsible for compliance with the Consumer Credit Legislation. The amount of any civil penalty payable to a Borrower may be set off against any amount payable by the Borrower under a Loan. The CB Guarantor will be indemnified out of the Trust Assets for liabilities it incurs under the Consumer Credit Legislation.

The responsible lending obligations under the Consumer Credit Legislation are broadly expressed. In recent years, there has been a number of Federal Court decisions, regulatory guidance from ASIC and action 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 sufficiently steps to comply with its responsible lending obligations.

On each Assignment Date, the Seller will represent to the CB Guarantor that at the time the relevant Loan and its Related Security was entered into, it complied in all material aspects with all applicable Laws (including the Consumer Credit Legislation). The Servicer has undertaken to comply with all Laws (including the National Credit Code) in connection with servicing each Loan and its Related Security comprised in the Portfolio where failure to do so would have an Adverse Effect.

Unfair Terms

In certain circumstances, the terms of the Loans may be subject to review under Part 2 of the Australian Securities and Investments Commission Act 2001 and/or Part 2B of the Fair Trading Act 1999 (Victoria) for being unfair.

Under the national regime, a term of a standard-form consumer contract or a small business contract will be unfair, and therefore void, if 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 and it would cause financial or non-financial detriment to a party if it was relied on. A term that is unfair will be void; however, the contract will continue if it is capable of operating without the unfair term.

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

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

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

To the extent that a provision of any of the Loans were found to be unfair, this could have an adverse effect on the ability of the CB Guarantor to recover money from the relevant Borrower and consequently to make payments under the Transaction Documents, including in respect of the Covered Bond Guarantee.

Valuation methodology and insurance requirements

Not all Loans in the Portfolio have been originated after a formal valuation of the property securing such Loans has been obtained. The Servicer's Policy allows a range of valuation methodologies to be used. Generally, the Servicer's Policy requires that a specific, formal, valuation of the relevant property be obtained if the Seller considers the risk to be higher due to things like a high loan-to-value ratio, a high property value or the property is of a certain type or location.

For instance, in a number of cases, the original loan to value ratio would have been sufficiently low such that a valuation based on reference to the purchase price of the relevant property is sufficient under the Servicer's Policy. Similarly, an electronic valuation may have been used in similar circumstances. In addition, other than when a Further Advance is made, the Seller does not generally require revaluations of properties over the term of a Loan to reassess the relevant loan-to-value ratio. If the value of the property is not sufficient to cover amounts due under the related Loan then such shortfall may adversely affect the amounts able to be and actually recovered by the CB Guarantor and, consequently, such shortfall may adversely affect the ability of the CB Guarantor to make payments under the Covered Bond Guarantee.

The Seller does not have any general insurance policy in respect of the underlying Properties secured in favour of it under the Loans

The Seller does not hold any general insurance policy as either a primary or "back up" dwelling/building damage or destruction insurance for properties in respect of which it provides Loans in the Portfolio. The Mortgage Terms in respect of each Loan and its Related Security require that a policy of insurance is arranged by the Borrower for each Property subject to a Mortgage in accordance with the relevant Mortgage Terms. However, the Seller does not generally take steps to confirm that such insurances remain in place throughout the term of the Loan. Instead the Seller relies on Borrowers complying with the insurance covenant in the Mortgage Terms. Any failure by the Borrower to comply with such obligation could lead to an adverse effect on the realisable value of the Loan in the event of damage or destruction of the relevant Property.

Impact of the termination of the Interest Rate Swap

The Loans in the Portfolio will include Variable Rate Loans and Fixed Rate Loans, with the majority of the Loans likely to comprise Variable Rate Loans. The majority of loans in Australia are variable rate loans. In the event that the Interest Rate Swap was terminated, any delay in replacing the Interest Rate Swap could have an adverse impact on the CB Guarantor and its ability to meet its obligations under the Transaction Documents (including the Covered Bond Guarantee and the Covered Bond Swaps). This risk is mitigated in respect of the Variable Rate Loans by the obligation of the Administrative Agent to, so long as the Interest Rate Swap has not been replaced (or until the CB Guarantor and the Administrative Agent otherwise agree), calculate the Threshold Rate and notify the Threshold Rate to the Servicer. The Servicer must upon receipt of such notice ensure that the process is commenced to change the interest rate payable on some or all of the Loans comprised in the Portfolio which are subject to a variable rate set, such that, as permitted by the terms of the relevant Loans, the weighted average interest rate payable on all Variable Rate Loans comprised in the Portfolio is not less than the Threshold Rate.

Additionally, as the obligations of the Interest Rate Swap Provider under the Interest Rate Swap Provider will be collateralised or otherwise supported in accordance with current rating agency criteria, in the event that its credit ratings are downgraded below specified ratings, it is expected that the CB Guarantor (following a direction from the Cash Manager) would be able promptly to find a replacement Interest Rate Swap Provider. However, there is a risk that this may not occur.

If the rate set on the Variable Rate Loans (in order to ensure that the weighted average interest rate payable on all Variable Rate Loans comprised in the Portfolio is not less than the Threshold Rate) was higher than the existing rate on the Variable Rate Loans, this could place additional stress on the underlying Borrowers' ability to meet their interest obligations under the Loans. In addition, if the Threshold Rate was such that the rate set on those Variable Rate Loans was significantly above interest rates charged by other lenders, it is possible that the Threshold Rate could be subject to challenge for being unconscionable or unjust (including under the Australian Securities and Investments Commission Act 2001 of the Commonwealth of Australia, the National Credit Code, the Code of Banking Practice or the Contracts Review Act 1980 (NSW)). There are also restrictions in some states on the annual percentage rate that may be charged in respect to a regulated consumer credit contract and this limit may also take into account fees and charges (for example under the Credit (Commonwealth Powers) Act 2010 (NSW)). This could affect the ability of the CB Guarantor to set the rate on Variable Rate Loans at a rate sufficient to achieve the Threshold Rate, and this could lead to a failure to receive sufficient Revenue Receipts for the CB Guarantor to comply with its obligations.

Reliance of the CB Guarantor on third parties

The CB Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the CB Guarantor. In particular, but without limitation, the Servicer has been appointed to service Loans in the Portfolio, the Cash Manager has been appointed to calculate and monitor compliance with the Asset Coverage Test and the Amortisation Test and to provide cash management services to the CB Guarantor, the Account Bank has been appointed to receive and hold monies on behalf of the CB Guarantor and to provide an agreed rate of interest thereon and the Administrative Agent has been appointed to manage the business of the CB Guarantor. In the event that any of those parties fails to perform its obligations under the relevant agreement to which it is a party, the realisable value of the Portfolio or any part thereof or pending such realisation (if the Portfolio or any part thereof cannot be sold) the ability of the CB Guarantor to make payments under the Covered Bond Guarantee may be affected. For instance, if the Servicer has failed adequately to administer the Loans, this may lead to higher incidences of non-payment or default by Borrowers. The CB Guarantor is also reliant on the Swap Providers to provide it with the funds matching its obligations under the Covered Bond Guarantee, as described in the following two risk factors.

Following the occurrence of a Servicer Termination Event, a Cash Manager Termination Event, an Administrative Agent Termination Event or a termination event in respect of the Asset Monitor under the Asset Monitor Agreement, the appointment of the relevant service provider may be terminated and there is no assurance that a suitably qualified substitute service provider will be appointed. Any delay in, or inability to, appoint a replacement service provider may adversely affect the ability of the CB Guarantor to perform its general obligations under the Transaction Documents or the servicing of the Loans in the Portfolio (in the case of a termination of the Servicer) and this may affect the realisable value of the Portfolio.

In addition, the CB Guarantor is reliant upon receiving directions from the Cash Manager and the Administrative Agent before it is required to take certain action under the Transaction Documents. If either of the Cash Manager or the Administrative Agent, as appropriate, fails to issue a relevant direction or give a relevant notice to the CB Guarantor, action may not be taken under the Transaction Documents which may adversely affect the CB Guarantor, the Loans and their Related Security and/or the Covered Bondholders.

Reliance on Swap Providers

To provide a hedge against possible variances between the interest revenues received by the CB Guarantor, being primarily linked to the rates of interest payable on the Loans in the Portfolio (which may, for instance, include variable rates of interest, discounted rates of interest or fixed rates of interest) and amounts received on the GI Account, Substitution Assets and Authorised Investments and amounts due by the CB Guarantor under the Intercompany Loan and (following service of a Notice to Pay) the Covered Bond Swaps or if a Covered Bond Swap is not in place in respect of a Series of Covered Bonds, the Covered

Bonds, the CB Guarantor has entered into the Interest Rate Swap with the Interest Rate Swap Provider on the terms set out in the Interest Rate Swap Agreement. In addition, to provide a hedge against interest rate, currency and/or other risks in respect of amounts received by the CB Guarantor under the Interest Rate Swap and amounts payable by the CB Guarantor under the Covered Bond Guarantee (after the service of a Notice to Pay on the CB Guarantor) in respect of a Series of Covered Bonds, the CB Guarantor may enter into a Covered Bond Swap with a Covered Bond Swap Provider in respect of that Series of Covered Bonds under a Covered Bond Swap Agreement between the CB Guarantor and that Covered Bond Swap Provider.

If the CB Guarantor fails to make timely payments of amounts due under any Swap Agreement, then it will have defaulted under that Swap Agreement. A Swap Provider is only obliged to make payments to the CB Guarantor as long as the CB Guarantor complies with its payment obligations under the relevant Swap Agreement.

If the Covered Bond Swap Provider in respect of a particular Series is not obliged to make payments or if it defaults on its obligations to make payments of amounts in the relevant currency equal to the full amount to be paid to the CB Guarantor on the due date for payment under the relevant Swap Agreement, the CB Guarantor will be exposed to changes in the relevant currency exchange rates to the Australian Dollar and/or to any changes in the relevant rates of interest. Unless a replacement swap is entered into, following the service of a Notice to Pay on the CB Guarantor, the CB Guarantor may have insufficient funds to make payments under the Covered Bond Guarantee. This may affect an investor in a Series of Covered Bonds even if the non-paying Swap Provider relates to a different Series of Covered Bonds, since the failure to pay on the affected Series of Covered Bonds may affect all of the Covered Bonds under the Covered Bond Programme.

If a Swap Agreement terminates, then the CB Guarantor may also be obliged to make a termination payment to the relevant Swap Provider. There can be no assurance that the CB Guarantor will have sufficient funds available to make a termination payment under the relevant Swap Agreement, nor can there be any assurance that the CB Guarantor will be able to enter into a replacement swap agreement, or if one is entered into, that the credit rating of the replacement swap counterparty will be sufficiently high to prevent a downgrade of the then current ratings of the Covered Bonds by the Rating Agencies. Any such downgrade could lead to a reduction in market value of the Covered Bonds.

If the CB Guarantor is obliged to make a termination payment under any Swap Agreement, such termination payment will rank in priority of payment ahead of 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 of the CB Guarantor to make a termination payment may adversely affect the ability of the CB Guarantor to meet its obligations under the Covered Bond Guarantee.

There can be no assurance that the Interest Rate Swap and/or the Covered Bond Swap Agreements will hedge all interest rate, exchange rate or other risks associated with a Tranche or Series of Covered Bonds.

The risk relating to default by a Covered Bond Swap Provider is mitigated with the requirement on such Covered Bond Swap Provider to, pursuant to the terms of the Covered Bond Swap Agreement, post collateral with the CB Guarantor if the CB Guarantor's net exposure to the Covered Bond Swap Provider under the Covered Bond Swap Agreement exceeds a certain threshold level. However, there remains a risk of the Covered Bond Swap Provider defaulting before posting collateral or before posting sufficient collateral.

Insolvency proceedings

If the Issuer is likely to become or 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 other jurisdictions. In particular, the voluntary administration procedure under the Corporations Act, which provides for the potential re-organisation of an insolvent company, differs

significantly from similar provisions under the insolvency laws of other jurisdictions. If the Issuer becomes insolvent, the treatment and ranking of the Covered Bondholders and the Issuer's shareholders under Australian law, and the laws of any other jurisdiction determined in accordance with Australian law, may be different from the treatment and ranking of the Covered Bondholders and the Issuer's shareholders if the Issuer was subject to the bankruptcy laws or the insolvency laws of other jurisdictions.

The Treasury Laws Amendment (2017 Enterprise Incentives No.2) Act 2017 of Australia commenced on 1 July 2018. The legislation provides for a stay on enforcement of certain rights arising under a contract (such as a right entitling a creditor to terminate the contract or to accelerate payments or providing for automatic acceleration) for a certain period of time (and in some cases indefinitely), if the reason for enforcement is the occurrence of certain events relating to specified insolvency proceedings, namely the appointment of an administrator or managing controller or an application for a scheme of arrangement, or the company's financial position during those proceedings (known as "ipso facto" rights). The specified proceedings do not include a winding up or liquidation.

The stay applies to certain ipso facto rights arising under contracts, agreements or arrangements, subject to certain exclusions and transitional provisions. Rights exercised with the consent of the relevant administrator, receiver, scheme administrator or liquidator and the right to appoint controllers during the decision period following the appointment of administrators are excluded and rights prescribed by regulations or Ministerial declarations may be excluded. Such subordinate legislation may also prescribe additional reasons for application of the stay on enforcement, or for extending the stay indefinitely. The legislation also gives the Federal Court of Australia the power to broaden or narrow the scope and duration of the stay.

The Corporations Regulations 2001 of Australia as amended by the Corporations Amendment (Stay on Enforcing Certain Rights) Regulations 2018 of Australia (**Regulations**) provide, among other things, that any ipso facto rights under a contract, agreement or arrangement that is a "covered bond" (within the meaning of the Banking Act) or that is for issuing such a bond or directly connected with such a bond or the issuing of such a bond will not be the subject of the stay. Accordingly, the Regulations exclude the Covered Bonds from the application of the ipso facto stays on enforcement; however, there is some uncertainty as to the scope of the application of the exclusion to the other aspects of the Programme given that the relevant contract, agreement or arrangement must be "directly connected" with the Covered Bonds or for issuing Covered Bonds. As the legislation and the Regulations are new to the insolvency regime in Australia, they have not been the subject of judicial interpretation. If a court applying Australian insolvency laws were to determine that a contract, agreement or arrangement relating to the Programme did not fall within a relevant exclusion under the Regulations, this may render unenforceable provisions of the Covered Bonds, or of a contract, agreement or arrangement in connection with the Programme, conditioned solely on the occurrence of events to which the ipso facto stay provisions apply. Any such event could, in turn, adversely affect the ability of the CB Guarantor to meet its obligations under the Covered Bond Guarantee.

Subordination provisions

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

The UK Supreme Court recently confirmed the English Court of Appeal decision that such a subordination provision is valid under English law. It is likely (but not certain) that an Australian court would also consider such a subordination provision to be valid under Australian law. Contrary to the determination of the UK Supreme Court, the U.S. Bankruptcy Court 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. The implications of this conflicting judgment are not yet known.

If a creditor of the CB Guarantor (such as a Swap Provider) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales or Australia (including, but not limited to, the U.S.), and it is owed a payment by the CB Guarantor, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the English law governed Transaction Documents (such as a provision of the Priorities of Payments which refers to the ranking of the Swap Providers' payment rights in respect of Excluded Swap Termination Amounts). In particular, based on the 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). In general, if a subordination provision included in the Transaction Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales or Australia and any relevant foreign judgment or order was recognised by the English courts or Australian courts, there can be no assurance that such actions would not adversely affect the rights of the Covered Bondholders, the market value of the Covered Bonds and/or the ability of the Issuer to satisfy its obligations under the Covered Bonds.

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

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

The CB Guarantor will, following service of a Notice to Pay on the CB Guarantor, pay or provide for payment of an amount to each Covered Bond Swap Provider on a monthly or quarterly basis based on the relevant rate for Australian Dollar deposits. The Covered Bond Swap Provider may not be obliged to make corresponding swap payments to the CB Guarantor under a Covered Bond Swap until amounts are Due for Payment under the Covered Bond Guarantee (for example being on an annual basis if the relevant Series of Covered Bonds provide for payment of an annual interest coupon). If a Covered Bond Swap Provider does not meet its payment obligations to the CB Guarantor under the Covered Bond Swap Agreement or such Covered Bond Swap Provider does not make a termination payment that has become due from it to the CB Guarantor under the Covered Bond Swap Agreement, the CB 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 CB Guarantor's payment obligations under the Covered Bond Swap. Hence, the difference in timing between the obligations of the CB Guarantor and the obligations of the Covered Bond Swap Providers under the Covered Bond Swaps may affect the CB Guarantor's ability to make payments, following service of a Notice to Pay on the CB Guarantor, under the Covered Bond Guarantee with respect to the Covered Bonds.

Change of counterparties

The parties to the Transaction Documents who receive and hold monies pursuant to the terms of such documents (such as the Account Bank and the Servicer) are required to satisfy certain criteria in order that they can continue to receive and hold monies.

These criteria include requirements in relation to the ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the CB Guarantor) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document.

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

Sale of Selected Loans and their Related Security following service of an Asset Coverage Test Breach Notice or a Notice to Pay

If an Asset Coverage Test Breach Notice or a Notice to Pay is served on the CB Guarantor (and, in the case of an Asset Coverage Test Breach Notice, for as long as such notice has not been revoked), the CB Guarantor may sell Selected Loans and their Related Security in order to remedy a breach of the Asset Coverage Test or to make payments to the CB Guarantor's creditors, including payments under the Covered Bond Guarantee, as appropriate: see *Overview of the Principal Documents – Participation Agreement – Sale of Selected Loans following service of an Asset Coverage Test Breach Notice* and *Overview of the Principal Documents – Participation Agreement – Sale of Selected Loans following service of a Notice to Pay.*

There is no guarantee that a buyer will be found to acquire Selected Loans and their Related Security at the times required and there can be no guarantee or assurance as to the price which the CB Guarantor may be able to obtain, which may affect the ability of the CB Guarantor to make payments under the Covered Bond Guarantee. However, if a Notice to Pay has been served, the Selected Loans may not be sold by the CB Guarantor for less than an amount equal to the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds until six months prior to the Maturity Date in respect of such Covered Bonds or (if the same is specified as applicable in the relevant Final Terms) the Extended Due for Payment Date in respect of such Covered Bonds. In the six months prior to, as applicable, the Maturity Date or Extended Due for Payment Date, the CB Guarantor may sell the Selected Loans and their Related Security for the best price reasonably obtainable notwithstanding that such price may be less than the Adjusted Required Redemption Amount. Any sale at a price less than the Adjusted Required Redemption Amount could affect the CB Guarantor's ability to make payments under the Covered Bond Guarantee.

Sale of Selected Loans and their Related Security prior to maturity of Hard Bullet Covered Bonds where there is a breach of the Pre-Maturity Test

If there is a breach of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds prior to service of a Notice to Pay on the CB Guarantor, the CB Guarantor may (unless the Intercompany Loan Provider makes sufficient Advances under the Intercompany Loan Agreement or the Subordinated Loan Provider chooses to make sufficient Subordinated Advances under the Subordinated Loan Agreement or there are sufficient Available Principal Receipts) sell Selected Loans and their Related Security to seek to generate sufficient cash to enable the CB Guarantor to pay the Final Redemption Amount on any Hard Bullet Covered Bond, should the Issuer fail to pay such amounts: see *Overview of the Principal Documents – Participation Agreement – Sale of Selected Loans following a breach of the Pre-Maturity Test*.

There is no guarantee that a buyer will be found to acquire Selected Loans and their 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.

Repayment of the Demand Loan

The Demand Loan at any relevant time will be equal to the difference between the outstanding principal balance of the Intercompany Loan and the amount of the Guarantee Loan at that time. The Guarantee Loan, at any relevant time, is in an amount equal to the AUD Equivalent of the Principal Amount Outstanding of the Covered Bonds at that time plus an amount equal to that portion of the Portfolio required as additional collateral for the Covered Bonds in excess of the Principal Amount Outstanding of the then outstanding Covered Bonds as determined in accordance with the Asset Coverage Test. The Demand Loan is therefore a voluntary level of overcollateralisation above what is strictly required under the Asset Coverage Test. For this reason, the Intercompany Loan Provider may demand the repayment of that Demand Loan at any point in time prior to service of a Notice to Pay or a CBG Acceleration Notice, provided that following the repayment of that Demand Loan, the Asset Coverage Test will continue to be complied with. Furthermore, following a Demand Loan Repayment or service of a Notice to Pay or a CBG Acceleration Notice, the Demand Loan must be repaid. Unless the Intercompany Loan Provider has made a Payment Election that has not been revoked, repayment of the Demand Loan will rank ahead of payments under the Guarantee and will be made outside the Priorities of Payments. Where the Intercompany Loan Provider has made a Payment Election that has not been revoked, repayment of the Demand Loan will be under the relevant Priorities of Payments as set out in the definition of "Payment Election". Unless the Intercompany Loan Provider has made a Payment Election that has not been revoked, repayment of principal on the Demand Loan will be made by the payment in kind with the transfer of Loans and their Related Security (other than Defaulted Loans), randomly selected by the Administrative Agent on behalf of the CB Guarantor and/or Authorised Investments or Substitution Assets selected by the Administrative Agent (collectively, the **Demand Loan Repayment Assets**), in each case in accordance with the terms of the Intercompany Loan Agreement, to the Intercompany Loan Provider, or by the extinguishment of the CB Guarantor's interest in such Loans and their Related Security in favour of the Intercompany Loan Provider where a Title Perfection Event has not yet occurred in respect of those Loans. Where the Intercompany Loan Provider has made a Payment Election that has not been revoked, the Demand Loan may be repaid in cash or with Demand Loan Repayment Assets as the Intercompany Loan Provider may request. Any Payment Election is revocable by the Intercompany Loan Provider prior to an Issuer Event of Default or a CBG Event of Default. See *Cashflows – Payment Election* below for more information. Unless the Intercompany Loan Provider has made a Payment Election that has not been revoked, the repayment of the Demand Loan will be made in priority to amounts owed to other Secured Creditors, including the Covered Bondholders.

Further, unless a Payment Election has been made (that has not been revoked) the Demand Loan Repayment Assets (and certain principal collections in respect of the Demand Loan Repayment Assets) will not form part of the assets that are applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments following the occurrence of a CBG Event of Default and delivery of a CBG Acceleration Notice.

In order to provide sufficient time to the Administrative Agent to select and transfer or extinguish the relevant Demand Loan Repayment Assets to or in favour of, as the case may be, the Intercompany Loan Provider in accordance with the terms of the Intercompany Loan Agreement and for the Asset Percentage to be recalculated, the terms of the Security Trust Deed provides that the Security Trustee may only apply amounts in accordance with the Post-Enforcement Priority of Payments on and after the first CBG Payment Date following the earlier of:

(a) 28 days following the service of a Notice to Pay or a CBG Acceleration Notice on the CB Guarantor; and

(b) the date on which the Asset Percentage is recalculated as described above following the service of a Notice to Pay or a CBG Acceleration Notice.

Covered Bondholders should therefore include such analysis of the Demand Loan in their review of the level of overcollateralisation in the Portfolio from time to time. Payments to Secured Creditors, including

the Covered Bondholders, may also be delayed in respect of the Post-Enforcement Priority of Payment as described above.

Excess Proceeds received by the Bond Trustee

Following the occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice, the Bond Trustee may receive Excess Proceeds. The Excess Proceeds will be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the CB Guarantor for its own account, as soon as practicable, and will be held by the CB Guarantor in the GI Account. The Excess Proceeds will thereafter form part of the Secured Property and will be used by the CB Guarantor in the same manner as all other monies from time to time standing to the credit of the GI 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 shall be required to be repaid by the CB Guarantor). However, the obligations of the CB Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, following the service of a CBG 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 the Covered Bonds, each of the Covered Bondholders will be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the CB Guarantor in the manner as described above.

RISK FACTORS RELATING TO THE COVERED BONDS

Extendable obligations under the Covered Bond Guarantee

If the relevant Series of Covered Bonds are Extendable Covered Bonds, following the failure by the Issuer to pay the Final Redemption Amount of a Series of Covered Bonds on their Maturity Date (in each case subject to the applicable grace period) and if, following service of a Notice to Pay on the CB 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 Final Redemption Amount in respect of such Series of Covered Bonds is not made in full on the date falling on the earlier of (a) the date which falls two Business Days after service of a Notice to Pay on the CB Guarantor or, if later, the Maturity Date (in each case after the expiry of the grace period) or (b) the Extension Determination Date, then the payment of such Guaranteed Amounts may be automatically deferred until the Extended Due for Payment Date. This will occur (subject to no CBG Acceleration Notice having been served) if the Final Terms for such Series of Covered Bonds (the **relevant Series of Covered Bonds**) provides that such Covered Bonds are subject to an Extended Due for Payment Date.

To the extent that the CB Guarantor has received a Notice to Pay by the time specified above and has sufficient monies available under the Guarantee Priority of Payments to pay in part the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of the relevant Series of Covered Bonds, the CB Guarantor shall make partial payment of the Final Redemption Amount in accordance with the Guarantee Priority of Payments as described in Condition 6.1 (*Scheduled redemption*). Payment of the unpaid portion of the Final Redemption Amount shall be deferred automatically until the applicable Extended Due for Payment Date. The Extended Due for Payment Date will be specified in the relevant Final Terms, but will not be less than one year later than the related Final Maturity Date. The CB Guarantor shall be entitled to make payments in respect of the Final Redemption Amount on any Interest Payment Date up until the Extended Due for Payment Date. Interest will continue to accrue and be payable on the unpaid portion of the Final Redemption Amount in accordance with Condition 5 (*Interest*), and the CB Guarantor will pay Guaranteed Amounts constituting Scheduled Interest on each Interest Payment Date and the Extended Due for Payment Date. In these circumstances, except where the CB Guarantor has failed to apply any amount in accordance with the Guarantee Priority of Payments, failure by the CB Guarantor to make payment in respect of the Final Redemption Amount on the Maturity Date (subject to the applicable grace period) shall not constitute a CBG Event of Default. However, failure by the CB 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 or to pay Guaranteed Amounts constituting Scheduled Interest on any Original Due for Payment Date or the Extended Due for Payment Date (in each case subject to the applicable grace period) shall constitute a CBG Event of Default.

Limited description of the Portfolio

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

(a) the Seller selling New Loans and their Related Security to the CB Guarantor;

(b) the Seller repurchasing Loans and their Related Security from the CB Guarantor in accordance with the Mortgage Sale Deed and the Participation Agreement; and

(c) New Sellers acceding to the Transaction Documents and selling and/or repurchasing New Seller Loans and their Related Security to or from the CB Guarantor.

There is no assurance that the characteristics of the New Loans or New Seller Loans assigned to the CB Guarantor on any Assignment Date will be the same as those Loans in the Portfolio as at that Assignment Date. However, each Loan will be required to meet the Eligibility Criteria and satisfy the Representations

and Warranties set out in the Mortgage Sale Deed – see *Overview of the Principal Documents – Mortgage Sale Deed – Sale by the Seller of the Loans and Related Security* (although the Eligibility Criteria and Representations and Warranties may change in certain circumstances with the agreement of the Seller and the Administrative Agent, on behalf of the CB Guarantor, provided that a Ratings Notification has been delivered by the Administrative Agent in respect of any such waiver and that the Administrative Agent has determined that such waiver will not have an Adverse Effect). In addition, the Asset Coverage Test is intended to test whether the Adjusted Aggregate Loan Amount is an amount equal to or in excess of the aggregate AUD Equivalent of the Principal Amount Outstanding of the Covered Bonds for so long as Covered Bonds remain outstanding (although there is no assurance that it will do so) and the Cash Manager will provide monthly reports that will set out certain information in relation to the Asset Coverage Test. Covered Bondholders should refer to *General Information – Post-issuance information* for more information on what ongoing information will be provided in relation to the Portfolio and the calculations made under the Asset Coverage Test in relation to it.

Ratings of the Covered Bonds

The ratings assigned to the Covered Bonds by Fitch address the likelihood of default and loss given default on financial obligations under the Covered Bonds.

The ratings assigned by Moody's address the expected loss posed to investors. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have significant effect on yield to investors.

The expected ratings of the Covered Bonds are set out in the relevant Final Terms for each Series of Covered Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this section, and other factors that may affect the value of the Covered Bonds or the standing of the Issuer or the CB Guarantor. Any Rating Agency may lower its 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. If any rating assigned to the Covered Bonds is lowered or withdrawn, the market value of the Covered Bonds may reduce.

In addition, at any time any Rating Agency may revise its relevant rating methodology with the result that, among other things, any rating assigned to the Covered Bonds may be lowered.

APRA's powers under the Banking Act

For background information on APRA's powers under the Banking Act, see *Structure Overview - Background and Australian legislative framework.*

Power to direct the return of certain assets

APRA has the power to direct a covered bond special purpose vehicle (such as the CB Guarantor) to return certain assets to the issuing ADI, but only to the extent that, at the time the direction is given, the relevant asset(s) do not secure "covered bond liabilities" (as defined in the Banking Act including, in the case of WBC, the liabilities of WBC to the Covered Bondholders). A covered bond special purpose vehicle has the power to comply with APRA's direction despite anything in its constitution or any contract or arrangement to which it is a party.

Accordingly, APRA may direct the CB Guarantor to return to the Issuer assets beneficially owned by it to the extent the assets secure senior-ranking liabilities of the CB Guarantor to the Issuer. In the context of the Programme, this means that APRA, at least, has the power to direct the CB Guarantor to return to the Issuer any assets referable to the Demand Loan to the extent repayment of the Demand Loan ranks senior to the amounts due and payable by the CB Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee in the Guarantee Priority of Payments and Post-Enforcement Priority of Payments. In that case, the return of assets to the Issuer would discharge the CB Guarantor's obligation to

repay the Demand Loan to the extent of the value of the assets returned. However, where the Intercompany Loan Provider has made a Payment Election that has not been revoked, the repayment of the Demand Loan will not rank senior to the amounts due and payable by the CB Guarantor to the Covered Bondholders and Couponholders under the Covered Bond Guarantee in the Guarantee Priority of Payments and Post-Enforcement Priority of Payments.

The formulation of this power gives rise to some uncertainties as it has not been the subject of any specific regulatory guidance or any judicial interpretation. However, the power has been provided to APRA to enable it to protect depositors and to maintain the stability of the Australian financial system.

The ability to return assets to the Issuer in respect of the Demand Loan and the CB Guarantor's ability to repay the Demand Loan will, prior to the service of a Notice to Pay or a CBG Acceleration Notice, be subject to the satisfaction of the Asset Coverage Test following the transfer of such assets which may comprise cash, Loans and Related Security (other than Defaulted Loans) and/or Substitution Assets and/or Authorised Investments, in each case selected by the Administrative Agent on behalf of the CB Guarantor. Following a Demand Loan Repayment Event or service of a Notice to Pay or a CBG Acceleration Notice, the balance of the Demand Loan will be determined in accordance with the terms of the Intercompany Loan Agreement and must be repaid. However, if APRA exercises the power to direct the return of assets to the Issuer, then depending on the manner in which APRA exercises the power, the value of the remaining assets held by the CB Guarantor and/or the ability of the CB Guarantor to meet its obligations under the Covered Bond Guarantee, may be adversely affected.

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

The Banking Act also permits APRA, as part of its broad administrative powers to give directions to ADIs under the Banking Act in certain circumstances (described in more detail in "*Structure Overview - Background and Australian legislative framework - Prudential supervision and standards*"), to direct the Issuer, in certain circumstances, not to transfer any asset to the CB Guarantor (that is, to prevent the Issuer "topping up" the Portfolio). The exercise of this power could potentially lead to the depletion of the Portfolio which may adversely affect the ability of the CB Guarantor to meet its obligations under the Covered Bond Guarantee.

Power to prevent further issue of covered bonds

In addition to the restriction under the Banking Act 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 8% (or such other percentage prescribed by regulation for the purposes of section 28 of the Banking Act) of the Issuer'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 Banking Act or in circumstances where APRA has reason to believe that the Issuer has contravened the Banking Act or any other prudential requirement regulation or a prudential standard relating to covered bonds.

Limitation on obligations under the Covered Bonds

The Covered Bonds will not represent an obligation or be the responsibility of the Arrangers, the Dealers, the Agents, the Bond Trustee, the Security Trustee, the Cash Manager, the Administrative Agent or any other party to the Programme, their officers, members, directors, employees, security holders or incorporators, other than the Issuer and the CB Guarantor. The Issuer will be liable solely in its corporate capacity for its obligations in respect of the Covered Bonds and such obligations will not be the obligations of its officers, members, directors, employees, security holders or incorporators. The CB Guarantor will be liable solely in respect of the Westpac Covered Bond Trust for its obligations under the Covered Bond Guarantee and such obligations will not be the obligations of BNY Trust Company of Australia Limited in its personal capacity (except in limited circumstances where the CB Guarantor is fraudulent, negligent or acts in wilful misconduct) or its officers, members, directors, employees, security holders or incorporators.

The liability of the CB Guarantor to the Covered Bondholders under the Covered Bond Guarantee and to other Secured Creditors is limited in recourse to the Secured Property. If:

(a) there is no Secured Property remaining which is capable of being realised or otherwise converted into cash;

(b) all amounts available from the Secured Property have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Security Trust Deed; or

(c) there are insufficient amounts available from the Secured Property to pay in full, in accordance with the provisions of the Security Trust Deed, the Secured Money,

then the Covered Bondholders shall have no further claim against the CB Guarantor in respect of the amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged and any relevant payment rights shall be deemed to cease.

There is no guarantee that the proceeds of realisation of the Secured 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 Transaction Documents.

In addition, except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the CB Guarantor, if any party other than the CB Guarantor does not recover all money owing to it by the CB Guarantor under the Transaction Documents it may not seek to recover the shortfall by:

(a) bringing proceedings against the CB Guarantor in its personal capacity; or

(b) applying to have the CB Guarantor put into administration or wound up or applying to have a receiver or similar person appointed to the CB Guarantor or proving in the administration or winding-up of the CB Guarantor.

Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the CB Guarantor, the parties other than the CB Guarantor waive their rights and release the CB Guarantor from any personal liability whatsoever, in respect of any loss or damage:

(a) which they may suffer as a result of any:

(i) breach by the CB Guarantor of any of its obligations under the Transaction Documents; or

(ii) non-performance by the CB Guarantor of such obligations; and

(b) which cannot be paid or satisfied out of the Trust Assets out of which the CB Guarantor is entitled to be indemnified in respect of any liability incurred by it as trustee of the Trust.

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

Except where a Transaction Document expressly records that the Security Trustee may act in its discretion, in the exercise of its powers, trusts, authorities and discretions, the Security Trustee shall act on the directions of the Bond Trustee (who shall only have regard to the interests of the Covered Bondholders), for so long as there are any Covered Bonds outstanding and thereafter, the Security Trustee shall act on the directions of all of the other Secured Creditors. If, in connection with the exercise of its powers, trusts, authorities or discretions (including giving any directions to the Security Trustee), the Bond Trustee is of the opinion that the interests of the holders of the Covered Bonds of any one or more Series would be materially prejudiced thereby, the Bond Trustee shall 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 at least 25% of the AUD Equivalent of the Principal Amount Outstanding of Covered Bonds of the relevant Series then outstanding.

Except as expressly provided in the Transaction Documents:

(a) the Security Trustee need not exercise any of its rights under the Transaction Documents without the specific instructions of:

(i) if there are any Covered Bonds outstanding, the Bond Trustee; and

(ii) otherwise, in accordance with an Extraordinary Resolution of the Secured Creditors of that Trust; and

(b) neither the Bond Trustee nor any other Secured Creditor may instruct the Security Trustee:

(i) in the particular manner in which any of its rights are exercised or to comply with any of its obligations under the Transaction Documents; or

(ii) to do any thing which is contrary to the terms of the Transaction Documents.

If the Security Trustee receives instructions from the Bond Trustee or the Secured Creditors in accordance with paragraph (a) above, it agrees to follow them and (unless it has actual notice to the contrary, without any obligation to enquire or investigate) may assume that they are in accordance with the Transaction Documents and are subject to the Security Trustee's limitation of liability.

If the Security Trustee or Bond Trustee is required or entitled under a Transaction Document to determine whether or not any person (including any Covered Bondholder) is or will be adversely affected or prejudiced, or an Adverse Effect will occur because of any act, matter, omission or thing (including any amendment to or wavier of any provision of any Transaction Document) (an **Act**), the Security Trustee or, as the case may be, the Bond Trustee will be absolutely entitled to rely on a Ratings Notification in respect of that Act as conclusive evidence that the relevant person is not or will not be adversely affected or prejudiced because of the Act, or the Act will not have an Adverse Effect, as the case may be. Additionally, the Security Trustee will be absolutely entitled to rely on the provision by the Administrative Agent of a written confirmation that, in the opinion of the Administrative Agent, any proposed variation to any of the Transaction Documents will not result in an Adverse Effect.

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

Pursuant to the terms of the Bond Trust Deed, the Bond Trustee may without the consent or sanction of any of the Covered Bondholders of any Series and/or the related Couponholders and without the consent of the other Secured Creditors (other than any Secured Creditor who is a party to the relevant document) at any time and from time to time concur with the Relevant Issuer and the CB Guarantor (or the Trust Manager on its behalf) and any other party, and/or direct the Security Trustee to concur with the Relevant Issuer, the CB Guarantor or any other party, in making any modification to the Covered Bonds of one or more Series, the related Coupons or to the Bond Trust Deed, the Security Deed or the other Transaction Documents (a) which does not relate to a Series Reserved Matter and which, in the opinion of the Bond Trustee, will not be materially prejudicial to the interests of the Covered Bondholders of any Series, (b) which in the opinion of the Bond Trustee is of a formal, minor or technical nature, or which 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 such modification relates to a Series Reserved Matter) or (c) which is made to enable Covered Bondholders and Secured Creditors to obtain the protection and/or other benefits of any legislation or regulations or any directive of any regulatory body including, without limitation, the RBA or APRA that are introduced in Australia for the purpose of supporting the issuance of covered bonds

provided that the Bond Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Covered Bondholders of any Series.

Pursuant to the terms of the Security Deed, while there are Covered Bonds outstanding, 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 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 Relevant Issuer and the CB Guarantor (or the Trust Manager on its behalf) and any other party in making any modification to the Covered Bonds of one or more Series, the related Coupons or to the Bond Trust Deed, the Security Deed or the other Programme Documents if either (a) the Security Trustee is directed to do so by the Bond Trustee or (b) the modification is of a formal, minor or technical nature, made to correct a manifest error or made to comply with mandatory provisions of law and the Bond Trustee has approved of the modification.

Certain decisions of Covered Bondholders taken at Programme level

Any Extraordinary Resolution to direct the Bond Trustee to serve an Issuer Acceleration Notice following an Issuer Event of Default or to direct the Bond Trustee to serve a CBG Acceleration Notice following a CBG Event of Default and any direction to the Bond Trustee to take any enforcement action or to direct the 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.

Realisation of Secured Property following the occurrence of a CBG Event of Default and delivery of a CBG Acceleration Notice to the Security Trustee

If a CBG Event of Default occurs and a CBG Acceleration Notice is served on the CB Guarantor and delivered to the Security Trustee, then the Security Trustee will (at the direction of the Bond Trustee) be entitled to enforce the Charge created under and pursuant to the Security Trust Deed and the proceeds from the realisation of the Secured 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 Secured 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 Transaction Documents.

If, following the occurrence of a CBG Event of Default, a CBG Acceleration Notice is served on the CB Guarantor then the Covered Bonds may be repaid sooner or later than expected or not at all.

CB Guarantor's Liability

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

In relation to the Westpac Covered Bond Trust, no person other than the CB Guarantor may sue the CB Guarantor in any capacity other than as trustee of the Westpac Covered Bond Trust, including seeking the appointment of a receiver (except in relation to the assets of the Westpac Covered Bond Trust), or a liquidator, an administrator or any similar person to the CB Guarantor or prove in any liquidation,

administration or arrangements of or affecting the CB Guarantor (except in relation to the assets of the Westpac Covered Bond Trust).

The above will not apply to any obligation or liability of the CB Guarantor to the extent that it is not satisfied because under the Transaction Documents or by operation of law there is a reduction in the extent of the CB Guarantor's indemnification out of the assets of the Westpac Covered Bond Trust, as a result of the CB Guarantor's fraud, negligence or wilful misconduct. Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the CB Guarantor, the parties other than the CB Guarantor waive their rights and release the CB Guarantor from any personal liability whatsoever, in respect of any loss or damage (i) which they may suffer as a result of any (A) breach by the CB Guarantor of any of its Obligations; or (B) non-performance by the CB Guarantor of the Obligations and (ii) which cannot be paid or satisfied out of the Trust Assets out of which the CB Guarantor is entitled to be indemnified in respect of any liability incurred by it as trustee of the Westpac Covered Bond Trust.

It is acknowledged that certain parties are each responsible under the Transaction Documents for performing a variety of obligations relating to the Trust. No act or omission of the CB Guarantor (including any related failure to satisfy its obligations or breach of representation or warranty under any Transaction Document) will be considered fraud, negligence or wilful misconduct of the CB Guarantor 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 Westpac Covered Bond Trust or under any Transaction Document or by any other act or omission of any party or any other person.

Absence of secondary market

No assurance is provided that a secondary market for the Covered Bonds will develop. None of the Covered Bonds or the Covered Bond Guarantee has been, or will be, registered under the Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer thereof as set forth under *Subscription and Sale and Transfer and Selling Restrictions*. To the extent that a secondary market develops, it may not continue for the life of the Covered Bonds or it may not provide Covered Bondholders with liquidity of investment with the result that a Covered Bondholder may not be able to find a buyer to buy its Covered Bonds readily or at prices that will enable the Covered Bondholder to realise a desired yield.

This may be particularly the case for Covered Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Covered Bonds would generally have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Covered Bonds.

In addition, potential investors in Covered Bonds should be aware of the prevailing credit market conditions, whereby there has been a history of prolonged lack of liquidity in the secondary market for instruments similar to the Covered Bonds. As a result, there continues to exist additional risks to the Issuer and the investors which may affect the returns on the Covered Bonds to investors.

In addition, from time to time, crises have stalled the primary market for a number of financial products including instruments similar to the Covered Bonds. If a liquidity crisis occurs for certain sectors of the global credit markets, there can be no assurance that the market for securities similar to the Covered Bonds will recover at the same time or to the same degree as such other recovering global credit market sectors.

Covered Bonds not in physical form

Other than in respect of Australian Domestic Covered Bonds, unless the Bearer Global Covered Bonds or the Registered Global Covered Bonds are exchanged for Bearer Definitive Covered Bonds or Registered Definitive Covered Bonds, respectively, which exchange will only occur in the limited circumstances set out under *Form of the Covered Bonds – Bearer Covered Bonds* and *Form of the Covered Bonds –*

Registered Covered Bonds below, the beneficial ownership of the Covered Bonds will be recorded in book-entry form only with Euroclear and Clearstream, Luxembourg and/or DTC and/or the CMU Service. The fact that the Covered Bonds are not represented in physical form could, among other things:

(a) 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 CMU Service instead of directly to Covered Bondholders;

(b) 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

(c) 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.

With respect to Australian Domestic Covered Bonds, see the section entitled *Form, Settlement and Transfer of Australian Domestic Covered Bonds*.

Modification and waiver

The Terms and Conditions of the Covered Bonds and the Bond Trust Deed contain provisions for convening meetings of Covered Bondholders to consider any matters affecting their interests generally. These provisions permit defined percentages of Covered Bondholders to bind all Covered Bondholders including Covered Bondholders who did not attend and vote at the relevant meeting and Covered Bondholders who voted in a manner contrary to such defined percentages of Covered Bondholders and therefore the result of such a meeting may not be in the interests of a specific Covered Bondholder.

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.

Covered Bonds subject to optional redemption by the Issuer

Where the relevant Final Terms specifies Redemption at the option of the Issuer (Call) as being applicable, the Covered Bonds may be redeemed at the Issuer's option in certain circumstances and accordingly the Issuer may choose to redeem the Covered Bonds at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Covered Bonds.

An optional redemption feature of Covered Bonds is likely to limit their market value. During any period when the Issuer may elect to redeem Covered Bonds, the market value of those Covered Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

If the Issuer elects to call a Series of Covered Bonds which has an optional redemption feature, those Covered Bonds may be redeemed before the Maturity Date and before any of the existing Series of Covered Bonds. This should be taken into account when investing in a Series of Covered Bonds.

Fixed Rate Covered Bonds

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

Fixed Rate Reset Covered Bonds

Fixed Rate Reset Covered Bonds will initially earn interest at the Initial Rate of Interest (as defined in the Conditions) until (but excluding) the first Fixed Rate Reset Date (as defined in the Conditions). On the first Fixed Rate Reset Date, however, and on each Fixed Rate Reset Date (if any) thereafter, the interest rate will be reset to (i) a different fixed rate of interest per annum or (ii) a rate per annum equal to the sum of the applicable Mid-Market Swap Rate (as defined in the Conditions) and the Mid-Swap Re-Offer Spread (as defined in the Conditions) (each such rate, a **Subsequent Reset Rate**). The Subsequent Reset Rate for any Reset Period could be less than the Initial Rate of Interest or the Reset Rate for prior Reset Periods and could affect the market value of an investment in the Fixed Rate Reset Covered Bonds.

Fixed/Floating Rate Covered Bonds

The Issuer may issue Covered Bonds which bear interest at a rate that may convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Covered Bonds since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Covered Bonds may be less favourable than the prevailing spreads on comparable Floating Rate Covered Bonds tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Covered Bonds. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing rates on its Covered Bonds.

Covered Bonds issued at a substantial discount or premium and future Covered Bonds

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

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

GENERAL RISK FACTORS

The CB Guarantor may be required to make payments to the Australian Taxation Office in limited circumstances

WBC owns all the units in the Westpac Covered Bond Trust and therefore the Westpac Covered Bond Trust is automatically a member of the WBC tax consolidated group. WBC, as head company of the tax consolidated group, is liable to pay the income tax liabilities of all members of the tax consolidated group. In the event that the head company of a tax consolidated group defaults in its payment of group tax liabilities, the Australian Taxation Office can have direct recourse to all members of the tax consolidated group on a joint and several basis. However, joint and several liability is precluded by the Australian tax legislation from arising if the group tax liability is covered by a valid tax sharing agreement. Instead of joint and several liability, the liability of each subsidiary member of the group to the Australian Taxation Office would be limited to the amount allocated to that entity under the tax sharing agreement. Generally, if WBC defaulted on its payment of tax, the Westpac Group's deed of tax sharing would, provided that it is still in effect at the relevant (future) time, prevent any joint and several liability arising and should result in a nil allocation of liability to the Westpac Covered Bond Trust. In the event that WBC defaulted on payment of a particular group tax liability and the deed of tax sharing did not cover that group tax liability or was found to be no longer effective, then joint and several liability of the subsidiary members of the WBC tax consolidated group would not be limited. However, it should be noted that the Australian Taxation Office

has no statutory priority and therefore would rank behind the secured creditors of the Westpac Covered Bond Trust.

No obligation to maintain listing

The Issuer is not under any obligation to Covered Bondholders to maintain any listing of Covered Bonds and may, in certain circumstances, seek to terminate the listing of any Series of Covered Bonds. These circumstances include any other future law or EU Directive which imposes other requirements (including new corporate governance requirements) on the Issuer that it in good faith determines are impractical or unduly burdensome in order to maintain the continued listing of any Covered Bonds issued under the Programme on a regulated market in the European Economic Area.

In these circumstances, the Issuer may, in its sole discretion, determine that it is unduly burdensome to maintain such listing and seek to terminate the listing of such Covered Bonds issued by it provided it uses its reasonable endeavours to seek an alternative admission to listing, trading and/or quotation of such Covered Bonds by another listing authority, securities exchange and/or quotation system that it deems appropriate. However, if such alternative listing authority, securities exchange and/or quotation system is not available or, in the opinion of the Issuer, is impractical or unduly burdensome, an alternative listing may not be obtained.

Although there is no assurance as to the liquidity of any Covered Bonds as a result of the listing on a regulated market in the European Economic Area, delisting such Covered Bonds may have a material effect on the ability of investors (i) to continue to hold such Covered Bonds or (ii) to resell the Covered Bonds in the secondary market.

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

The structure of the issue of the Covered Bonds and the ratings which are to be assigned to them are based on English law, Australian law and Australian regulatory, accounting and administrative practice in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to English law or Australian law or Australian regulatory, accounting or administrative practice 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 CB Guarantor to make payments under the Covered Bond Guarantee.

Covered Bonds where denominations involve integral multiples: definitive Covered Bonds

In relation to any issue of Covered Bonds that have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Covered Bonds may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case, a Covered Bondholder who, as a result of trading such amounts, holds a principal amount which (after deducting integral multiples of such minimum Specified Denomination) is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a Definitive Covered Bond in respect of such holding (should Definitive Covered Bonds be printed) and would need to purchase an additional principal amount of Covered Bonds such that its holding amounts to the minimum 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.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Covered Bonds and the CB Guarantor will make any payments under the Covered Bond Guarantee in the Specified Currency. This presents certain risks relating

to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Specified Currency (the **Investor's Currency**). These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Covered Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Covered Bonds and (iii) the Investor's Currency-equivalent market value of the Covered Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Where interest payable in respect of Floating Rate Covered Bonds is linked to LIBOR, there is a risk that after the end of 2021, LIBOR may perform differently or may be eliminated entirely, which could lead to other unpredicted consequences

In a speech on 27 July 2017, Andrew Bailey, the Chief Executive of the FCA, announced the FCA's intention to cease sustaining LIBOR from the end of 2021. The FCA has statutory powers to compel panel banks to contribute to LIBOR where necessary. However, the FCA has decided not to ask, or to require, that panel banks continue to submit contributions to LIBOR beyond the end of 2021. The FCA has indicated that the current panel banks will voluntarily sustain LIBOR until the end of 2021. The FCA's intention is that after 2021, it will no longer be necessary for the FCA to persuade, or to compel, banks to submit to LIBOR. The FCA does not intend to sustain LIBOR through using its influence or legal powers beyond that date. It is possible that the LIBOR administrator, ICE Benchmark Administration, and the panel banks could continue to produce LIBOR on the current basis after 2021, if they are willing and able to do so. However, the survival of LIBOR in its current form, or at all, is not guaranteed after 2021. The potential elimination of LIBOR or changes to the manner in which LIBOR is administrated could lead to unanticipated consequences in respect of any Floating Rate Covered Bonds that are linked to LIBOR. Any such events could adversely affect the value of or return on such Floating Rate Covered Bonds.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of interest rates and indices which are deemed to be "benchmarks" (including the application of Regulation (EU) 2016/1011, which has applied from 1 January 2018), could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations. This may have the effect of discouraging market participants from continuing to administer or contribute to the benchmark, trigger changes in the rules or methodologies used to calculate or determine the benchmark, or lead to the disappearance of the benchmark. Any such events could adversely affect the value of or return on such Floating Rate Covered Bonds.

In particular, investors should be aware that if LIBOR, or any other benchmark, were discontinued or otherwise unavailable, the rate of interest on Floating Rate Covered Bonds which are linked to such benchmarks or the interest rate on Fixed Rate Covered Bonds which are reset by reference to a mid-swap rate linked to such benchmarks will be determined for the relevant period by the fall-back provisions under Condition 5 (Interest) of the terms and conditions of the Covered Bonds. These fallback arrangements may require or result in adjustments to the interest calculation provisions of the terms and conditions of the Covered Bonds.

In certain situations, including the relevant benchmark ceasing to be administered or being discontinued or otherwise available, the fallback arrangements referenced in the preceding paragraph will include the possibility that:

(A) the relevant interest rate (or, as applicable, component thereof) could be set or, as the case may be, determined by reference to a successor rate or an alternative rate (as applicable) determined by an

Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to make such determination, the Issuer; and

(B) such successor rate or alternative rate (as applicable) may be adjusted (if required) by the relevant Independent Adviser or the Issuer (as applicable) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors as a result of the replacement of the relevant benchmark, with the Independent Adviser or Issuer (as applicable) acting in good faith and in a commercially reasonable manner, as more fully described in the terms and conditions of the Covered Bonds.

No consent of the Covered Bondholders shall be required in connection with effecting any successor rate or alternative rate (as applicable). In addition, no consent of the Covered Bondholders shall be required in connection with any other related adjustments and/or amendments to the terms and conditions of the Covered Bonds (or any other document) which are made in order to effect any successor rate or alternative rate (as applicable).

In certain circumstances, the ultimate fallback for a particular Interest Accrual Period, including where no successor rate or alternative rate (as applicable) is determined, may be that the interest rate for the last preceding Interest Accrual Period is used for the following Interest Accrual Period. This may result in the effective application of a fixed rate for any Floating Rate Covered Bonds, any Fixed Rate Covered Bonds for which the interest rate was due to be reset, being the Rate of Interest which was applicable as at the last preceding Interest Determination Date or as at the last preceding reset date (as applicable), or, if none, at the Interest Commencement Date. In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such affected 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 relevant Covered Bonds or could have a material adverse effect on the value or liquidity of, and the amount payable under, such Covered Bonds. Prospective investors should note that, in the case of affected Covered Bonds, the relevant Independent Adviser or the Issuer (as applicable) will have discretion to adjust the relevant successor rate or alternative rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Covered Bondholder, any such adjustment will be favourable to each Covered Bondholder.

The market continues to develop in relation to SONIA and SOFR as a reference rate for Floating Rate Covered Bonds

Investors should be aware that the market continues to develop in relation to SONIA and SOFR as reference rates in the capital markets and their adoption as an alternative to LIBOR. In particular, market participants and relevant working groups are exploring alternative reference rates based on SONIA and SOFR, including term reference rates (which seek to measure the market's forward expectation of an average rate over a designated term).

SOFR is published by the Federal Reserve Bank of New York (the **Federal Reserve**) and is intended to be a broad measure of the cost of borrowing cash overnight collateralised by Treasury securities and a current preferred replacement rate to USD LIBOR. Publication of SOFR began on 3 April 2018 and it therefore has a very limited history. In addition, the future performance of SOFR cannot be predicted based on its historical performance. The level of SOFR over the term of Floating Rate Covered Bonds may bear little or no relation to the historical level of SOFR. Prior observed patterns, if any, in the behaviour of market variables, such as correlations, may change in the future. While some pre-publication hypothetical performance data has been published by the Federal Reserve, such data inherently involves assumptions, estimates and approximations. Since the initial publication of SOFR, daily changes in the rate have, on

occasion, been more volatile than daily changes in other benchmark or market rates, such as LIBOR, during corresponding periods. In addition, 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, Floating Rate Covered Bonds linked to, or which reference a SOFR rate, may fluctuate more than floating rate debt securities that are linked to less volatile rates.

The market or a significant part thereof may adopt an application of SONIA and/or SOFR that differs significantly from that set out in the terms and conditions of the Covered Bonds and used in relation to Floating Rate Covered Bonds that reference a SONIA or SOFR rate issued under this Prospectus. The Issuer may in the future also issue Floating Rate Covered Bonds referencing SONIA or SOFR that differ materially in terms of interest determination when compared with any previous Floating Rate Covered Bonds referencing SONIA or SOFR under this Programme.

As each of SONIA and SOFR is published and calculated by third parties based on data received from other sources, the Issuer has no control over their respective determinations, calculations or publications. There can be no guarantee that SONIA and/or SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Floating Rate Covered Bonds linked to or which reference a SONIA rate or a SOFR rate (or that any applicable benchmark fallback provisions provided for in the Terms and Conditions will provide a rate which is economically equivalent for Covered Bondholders). Neither the Bank of England nor the Federal Reserve has an obligation to consider the interests of Covered Bondholders in calculating, adjusting, converting, revising or discontinuing SONIA or SOFR, respectively. If the manner in which SONIA and/or SOFR is calculated is changed, that change may result in a reduction of the amount of interest payable on such Floating Rate Covered Bonds and the trading prices of such Floating Rate Covered Bonds. Furthermore, the Rate of Interest payable on Floating Rate Covered Bonds which reference a SONIA rate or a SOFR rate is only capable of being determined at the end of the relevant Observation Period (as defined in the Conditions) and shortly prior to the relevant Interest Payment Date (as defined in the Conditions). It may therefore be difficult for investors in Floating Rate Covered Bonds which reference a SONIA rate or a SOFR rate to reliably estimate the amount of interest which will be payable on such Floating Rate Covered Bonds.

Further, in contrast to LIBOR-based Floating Rate Covered Bonds, if Floating Rate Covered Bonds referencing SONIA or SOFR become due and payable as a result of an Event of Default under Condition 9 (*Events of Default*), 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 Floating Rate Covered Bonds shall only be determined on or immediately prior to the date on which the Floating Rate Covered Bonds become due and payable and shall not be reset thereafter.

Investors should also be aware that the manner of adoption or application of SONIA or SOFR as reference rates in the international debt capital markets may differ materially compared with the application and adoption of SONIA and SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of SONIA or SOFR as reference rates across these markets may impact any hedging or other arrangements which they may put in place in connection with any acquisition, holding or disposal of Floating Rate Covered Bonds linked to or which reference a SONIA rate or a SOFR rate.

Since SONIA and SOFR are relatively new market indices, Floating Rate Covered Bonds linked to or which reference a SONIA rate or a SOFR rate 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 linked to or which reference a SONIA rate or a SOFR rate may evolve over time and trading prices of such Floating Rate Covered Bonds may be lower than those of the later issued Floating Rate Covered Bonds that are linked to or which reference a SONIA rate or a SOFR rate as a result. Further, if SONIA or SOFR do not prove to be widely used in securities like the Floating Rate Covered Bonds, the trading price of Floating Rate Covered Bonds linked to or which reference a SONIA rate or a SOFR rate may be lower than those of Floating Rate Covered Bonds linked to or which reference indices that are more widely used. Investors in such Floating Rate Covered Bonds may not be able to sell such Floating Rate Covered Bonds at all or may

not be able to sell such Floating Rate Covered Bonds at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Investors should consider these matters when making their investment decision with respect to any such Floating Rate Covered Bonds linked to or which reference a SONIA rate or a SOFR rate.

The Interest Payment Dates for any series of Floating Rate Covered Bonds for which Payment Delay is specified in the applicable Final Terms as the Observation Method for SOFR will be a number of business days (as may be specified in the applicable Final Terms) after the Interest Period End Date in respect of the relevant Interest Period

The Interest Payment Dates for Floating Rate Covered Bonds for which Payment Delay is specified as the Observation Method for SOFR in the applicable Final Terms (**Payment Delay Covered Bonds**) will be a number of business days (as may be specified in the applicable Final Terms) after the Interest Period End Date in respect of the relevant Interest Period. This convention differs from the convention that has been used historically for floating rate debt securities linked to other benchmark or market rates, such as LIBOR, where interest typically has been paid on the last day of an interest period. As a result, holders of Payment Delay Covered Bonds will receive payments of interest on a delayed basis as compared to other Floating Rate Covered Bonds in which they may have previously invested.

With respect to any Payment Delay Covered Bonds, in determining the Rate of Interest in the final Interest Period, the SOFR rate for any day from, and including, the Cut-off Date to, but excluding, the Maturity Date (or the Optional Redemption Date, if applicable) will be the SOFR rate in respect of the relevant Cut-off Date

For the final Interest Period with respect to any Payment Delay Covered Bonds, the SOFR rate for any day from, and including, the Cut-off Date to, but excluding, the Maturity Date (or the Optional Redemption Date, if applicable) will be the SOFR rate in respect of the Cut-off Date. The Cut-off Date will be a date which is a number of business days prior to the Maturity Date (or the Optional Redemption Date, if applicable) as specified in the applicable Final Terms. Therefore, holders of Payment Delay Covered Bonds will not receive the benefit of any increase in the level of SOFR on any date subsequent to the Cut-off Date, which could reduce the amount of interest that may be payable.

Basel Capital Accord

The Basel Committee on Banking Supervision (the **BCBS**) approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as **Basel III**). In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the **Liquidity Coverage Ratio** and the **Net Stable Funding Ratio** (**NSFR**)). It is intended that member countries will implement the new capital standards and the new Liquidity Coverage Ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the NSFR from January 2018 Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. In relation to the implementation of Basel III in Australia see *Risk Factors relating to the Issuer, including the ability of the Issuer to fulfil its obligations under the Covered Bonds – Risks relating to WBC's business - WBC's businesses are highly regulated and it could be adversely affected by failing to comply with existing laws and regulations or by changes in laws and regulations and regulatory policy* above and *Westpac Banking Corporation - Trends and Westpac Banking Corporation - Recent Developments - FSI's recommendations on bank capital, - Resolution planning including additional loss-absorbing capacity and APRA's crisis management powers, - Macro-prudential regulation and - Net Stable Funding Ratio* below.

Implementation of the Basel framework and any changes as described above may have an impact on the capital requirements in respect of the Covered Bonds and/or on incentives to hold the Covered Bonds for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Covered Bonds.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Covered Bonds and as to the consequences for and effect on them of any changes to the Basel framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

RBA Repo-Eligibility

Application may be made by WBC to RBA to have certain Australian Domestic Covered Bonds to be eligible securities (or **repo eligible**) for the purposes of repurchase agreements with the RBA. The RBA has published criteria for repo-eligibility for covered bonds. No assurance can be made that any application by WBC for repo-eligibility in respect of any Australian Domestic Covered Bonds will be successful, or that those Australian Domestic Covered Bonds will continue to be repo-eligible even if they are eligible in relation to their initial issue.

FORM OF THE COVERED BONDS

The following description is not applicable to Australian Domestic Covered Bonds

The Covered Bonds of each Series will be in either bearer form, with or without receipts, interest coupons and/or talons attached, or registered form, without receipts, interest coupons and/or talons attached. Bearer Covered Bonds will be issued outside the United States to non-U.S. persons in reliance on Regulation S and Registered Covered Bonds may be issued both outside the United States in reliance on Regulation S and within the United States to U.S. persons in reliance on Rule 144A or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

Bearer Covered Bonds

Each Tranche of Bearer Covered Bonds will be initially issued in the form of a temporary global covered bond without receipts and interest coupons attached (a **Temporary Global Covered Bond**), unless the applicable Final Terms specifies otherwise, which will:

(a) if the Bearer Global Covered Bonds (as defined below) are issued in new global covered bond (**NGCB**) form, as stated in the applicable Final Terms, be delivered on or prior to the issue date of the relevant Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**); and

(b) if the Bearer Global Covered Bonds are not issued in NGCB form, be delivered on or prior to the issue date of the relevant Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg or lodged on or before the relevant issue date thereof with a sub-custodian for the Hong Kong Monetary Authority (**HKMA**) as operator of the Central Moneymarkets Unit Service (**CMU Service**) in Hong Kong for the CMU Service.

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 if the Temporary Global Covered Bond is not issued in NGCB form) only outside the United States and its possessions and to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Covered Bond or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received by Euroclear and/or Clearstream, Luxembourg and/or the CMU Lodging Agent and Euroclear and/or Clearstream, Luxembourg, and/or the CMU Lodging Agent as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

If the applicable Final Terms indicate that a Temporary Global Covered Bond may be exchanged for Bearer Definitive Covered Bonds, trading of such Covered Bonds in Euroclear and Clearstream, Luxembourg will only be permitted in amounts which are an integral multiple of the minimum Specified Denomination.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Covered Bond is issued, interests in such Temporary Global Covered Bond will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a permanent global covered bond without receipts and 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) Bearer Definitive Covered Bonds of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of

Bearer Definitive Covered Bonds, to such notice period as is specified in the applicable Final Terms), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given, provided that the CMU Service may require that any such exchange for interests in a Permanent Global Covered Bond is made in whole, and not in part and, in such event, no such exchange will be effected until all relevant accountholders (as set out in a CMU Instrument Position Report (as defined in the rules of the CMU Service) or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) have so certified. 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 (if the Permanent Global Covered Bond is not issued in NGCB form) without any requirement for certification.

In respect of Permanent Global Covered Bonds held through the CMU Service, any payments of principal, interest (if any) or any other amounts shall be made to the person(s) for whose amount(s) interest in the relevant Permanent Global Covered Bond are credited (as set out in the CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) and, save in the case of the final payment, no presentation of the relevant Permanent Global Covered Bond shall be required for such purpose.

Interests in a Permanent Global Covered Bond will be exchanged 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 and Registered Covered Bonds) Registered Covered Bonds, if (unless specified otherwise in the relevant Final Terms) (a) the Issuer has or will become subject to adverse Tax consequences that would not be suffered were the Permanent Global Covered Bond (and any interests therein) exchanged for Definitive Covered Bonds and/or, as the case may be, Registered Covered Bonds; or (b) Euroclear, Clearstream, Luxembourg or the CMU Service or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so; or (c) so specified in the applicable Final Terms, at the option of the holder of such Permanent Global Covered Bond upon such holder's request, in all cases at the cost and expense of the Issuer (each, an **Exchange Event** and unless otherwise specified in the applicable Final Terms). If the Issuer does not make the required delivery of Definitive Covered Bonds and/or Registered Covered Bonds by 6.00 p.m. (London time) on the day on which the relevant notice period expires or, as the case may be, the 30th day after the day on which such Permanent Global Covered Bond becomes due to be exchanged such Permanent Global Covered Bond will become void in accordance with its terms but without prejudice to the rights conferred by the Bond Trust Deed.

The option described in (c) above should not be expressed to be applicable if the relevant Covered Bonds have denominations consisting of a minimum Specified Denomination plus one or more integral multiples of another smaller amount.

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

The following legend will appear on all Bearer Covered Bonds that have an original maturity of more than one year (other than Temporary Global Covered Bonds) and on all receipts, 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 U.S. INTERNAL REVENUE CODE OF 1986 AS AMENDED."

The sections referred to provide that U.S. persons (as defined for U.S. federal tax purposes), with certain exceptions, will not be entitled to deduct any loss on Bearer Covered Bonds, receipts, talons or interest coupons and will not be entitled to capital gains treatment of any gain on any sale or other disposition in respect of such Bearer Covered Bonds, receipts, 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, Clearstream, Luxembourg or the CMU Service, as the case may be.

Registered Covered Bonds (other than N Covered Bonds)

The Registered Covered Bonds of each Tranche offered and sold in reliance on Regulation S will initially be represented by a global covered bond in registered form (a **Regulation S Global Covered Bond**). Prior to expiry of the Distribution Compliance Period applicable to each Tranche of Covered Bonds, beneficial interests in a Regulation S Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 3 (*Title and Transfer*) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Regulation S Global Covered Bond will bear a legend regarding such restrictions on transfer (see *Subscription and Sale and Transfer and Selling Restrictions*).

The Registered Covered Bonds of each Tranche offered and sold in the United States or to U.S. persons will be offered and sold without registration under the Securities Act, in reliance on the exemption provided by Rule 144A under the Securities Act to QIBs who agree to purchase the Covered Bonds for their own account, or for the account of one or more QIBs.

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

Registered Global Covered Bonds will either (a) be deposited with a custodian for, and registered in the name of a nominee of, the Depository Trust Company (**DTC**) or (b) be deposited with the Common Depositary or Common Safekeeper, as the case may be, for, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or deposited with the CMU Service, as specified in the applicable Final Terms. In the case of a Regulation S Global Covered Bond registered in the name of a nominee of DTC, prior to the end of the distribution compliance period (as defined in Regulation S) applicable to the Covered Bonds represented by such Regulation S Global Covered Bond, interests in such Regulation S Global Covered Bond may only be held through the accounts of Euroclear and Clearstream, Luxembourg or the CMU Service.

Payments of principal, interest and any other amount in respect of the Registered Global Covered Bonds will be made to the person shown on the Register as the registered holder of the Registered Global Covered Bonds. None of the Issuer, the CB Guarantor, the Bond Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to, or payments or deliveries made on account of beneficial ownership interests in, the 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 be made to the persons shown on the Register on the relevant Record Date (as defined in International Condition 7.2(b)(i) (*Registered Covered Bonds*)) 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 receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (a) in the case of a Registered Global Covered Bond registered in the name of DTC or its nominee, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary 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, (b) in the case of a Registered Global Covered Bond registered in the name of the Common Depositary or Common Safekeeper, as the case may be, or its nominee or the CMU Service, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or the CMU Service, as the case may be, 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, (c) the Issuer has or will become subject to adverse Tax consequences which would not be suffered were the Registered Global Covered Bond (and any interests therein) exchanged for Registered Definitive Covered Bonds. The Issuer will promptly give notice to Covered Bondholders of each Series of Registered Global Covered Bonds in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event (i) DTC, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any registered holder of an interest in such Registered Global Covered Bond) or the Bond Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Issuer may also give notice to the Registrar requesting exchange and/or (ii) in the case of Registered Global Covered Bonds held through the CMU Service, the relevant account holders therein may give notice to the Registrar or, as the case may be, the CMU Lodging Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Issuer may also give notice to the Registrar or, as the case may be, the CMU Lodging Agent requesting exchange. Any such exchange shall 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 or the equivalent denomination of €200,000 if such amount is greater than U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency).

Registered Covered Bonds - N Covered Bonds

The Issuer may issue registered definitive bonds in the form of N Covered Bonds (*Namensschuldverschreibungen*) (as set out in schedule 9 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 Rule 144A Global Covered Bond may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interests in a Regulation S Global Covered Bond representing the same Series and Tranche of Covered Bonds and vice versa. No beneficial owner of an interest in a Registered Global Covered Bond will be able to transfer such interest, except in accordance with the applicable procedures of DTC, Euroclear, Clearstream, Luxembourg and the CMU Service, in each case to the extent applicable. **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

Any reference herein to DTC, Euroclear, Clearstream, Luxembourg and/or the CMU Service shall, 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 shall be entitled to proceed directly against the Issuer or the CB Guarantor unless the Bond Trustee or, as the case may be, the Security Trustee, having become so bound to proceed, fails so to do within a reasonable period and the failure shall be continuing.

FORM, SETTLEMENT AND TRANSFER OF AUSTRALIAN DOMESTIC COVERED BONDS

The following description is only applicable to Australian Domestic Covered Bonds.

Form of Australian Domestic Covered Bonds

Australian Domestic Covered Bonds will be issued in dematerialised registered form only. No certificate or other evidence of title will be issued in respect of Australian Domestic Covered Bonds.

Summary of provisions relating to clearance and settlement of Australian Domestic Covered Bonds

Austraclear

On issue of any Australian Domestic Covered Bonds, the Issuer will (unless otherwise specified in the applicable Final Terms) procure that the Australian Domestic Covered Bonds are entered into the settlement system operated by Austraclear (**Austraclear System**). On entry, Austraclear will become the sole registered holder and legal owner of the Australian Domestic Covered Bonds. Subject to the rules and regulations known as the **Austraclear System Regulations** established by Austraclear (as amended or replaced from time to time) to govern the use of the Austraclear System, participants of the Austraclear System (**Accountholders**) may acquire rights against Austraclear in relation to those Australian Domestic Covered Bonds as beneficial owners and Austraclear is required to deal with the Australian Domestic Covered Bonds in accordance with the directions and instructions of the Accountholders. Any potential investors who are not Accountholders would need to hold their interest in the relevant Australian Domestic Covered Bonds through a nominee who is an Accountholder. All payments by the Issuer in respect of Australian Domestic Covered Bonds entered in the Austraclear System will be made directly to an account agreed with Austraclear or as it directs in accordance with the Austraclear System Regulations.

Holding of Australian Domestic Covered Bonds through Euroclear and Clearstream, Luxembourg

On entry in the Austraclear System, interests in the Australian Domestic Covered Bonds may be held through Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in the Australian Domestic Covered Bonds in Euroclear would be held in the Austraclear System by HSBC Custody Nominees (Australia) Limited as nominee of Euroclear, while entitlements in respect of holdings of interests in the Australian Domestic Covered Bonds in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of JPMorgan Chase Bank N.A. as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in Australian Domestic Covered Bonds held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations of Euroclear and Clearstream, Luxembourg, the arrangements between Euroclear and Clearstream, Luxembourg and their respective nominees and the Austraclear System Regulations.

Transfers

Any transfer of Australian Domestic Covered Bonds will be subject to the Corporations Act and the other requirements set out in the Australian Terms and Conditions of the Australian Domestic Covered Bonds and, where the Australian Domestic Covered Bonds are entered in the Austraclear System, the Austraclear System Regulations.

Secondary market sales of Australian Domestic Covered Bonds settled in the Austraclear System will be settled in accordance with the Austraclear System Regulations.

Relationship of Accountholders with Austraclear Australia

Accountholders who acquire an interest in Australian Domestic Covered Bonds entered in the Austraclear System must look solely to Austraclear for their rights in relation to such Australian Domestic Covered Bonds and will have no claim directly against the Issuer in respect of such Australian Domestic Covered Bonds although, under the Austraclear System Regulations, Austraclear may direct the Issuer to make payments direct to the relevant Accountholders.

Where Austraclear is registered as the holder of any Australian Domestic Covered Bond that is lodged in the Austraclear System, Austraclear may, where specified in the Austraclear System Regulations, transfer the Australian Domestic Covered Bonds to the person in whose Security Record (as defined in the Austraclear System Regulations) those Australian Domestic Covered Bonds are recorded and, as a consequence, remove those Australian Domestic Covered Bonds from the Austraclear System.

Potential investors in Australian Domestic Covered Bonds should inform themselves of, and satisfy themselves with, the Austraclear System Regulations and (where applicable) the rules of Euroclear and Clearstream, Luxembourg and the arrangements between them and their nominees in the Austraclear System.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which, subject to any necessary amendment, will be completed for each Tranche of Covered Bonds (other than N Covered Bonds) issued under the Programme.

[●]

[**NOTIFICATION UNDER SECTION 309B OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 OF SINGAPORE:** The Covered Bonds are [capital markets products other than prescribed capital markets products/prescribed capital markets products] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 and [Specified Investment Products/Excluded Investment Products] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).][1]

[**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**); 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 Regulation (EU) 2017/1129 (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.][2]

[**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**); and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate [*consider any negative target market*]. 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]

[1] **Note:** Issuer to determine whether the Covered Bonds remain as capital markets products other than prescribed capital markets products at each drawdown. Legend for capital markets products other than prescribed capital markets products should be used unless Issuer determines otherwise.

[2] **Note:** 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 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".

[3] **Note:** Legend to be included where the Issuer and/or the Dealer(s) are Manufacturers for MiFID II purposes.

Westpac Banking Corporation
(Legal Entity Identifier (LEI): EN5TNI6CI43VEPAMHL14)

Issue of [Aggregate Principal Amount of Tranche] [Title of Covered Bonds]
irrevocably and unconditionally guaranteed as to payment of principal and interest by
BNY Trust Company of Australia Limited as trustee of the Westpac Covered Bond Trust
under the U.S.$40 billion
Global Covered Bond Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the [International/Australian] Terms and Conditions set forth in the Prospectus dated [*date*] [and the supplemental Prospectus dated [*date*]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**). This document constitutes the final terms of the Covered Bonds described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Prospectus [as so supplemented] in order to obtain all the relevant information. Copies of the Prospectus [and the supplemental Prospectus] are available free of charge to the public at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom and from the specified office of each of the Paying Agents and will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

[*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 [International/Australian] Terms and Conditions (the **Terms and Conditions**) set forth in the Prospectus dated [*original date*] [and the supplemental Prospectus dated [*date*]]. This document constitutes the final terms of the Covered Bonds described herein for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**) and must be read in conjunction with the Prospectus dated [*current date*] [and the supplemental Prospectus dated [*date*]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation in order to obtain all the relevant information, save in respect of the Terms and Conditions which are extracted from the Prospectus dated [*original date*] and are incorporated by reference in the Prospectus dated [*current date*]. Copies of such Prospectuses are available free of charge to the public at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom and from the specified office of each of the Paying Agents and will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.]

1.	(a)	Issuer:	Westpac Banking Corporation (ABN 33 007 457 141) [acting through its [●] branch]
	(b)	CB Guarantor:	BNY Trust Company of Australia Limited (ABN 49 050 294 052) as trustee of the Westpac Covered Bond Trust (ABN 41 372 138 093)
	(c)	Series Number:	[●]
	(d)	Tranche Number:	[●]
	(e)	Date on which Covered Bonds will be	[●]

	consolidated and form a single Series:		
2.	Specified Currency or Currencies of denominations:		[●]
3.	Aggregate Principal Amount of Covered Bonds:		
	[(a)	Series:	[●]]
	[(b)]	Tranche:	[●]
4.	Issue Price:		[●]
5.	Denominations:		[●]
6.	(a)	Issue Date:	[●]
	(b)	Interest Commencement Date:	[●]
7.	(a)	Maturity Date:	[●]
	(b)	Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee:	[●]
8.	Interest Basis:		[[●]% Fixed Rate] [SONIA] [SOFR] [[●] month [LIBOR]/[EURIBOR]/ [CHF LIBOR]/[JPY LIBOR]/[BBSW]/[BKBM]/[CDOR]/[HIBOR]/[SIBOR]/[CNH HIBOR]]/[USD LIBOR] +/- [●]]% Floating Rate] [Zero Coupon] [Fixed Rate Reset]
9.	Redemption/Payment Basis:		[●]
10.	Change of Interest Basis or Redemption/Payment Basis:		[Not applicable][From Fixed to Floating][From Floating to Fixed]
11.	Put/Call Options:		[Investor Put] [Issuer Call]
12.	[Date of [Board] approval for issuance of Covered Bonds obtained:		[●]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed Rate Covered Bond provisions:		[Applicable/Not Applicable]
	(a)	Rate of Interest:	[●]% per annum payable [annually/ semi-annually/quarterly/monthly/other] in

			arrear on each Interest Payment Date
(b)	Interest Payment Date(s):		[●]
(c)	Interest Period End Date(s):		[●]
(d)	Business Day Convention:		[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention/No adjustment]
	(i)	[for Interest Payment Dates:	[●]]
	(ii)	[for Interest Period End Dates:	[●]]
	(iii)	[for Maturity Date:	[●]]
(e)	Additional Business Centre(s):		[Sydney, Australia London, United Kingdom] [●]
(f)	Fixed Coupon Amount(s):		[●] per [●]
(g)	Broken Amount(s):		[●][Not Applicable]
(h)	Day Count Fraction:		[Actual/365] [Actual/365 (Fixed)] [30/360] [Actual/Actual (ICMA)] [Actual/360] [30E/360] [30E/360 (ISDA)] [RBA Bond Basis/Australian Bond Basis] [Eurobond Basis] [Not adjusted]
(i)	Accrual Feature:		[Not Applicable/Applicable]
	(i)	Applicable Swap Rate	[USD-ISDA-Swap Rate/[●] (as defined in the ISDA Definitions]
	(ii)	Applicable Swap Rate thresholds:	Greater than or equal to [●]% and less than or equal to [●]%
	(iii)	Observation Period:	[Interest Accrual Period]/[[●] New York and London Banking Days prior to the beginning of the relevant Interest Accrual Period and

			ending [●] New York and London Banking Days prior to the end of the relevant Interest Accrual Period]
		(iv) Designated Maturity:	[●]
	(j)	Determination Date:	[●]
14.	Fixed Rate Reset Covered Bond Provisions		[Applicable/Not Applicable]
	(a)	Initial Rate of Interest:	[●]% per annum payable [annually/ semi annually/quarterly/monthly/other] in arrear
	(b)	Fixed Rate Reset Date(s):	[●]
	(c)	Reset Rate(s):	[[●]% per annum payable [annually/ semi annually/ quarterly/ monthly/ other] in arrear]/[A rate per annum equal to the sum of (a) the Reset Reference Rate and (b) the Mid-Swap Re-Offer Spread]
	(d)	Reset Reference Rate:	[Mid-Market Swap Rate]/[Not Applicable]
		(i) Relevant Screen Page:	[●]/[Not Applicable]
		(ii) Mid-Swap Maturity	[●]/[Not Applicable]
	(e)	Interest Payment Dates:	[●]
	(f)	Interest Period End Date(s):	[●]
	(g)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention/No adjustment]
		(i) [for Interest Payment Dates:	[●]]
		(ii) [for Interest Period End Dates:	[●]]
		(iii) [for Maturity Date:	[●]]
	(h)	Additional Business Centre(s):	[Sydney, Australia London, United Kingdom] [●]
	(i)	Fixed Coupon Amount(s):	[●] per [●]
	(j)	Broken Amount(s):	[●]/[Not Applicable]
	(k)	Day Count Fraction:	[Actual/365] [Actual/365 (Fixed)] [30/360] [Actual/Actual (ICMA)]

			[Actual/360] [30E/360] [30E/360 (ISDA)] [RBA Bond Basis/Australian Bond Basis] [Eurobond Basis] [Not adjusted]
	(l)	Accrual Feature:	[Not Applicable/Applicable]
		(i) Applicable Swap Rate:	[USD-ISDA-Swap Rate/[●] (as defined in the ISDA Definitions]
		(ii) Applicable Swap Rate thresholds:	Greater than or equal to [●]% and less than or equal to [●]%
		(iii) Observation Period:	[Interest Accrual Period]/[[●] New York and London Banking Days prior to the beginning of the relevant Interest Accrual Period and ending [●] New York and London Banking Days prior to the end of the relevant Interest Accrual Period]
		(iv) Designated Maturity:	[●]
	(m)	Determination Date:	[●]
	(n)	Mid-Swap Re-Offer Spread:	[●]
	(o)	Reset Determination Date(s):	[●]/[Not Applicable]
	(p)	Reset Rate Time:	[●]/[Not Applicable]
15.	Floating Rate Covered Bond provisions:		[Applicable/Not Applicable]
	(a)	Specified Period(s):	[●]
	(b)	Interest Payment Dates:	[●]
	(c)	Interest Period End Dates or (if the applicable Business Day Convention below is the FRN Convention) Interest Accrual Period:	[●]
	(d)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/[Eurodollar Convention/No adjustment]
		(i) [for Interest Payment Dates:	[●]]
		(ii) [for Interest Period End Dates:	[●]]

	(iii) [for Maturity Date:	[●]]
(e)	Additional Business Centre(s):	[Sydney, Australia London, United Kingdom] [●]
(f)	Manner in which the Rate of Interest and Interest Amount are to be determined:	[Screen Rate Determination/ISDA Determination/BBSW Rate Determination]
(g)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the [Principal Paying Agent/Calculation Agent]):	[●]
(h)	Screen Rate Determination:	[Applicable/Applicable (Overnight Rate)/ Applicable (Term Rate)/Not Applicable]
	Reference Rate:	[SONIA][SOFR]/ [●] month [[LIBOR]/[EURIBOR]/ [CHF LIBOR]/[JPY LIBOR]/[BBSW]/[BKBM]/ [CDOR]/[HIBOR]/[SIBOR]/[CNH HIBOR]/ [USD LIBOR] [except for the Interest Period ending on [●] in which the Rate of Interest will be determined using a linear interpolation between [●] month [●] and [●] month [●]]
	Interest Determination Date(s):	[●] [[●] Banking Days/London Banking Days (*if SONIA*)/U.S. Government Securities Business Days (*if SOFR*) prior to the end of each Interest Accrual Period] [[●] U.S. Government Securities Business Days following the end of each Interest Accrual Period, provided that in respect of the final Interest Accrual Period, the Interest Determination Date shall be [●] U.S. Government Securities Business Days following the Cut-off Date]
	[SOFR Averaging Method:	[Compounded Daily]/ [Weighted Average]]
	[Observation Look-Back Period:	[●] London Banking Days (*if SONIA*)/U.S. Government Securities Business Days (*if SOFR*)]
	[Observation Method:	[Lag]/ [Lock-out]/ [Payment Delay]/ [Not Applicable]]
	[Cut-off Date:	[[•] U.S. Government Securities Business Days prior to the Maturity Date [or Optional Redemption Date, as applicable]]

	Relevant Screen Page:		[●] [Not Applicable]
	Relevant Time:		[●] [Not Applicable]
	Relevant Financial Centre:		[London]/[Brussels]/[Zurich]/[Tokyo]/ [Singapore]/ [Sydney]/[Auckland]/[Toronto]/[Hong Kong]/[New York]/[Not Applicable]
(i)	ISDA Determination:		[Applicable/Not Applicable]
	Floating Rate Option:		[●]
	Designated Maturity:		[●]
	Reset Date:		[●]
(j)	Margin(s):		[+/-] [●]% per annum
(k)	Minimum Rate of Interest:		[●]% per annum
(l)	Maximum Rate of Interest:		[●]% per annum
(m)	Day Count Fraction:		[Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)] [RBA Bond Basis/Australian Bond Basis] [Eurodollar Convention] [Not adjusted]
(n)	Accrual Feature:		[Not Applicable/[●]]
	(i)	Applicable Swap Rate:	[USD-ISDA-Swap Rate/[●] (as defined in the ISDA Definitions
	(ii)	Applicable Swap Rate thresholds:	Greater than or equal to [●]% and less than or equal to [●]%
	(iii)	Observation Period:	[The period which starts [●]New York and London Banking Days prior to the beginning of the relevant Interest Accrual Period and ends [●]New York and London Banking Days prior to the end of such Interest Accrual Period/[Interest Accrual Period]
	(iv)	Designated Maturity:	[●]
(o)	Broken Amounts:		[●]
16.	Zero Coupon Covered Bond provisions:		[Applicable/Not Applicable]
(a)	Accrual Yield:		[●]% per annum

	(b)	Reference Price:	[●]
	(c)	Business Day Convention:	[Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention/No adjustment]
	(d)	Additional Business Centre(s):	[Sydney, Australia London, United Kingdom] [●]
	(e)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	Condition 6.8 applies
17.	Coupon Switch Option:		[Applicable/Not Applicable]
	Coupon Switch Option Date:		[●]

PROVISIONS RELATING TO REDEMPTION

18.	Redemption at the option of the Issuer (Call):		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s) (Call):	[●]
	(b)	Series redeemable in part:	[Yes/No]
	(c)	Optional Redemption Amount of each Covered Bond (Call) and method, if any, of calculation of such amount(s):	[●] per Covered Bond of [●] specified denomination
	(d)	Notice period (if other than as set out in the Terms and Conditions):	Minimum Period: [5] days Maximum Period: [30] days
19.	Partial redemption (Call):		[Applicable/Not Applicable]
20.	(a)	Minimum Redemption Amount:	[●] per [●] specified denomination
	(b)	Maximum Redemption Amount:	[●] per [●] specified denomination
	(c)	Notice Period:	[●]
21.	Redemption at the option of the Covered Bondholders (Put):		[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[●]
	(b)	Optional Redemption Amount(s) of each Covered Bond and method, if any, of calculation of such amount(s):	[●] per Covered Bond of [●] specified denomination

	(c)	Notice Period:	Minimum Period: [30 days] Maximum Period: [60 days]
22.	Final Redemption Amount of each Covered Bond:		[[●] per [●] specified denomination/ see Appendix]
23.	Early Redemption for Tax reasons:		
	(a)	Early Redemption Amount (Tax) of each Covered Bond:	[●] per [●] specified denomination
	(b)	Date after which changes in law, etc. entitle Issuer to redeem:	[●]

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

24.	(a)	Form of Covered Bonds:	[Bearer Covered Bonds: [Temporary Global Covered Bond exchangeable for a Permanent Global Covered Bond which is exchangeable for Bearer Definitive Covered Bonds [on 60 days' notice given at any time/only upon an Exchange Event]] [Temporary Global Covered Bond exchangeable for Bearer Definitive Covered Bonds] [Permanent Global Covered Bond exchangeable for Bearer Definitive Covered Bonds [on 60 days' notice given at any time/only after an Exchange Event]] [Registered Covered Bonds: Regulation S Global Covered Bond registered in the name of [a nominee for DTC/a common depositary for Euroclear and Clearstream, Luxembourg/Common Safekeeper for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Covered Bond registered in the name of [a nominee for DTC /a common depositary for Euroclear and Clearstream, Luxembourg/ held through CMU Service] [Australian Domestic Covered Bonds]

	(b)	Talons for future Coupons to be attached to Definitive Covered Bonds:	[Yes/No]
25.	Events of Default (Condition 9):		[●]
	Early Redemption Amount		
26.	Payments:		
	Unmatured Coupons missing upon Early Redemption		[Condition 7.1(f)(i)/Condition 7.1(f)(ii) applies]
27.	Other terms or special conditions		[If the Extended Due for Payment Date applies in respect of any Covered Bonds that are held in the Austraclear System, the Austraclear System will require each person in whose Security Record (as defined in the Austraclear Regulations) such a Covered Bond is recorded (each an "Austraclear Participant") to enter such dealings in the Austraclear System as are then required by the Austraclear System to give effect to the Extended Due for Payment Date (including all dealings as may be required to apply a different ISIN, Common Code or other security identifier to the Covered Bonds if such a different ISIN, Common Code or other security identifier is so required by the Austraclear System). The Issuer has obtained an ISIN that will apply to the Covered Bonds for the period commencing on the Maturity Date and ending on the Extended Due for Payment Date (see item 7(h) of Part B - Operational Information below). That ISIN has been assigned to the Covered Bonds but will only be activated if the Extended Due for Payment Date is to apply. If the Extended Due for Payment Date is to apply, the Issuer will obtain a Common Code (which shall be notified to Covered Bondholders in accordance with Condition 14) that will apply to the Covered Bonds for the period commencing on the Maturity Date and ending on the Extended Due for Payment Date. That Common Code will only be applied for and activated if the Extended Due for Payment Date is to apply. When the notification referred to in Condition 6.2 has been given by the Administrative Agent, the Australian Agent and Registrar will apply to Austraclear to activate the ISIN, and will apply to Euroclear and Clearstream, Luxembourg to

		obtain and activate a Common Code, to apply from the Maturity Date until the Extended Due for Payment Date. Failure of the Austraclear Participant to enter any such dealings will prevent subsequent payments in respect of the Covered Bonds from being effected through the Austraclear System. However, if any dealings are so required and there is a failure to enter any such dealings in a timely manner, the Australian Agent and Registrar may take such action (including entering into such dealings) on behalf of an Austraclear Participant as may be required at the applicable time including the removal of the relevant Covered Bonds from the Austraclear System in accordance with the Conditions. None of the Issuer, the CB Guarantor or the Australian Agent and Registrar is responsible for any thing Austraclear or the Austraclear System or any other clearing system does or omits to do with respect to the above, which is a matter for Austraclear, its nominees (if any), the Austraclear Participants and the investors.]

DISTRIBUTION

28.	U.S. Selling Restrictions:	[Reg. S Compliance Category. TEFRA D applicable/TEFRA C applicable/TEFRA not applicable]
29.	Prohibition of Sales to EEA Retail Investors	[Applicable/Not Applicable] *(If the Covered Bonds clearly do not constitute "packaged" products, or the Covered Bonds constitute "packaged" products and a key information document will be prepared, "Not Applicable" should be specified. If the Covered Bonds may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING:

[Application for admission to the Official List and for admission to trading [has been/is expected to be][made to the London Stock Exchange's Regulated Market]

[Date from which admission effective[●]]

2. RATINGS:

Ratings:	The Covered Bonds [have been][are expected to be] rated:
	[Fitch: [●]]
	[Moody's: [●]]

3. COVERED BOND SWAP:

Covered Bond Swap Provider:	[●]
Nature of Covered Bond Swap:	[●]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE:

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

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

(i)	Reasons for the offer and use of proceeds:	[●]
(ii)	Estimated net proceeds:	[●]
(iii)	Estimated total expenses:	[●]

6. YIELD: (*Fixed Rate Covered Bonds and Fixed Rate Reset Covered Bonds only*)

Indication of yield:	[●]

7. OPERATIONAL INFORMATION:

(a)	ISIN Code [(to apply to the Covered Bonds for the period commencing on the Issue Date and ending on (and including) the Maturity Date)]:	[●]

(b)	Common Code [(to apply to the Covered Bonds for the period commencing on the Issue Date and ending on (and including) the Maturity Date)]:	[●]
(c)	CFI:	[See 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]
	FISN:	[See 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] (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable"*.)
(d)	CMU Instrument Number:	[●]
(e)	Austraclear ID:	[●][(to apply to the Covered Bonds for the period commencing on the Issue Date and ending on (and including) the Maturity Date)] [[●] (to apply to the Covered Bonds for the period commencing on (but excluding) the Maturity Date and ending on the Extended Due for Payment Date, if applicable)]
(f)	WKN:	[●]
[(g)]	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] [*include this text for registered covered bonds*] and does not necessarily mean that the Covered Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Covered Bonds are capable of meeting them, the Covered Bonds may then

		be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)][*include this text for registered covered bonds*]. Note that this does not necessarily mean that the Covered Bonds will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Euro system at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]
[(h)]	CUSIP:	[●]
[(i)]	CINS:	
[(j)]	Extended Due for Payment Date ISIN Code (to apply to the Covered Bonds for the period commencing on (but excluding) the Maturity Date and ending on (and including) the Extended Due for Payment Date, if applicable):	[●]
[(k)]	Any clearing system(s) other than DTC, Euroclear, Clearstream, Luxembourg, Austraclear or the CMU Service and the relevant identification number(s):	[●]/Not Applicable
[(l)]	Name and address of initial Paying Agent(s):	[●]
[(m)]	Names and addresses of additional Paying Agent(s) (if any):	[●]

Signed on behalf of the Issuer:

By:

Duly authorised

Signed on behalf of the CB Guarantor:

By:

Duly authorised

INTERNATIONAL TERMS AND CONDITIONS OF THE COVERED BONDS (OTHER THAN THE N COVERED BONDS AND THE AUSTRALIAN DOMESTIC COVERED BONDS)

Subject to completion or amendment, the following are the Terms and Conditions of the Covered Bonds (other than (i) the N Covered Bonds save as to the extent specifically incorporated by the relevant N Covered Bond Confirmation Terms and (ii) the Australian Domestic Covered Bonds) (the ***International Terms and Conditions****) which will (i) be incorporated by reference into and (as completed by the applicable Final Terms in relation to a Tranche of Covered Bonds) apply to each Global Covered Bond (as defined below) and (ii) be incorporated by reference into each Definitive Covered Bond (as defined below) if permitted by the relevant Stock Exchange (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 Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed on, or attached to, each Global Covered Bond and Definitive Covered Bond.*

For the avoidance of doubt, these International Terms and Conditions do not apply to Australian Domestic Covered Bonds.

In relation to N Covered Bonds, the terms and conditions of a Series of N Covered Bonds will be as set out in the N Covered Bond (Namensschuldverschreibung) (and the N Covered Bond Conditions attached as Schedule 1 thereto). In addition, each initial N Covered Bondholder will execute an N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms) relating to the relevant N Covered Bond, and each assignee will agree to be bound by the terms of such N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms) as if it were an original party thereto. Certain of the International Terms and Conditions may be incorporated by reference into the N Covered Bond Confirmation Terms, and may accordingly become Terms and Conditions of the N Covered Bonds.

Each Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Westpac Banking Corporation (ABN 33 007 457 141) (**Issuer**) having the benefit of (i) a bond trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) dated on or before the first Issue Date (the **Execution Date**) made between the Issuer, BNY Trust Company of Australia Limited (ABN 49 050 294 052) as trustee of the Westpac Covered Bond Trust (in such capacity, the **CB Guarantor**, which expression shall include any successor as CB Guarantor) and BNY Mellon Corporate Trustee Services Limited as bond trustee (in such capacity, the **Bond Trustee**, which expression shall include any successor as Bond Trustee) and (ii) a guarantee deed poll (such guarantee deed poll as modified and/or supplemented and/or restated from time to time, the **Guarantee Deed Poll**) dated the Execution Date made by the CB Guarantor in favour of the Bond Trustee and each Covered Bondholder. The Bond Trust Deed is governed by, and shall be construed in accordance with, English law. The Guarantee Deed Poll is governed by, and shall be construed in accordance with, the laws of New South Wales, Australia.

Save as provided for in Conditions 9 (*Events of Default*), 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*), 16 (*Substitution of the Issuer*), 17 (*Merger, Consolidation and Amalgamation*) and 21.2 (*Amendments to take into account changes to the methodologies of the Rating Agencies*), references herein to the **Covered Bonds** shall be references to the Covered Bonds of the applicable Series of which they form a part and, to the extent applicable, shall include:

(a) any global covered bond representing the Covered Bonds (a **Global Covered Bond**), whether in bearer or registered form;

(b) in relation to any Covered Bonds represented by a Global Covered Bond, units of each specified denomination in the Specified Currency;

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

(d) any definitive Covered Bonds in registered form (**Registered Definitive Covered Bonds** and, together with Bearer Definitive Covered Bonds, **Definitive Covered Bonds**), whether or not issued in exchange for a Global Covered Bond in registered form,

and, save as provided in those Conditions, shall not, unless the context otherwise requires in these International Terms and Conditions, include the Australian Domestic Covered Bonds or the N Covered Bonds.

The Covered Bonds and the Coupons (as defined below) have the benefit of an agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Offshore Agency Agreement**) dated on or about the Execution Date between the Issuer, the CB Guarantor, the Bond Trustee, The Bank of New York Mellon, as issuing and principal paying agent (in such capacity, the **Principal Paying Agent**, which expression shall include any successor principal paying agent and, together with any additional paying agents, the **Paying Agents**), as exchange agent (in such capacity, the **Exchange Agent**, which expression shall include any successor exchange agent) and as transfer agent (in such capacity, the **Transfer Agent**, which expression shall include any successor transfer agent), The Bank of New York Mellon (Luxembourg) S.A. (now known as The Bank of New York Mellon SA/NV, Luxembourg Branch) as registrar (the **Luxembourg Registrar**, which expression shall include any successor registrar) and Westpac Securitisation Management Pty Limited (ABN 48 002 916 396) as in its capacities as Administrative Agent and Cash Manager.

In the case of Covered Bonds, references herein to:

(a) the **Agency Agreement** shall mean the Offshore Agency Agreement; and

(b) the **Registrar** shall mean the Luxembourg Registrar.

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** shall, unless the context otherwise requires, be deemed to include a reference to **Talons** or **talons**. Registered Covered Bonds and Global Covered Bonds do not have Coupons or Talons attached on issue.

The Final Terms for the Covered Bonds (or the relevant provisions thereof) are (a) endorsed on or attached to the Global Covered Bond or Definitive Covered Bond (as the case may be) representing a Covered Bond or (b) in the case of a Definitive Covered Bond, incorporated by reference into the Definitive Covered Bond if permitted by the relevant Stock Exchange (if any) and agreed by the Issuer at the time of issue, and supplements these International Terms and Conditions (the **Terms and Conditions** or **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace, amend, supplement or modify these Terms and Conditions for the purposes of those Covered Bonds. References to the **applicable Final Terms** are, in respect of a Covered Bond, to the Final Terms (or the relevant provisions thereof) applicable to that Covered Bond.

The Bond Trustee acts for the benefit of the holders for the time being of the Covered Bonds (**Covered Bondholders**, which expression shall, in relation to any Covered Bonds represented by a Global Covered Bond, be construed as provided below), the holders of the Coupons

(**Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons) and for the holders of each other Series of Covered Bonds (including each Series of Australian Domestic Covered Bonds and each Series of N Covered Bonds) in accordance with the provisions of the Bond Trust Deed and the Australian Domestic Covered Bond Deed Poll (in the case of the Australian Domestic Covered Bonds only) and the N Covered Bond Conditions (in the case of N Covered Bonds only).

As used herein, **Tranche** means Covered Bonds which are identical in all respects (including as to listing and 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 and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The CB Guarantor has, in the Guarantee Deed Poll, irrevocably and unconditionally guaranteed, on a limited recourse basis, the due and punctual payment of Guaranteed Amounts in respect of the Covered Bonds as and when the same shall become Due for Payment, but only after service of a Notice to Pay on the CB Guarantor following service of an Issuer Acceleration Notice on the Issuer (after the occurrence of an Issuer Event of Default) or service of a CBG Acceleration Notice on the Issuer and the CB Guarantor (after the occurrence of a CBG Event of Default).

The security for the obligations of the CB Guarantor under the Covered Bond Guarantee has been created pursuant to, and on the terms set out in, a security trust deed governed by the laws of New South Wales, Australia (such security trust deed as amended and/or supplemented and/or restated from time to time, the **Security Trust Deed**) dated 26 October 2011 and made between the CB Guarantor, the Issuer, the Bond Trustee, BTA Institutional Services Australia Limited (ABN 48 002 916 396 whose address is Level 2, 1 Bligh Street, Sydney NSW 2000) as security trustee (**Security Trustee**) and certain other Secured Creditors.

These Terms and Conditions include descriptions and summaries of certain provisions of, and are subject to all of the provisions of, the Bond Trust Deed, the Guarantee Deed Poll and also include descriptions and summaries of certain provisions of the Security Trust Deed and the Agency Agreement. 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 the Bond Trust Deed, the Guarantee Deed Poll and the applicable Final Terms and are also deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of the Security Trust Deed, the Master Definitions and Construction Agreement (as defined below), the Agency Agreement, each of the other Transaction Documents (as defined below) which are applicable to them and each of the Final Terms relating to each other Series.

Each paragraph in these *International Terms and Conditions* appearing in italics does not form part of these Terms and Conditions.

Copies of the Bond Trust Deed, Guarantee Deed Poll, the Security Trust Deed, the Master Definitions and Construction Agreement (as defined below), the Agency Agreement and the other Transaction Documents are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the Final Terms(s) for all Covered Bonds of each Series (including in relation to any Series of unlisted Covered Bonds) are obtainable during normal business hours at the registered office of the Issuer and at the specified office of each of the Paying Agents save that, if the relevant Series of Covered Bonds is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation, the applicable Final Terms(s) and, where the Covered Bonds in question are N Covered Bonds, the forms of the N Covered Bonds, the N Covered Bond Confirmation and the N Covered Bond Confirmation Terms will be obtainable only by a Covered Bondholder holding one or more Covered Bonds of such Series and such Covered Bondholder must produce evidence satisfactory to the Issuer

and the relevant Paying Agent as to its identity and holding of such Covered Bonds. For the avoidance of doubt, the form of the N Covered Bonds, the N Covered Bond Confirmation and the N Covered Bond Confirmation Terms will not be available for inspection except to a Covered Bondholder of the relevant Series of N Covered Bonds as set out above.

1. DEFINITIONS AND INTERPRETATION

1.1 Capitalised terms

Except where the context otherwise requires or the contrary intention appears, capitalised terms used and not otherwise defined in these Terms and Conditions (including the preceding paragraphs) shall bear the meanings given to them in the applicable Final Terms and/or the master definitions and construction agreement made between the parties to the Transaction Documents (such agreement as amended and/or supplemented and/or restated from time to time, the **Master Definitions and Construction Agreement**) dated 3 November 2011, copies of each of which may be obtained as described above.

1.2 Definitions

Except where the context otherwise requires or the contrary intention appears, in these Terms and Conditions the following expressions have the following meanings:

Accrual Feature means the result of the fraction of which the numerator is the number of days in the relevant Interest Accrual Period on which interest will be deemed to have accrued by reference to the following formula:

N divided by **D** where:

N is the number of calendar days in the relevant Observation Period where the Applicable **Swap** Rate is within the thresholds specified in the Final Terms;

D is the total **number** of calendar days in the relevant Observation Period;

Adjustment Spread means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(a) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or

(b) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or

(c) if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(d) if no such industry standard is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

Alternative Reference Rate means the rate which the Independent Adviser and the Issuer agree has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Accrual Periods, or, if the relevant Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Reference Rate;

Applicable Swap Rate means the USD-ISDA-Swap Rate or such other rate set out in the ISDA Definitions and specified in the Final Terms;

Calculation Date means for each calendar day in the relevant Observation Period, that calendar day, provided that, if that calendar day is not a New York and London Banking Day, the relevant Calculation Date will be immediately preceding New York and London Banking Day;

Observation Period means either the Interest Accrual Period or the period which starts on the number of New York and London Banking Days prior to the beginning of the relevant Interest Accrual Period and ends on the number of New York and London Banking Days prior to the end of the relevant Interest Accrual Period, in each case as specified in the Final Terms;

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

USD-ISDA-Swap Rate means the rate determined in accordance with the ISDA Definitions with the following modifications:

(a) the Designated Maturity (as defined in the ISDA Definitions) is, in respect of each Interest Accrual Period, a period specified for such Interest Accrual Period in the relevant Final Terms; and

(b) the words "Reset Date" shall be replaced with the words "Calculation Date", the words "on the day that is two U.S. Government Securities Business Days preceding that Reset Date" shall be replaced with "on that Calculation Date" and the words "as the applicable Floating Rate Option" shall be replaced with "as defined in the ISDA Definitions".

In the event that no quotations are available pursuant to USD-ISDA-Swap Rate with the relevant designated maturity, including the fall back option "USD-CMS-Reference Banks" (as defined in the ISDA Definitions) or the Issuer or an Independent Adviser appointed by the Issuer determines that no suitable Reference Bank (as defined in the ISDA Definitions) which is prepared to quote is available, then the Issuer or the Independent Adviser shall reasonably determine the applicable rate (or method for determining such rate) in its sole discretion, taking into consideration all available information that in good faith it deems appropriate;

Accrual Yield has the meaning given in the applicable Final Terms;

Additional Business Centre(s) means the city or cities specified as such in the applicable Final Terms;

Australian Domestic Covered Bonds means a Covered Bond denominated in Australian Dollars, governed by Australian law and issued in uncertificated registered form under the Australian Covered Bond Deed Poll and in accordance with the Bond Trust Deed;

Benchmark Event means, in respect of any Reference Rate:

(a) the relevant Reference Rate ceasing to be published for a period of at least five Business Days; or

(b) a public statement by the administrator of the relevant Reference Rate that it will, by a specified date within the following six months (or, if later, the next Interest Determination Date), cease, or that it has ceased, publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or

(c) a public statement by the supervisor of the administrator of the relevant Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, that the relevant Reference Rate has been or will, by a specified date within the following six months (or, if later, the next Interest Determination Date), be permanently or indefinitely discontinued; or

(d) a public statement by the supervisor of the administrator of the relevant Reference Rate that means the relevant Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months (or, if later, the next Interest Determination Date); or

(e) it has become unlawful for any Paying Agent, the Issuer or any other party to calculate any payments due to be made to any holder of the Covered Bonds using the relevant Reference Rate; or

(f) a public statement or publication of information by the supervisor of the administrator of the relevant Reference Rate announcing that the Reference Rate is no longer representative.

Broken Amount has the meaning given in the applicable Final Terms;

Business Day means:

(a) for the purposes of Condition 7.1(d) (*Payments on Business Days*) only, a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies;

(b) in relation to any sum payable in respect of a Covered Bond, either:

  (i) where such sum is payable in a 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 and any Additional Business Centre(s) specified in the applicable Final Terms; or

  (ii) where such sum is payable in 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, each (if any) Additional Business Centre(s) specified in the applicable Final Terms and a TARGET Settlement Day; or

(c) for all other purposes in relation to a Covered Bond, 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 and each (if any) Additional Business Centre(s) specified in the applicable Final Terms;

Business Day Convention, in relation to any particular date which is not a Business Day, has the meaning given in the applicable Final Terms and, if so specified in the applicable Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) **Following Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) **Modified Following Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) **Preceding Business Day Convention** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(d) **FRN Convention**, **Floating Rate Convention** or **Eurodollar Convention** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:

(i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) **No Adjustment** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

Calculation Agent means the person initially appointed as calculation agent by the Issuer and either by the Administrative Agent on behalf of the CB Guarantor or by the CB Guarantor itself pursuant to the Agency Agreement (or if no person is so appointed, the Principal Paying Agent) or, if applicable, any successor calculation agent specified in the applicable Final Terms as the party responsible for calculating the Rate of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the applicable Final Terms;

CBG Event of Default has the meaning given to it in the provisions of the Bond Trust Deed as described in Condition 9.2 (*CBG Events of Default*);

Coupon Sheet means, in respect of a Covered Bond, a coupon sheet relating to the Covered Bond;

Coupon Switch Option has the meaning given in the applicable Final Terms;

Coupon Switch Option Date has the meaning given in the applicable Final Terms;

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period, such day count fraction as may be specified in these Terms and Conditions or in the applicable Final Terms having the meaning specified below:

(a) if **Actual/Actual (ICMA)** is specified:

(i) where the number of days in the relevant Interest Accrual Period is equal to or shorter than the Regular Period during which the Interest Accrual Period ends, the actual number of days in the Interest Accrual Period divided by the product of (A) the actual number of days in such Regular Period and (B) the number of Regular Periods normally ending in any year; or

(ii) where the Interest Accrual Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Interest Accrual Period falling in the Regular Period in which it begins divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods in any year; and

(B) the number of days in such Interest Accrual Period falling in the next Regular Period divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods normally ending in any year;

(b) if **Actual/365** or **Actual/Actual (ISDA)** is specified, the actual number of days in the Interest Accrual Period divided by 365 (or, if any portion of that Interest Accrual Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Accrual Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Accrual Period falling in a non-leap year divided by 365);

(c) if **Actual/365 (Fixed)** is specified, the actual number of days in the Interest Accrual Period divided by 365;

(d) if **Actual/360** is specified, the actual number of days in the Interest Accrual Period divided by 360;

(e) if **30/360**, **360/360** or **Bond Basis** is specified, the number of days in the Interest Accrual Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(f) if **30E/360** or **Eurobond Basis** is specified, the number of days in the Interest Accrual Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(g) if **30E/360 (ISDA)** is specified, the number of days in the Interest Accrual Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Accrual Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30;

Early Redemption Amount means the Early Redemption Amount (Tax) or, in respect of the provisions of the Bond Trust Deed as described in Conditions 9.1 (*Issuer Events of Default*) and 9.2 (*CBG Events of Default*), subject to Condition 6.7 (*Early redemption of Zero Coupon Covered Bonds*), the amount specified in the Final Terms, as applicable;

Early Redemption Amount (Tax) means, in respect of any Covered Bond, its Principal Amount Outstanding or such other amount as may be specified in the applicable Final Terms;

EURIBOR means the Euro-zone inter-bank offered rate;

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 Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full by the Extension Determination Date;

Extension Determination Date means, in respect of any Series of Covered Bonds, the date falling two Business Days after the expiry of seven days from (and including) the Maturity Date of such Series of Covered Bonds;

Extraordinary Resolution has the meaning given to it in paragraph 19 of schedule 7 (Provisions for Meetings of Covered Bondholders) to the Bond Trust Deed;

FATCA means sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended, including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-U.S. Laws enacted with respect thereto;

Final Redemption Amount means, in respect of any Covered Bond, its Principal Amount Outstanding or such other amount as may be specified in the applicable Final Terms;

Fixed Coupon Amount has the meaning given in the applicable Final Terms;

Fixed Rate Reset Date has the meaning given in the applicable Final Terms;

Independent Adviser means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets;

Initial Rate of Interest has the meaning given in the applicable Final Terms;

Interest Accrual Period means, in respect of an Interest Period, each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding

Interest Period End Date during that Interest Period provided always that the first Interest Accrual Period shall commence on (and include) the Interest Commencement Date and the final Interest Accrual Period shall end on (but exclude) the date of redemption of the Covered Bonds;

Interest Amount means, in relation to a Covered Bond and an Interest Period, the amount of interest payable in respect of that Covered Bond for that Interest Period;

Interest Commencement Date means the Issue Date of the Covered Bonds or such other date as may be specified as the Interest Commencement Date in the applicable Final Terms;

Interest Determination Date has the meaning given in the applicable Final Terms;

Interest Payment Date means the date or dates specified as such in, or determined in accordance with the applicable Final Terms and, if a Business Day Convention is specified in the applicable Final Terms:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the applicable Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

Interest Period means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

Interest Period End Date means the date or dates specified as such in, or determined in accordance with, the applicable Final Terms and, if a Business Day Convention is specified in the applicable Final Terms:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the applicable Final Terms as the Interest Accrual Period, such dates as may occur in accordance with the FRN Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case),

or, if none of the foregoing is specified in the applicable Final Terms, means the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Covered Bonds;

ISDA Definitions means the 2006 ISDA Definitions as amended and updated as at the date of issue of the first Tranche of the Covered Bonds of the relevant Series (as specified in the applicable Final Terms) and as published by the International Swaps and Derivatives Association, Inc.;

Issue Date has the meaning given in the applicable Final Terms;

Issuer Acceleration Notice has the meaning given in the provisions of the Bond Trust Deed as described in Condition 9.1 (*Issuer Events of Default*);

Issuer Event of Default has the meaning given in the provisions of the Bond Trust Deed as described in Condition 9.1 (*Issuer Events of Default*);

LIBOR means the London inter-bank offered rate;

local banking day means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Covered Bond or, as the case may be, Coupon;

Margin has the meaning given in the applicable Final Terms;

Maturity Date means the date specified as such in, or determined in accordance with, the provisions of the applicable Final Terms and, if a Business Day Convention is specified in the applicable Final Terms, as the same may be adjusted in accordance with the relevant Business Day Convention;

Maximum Rate of Interest has the meaning given in the applicable Final Terms;

Maximum Redemption Amount has the meaning given in the applicable Final Terms;

Mid-Market Swap Rate means, for any Reset Period, the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Covered Bonds during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (a) has a term equal to the relevant Reset Period and commencing on the relevant Fixed Rate Reset Date, (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the Mid-Swap Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

Mid-Swap Benchmark Rate means EURIBOR if the Specified Currency is euro, LIBOR if the Specified Currency is Sterling or the interbank offered rate for the Specified Currency if the Specified Currency is not euro or Sterling;

Mid-Swap Maturity has the meaning given in the applicable Final Terms;

Mid-Swap Re-Offer Spread has the meaning given in the applicable Final Terms;

Minimum Rate of Interest has the meaning given in the applicable Final Terms;

Minimum Redemption Amount has the meaning given in the applicable Final Terms;

Optional Redemption Amount (Call) means, in respect of any Covered Bond, its Principal Amount Outstanding or such other amount as may be specified in the applicable Final Terms;

Optional Redemption Amount (Put) means, in respect of any Covered Bond, its Principal Amount Outstanding or such other amount as may be specified in the applicable Final Terms;

Optional Redemption Date (Call) has the meaning given in the applicable Final Terms;

Optional Redemption Date (Put) has the meaning given in the applicable Final Terms;

Potential CBG 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 CBG 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;

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;

Principal Financial Centre means, in relation to any currency other than euro:

(a) the place specified as such in the applicable Final Terms; or

(b) if none is specified in the applicable Final Terms, the principal financial centre for that currency or, if there is more than one principal financial centre for that currency, one of the principal financial centres selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent,

and in relation to euro, it means the principal financial centre of such Member State as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

Put Option Notice means a notice which must be delivered to a Paying Agent or the Registrar by any Covered Bondholder wanting to exercise a right to redeem a Covered Bond at the option of the Covered Bondholder;

Put Option Receipt means a receipt issued by a Paying Agent to a depositing Covered Bondholder upon deposit of a Covered Bond with such Paying Agent by any Covered Bondholder wanting to exercise a right to redeem a Covered Bond at the option of the Covered Bondholder;

Rate of Interest means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Covered Bonds specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Terms and Conditions and/or the applicable Final Terms and, in respect of any Covered Bond to which Condition 5.4 (*Floating Rate Covered Bond provisions*) applies, and where so indicated in the applicable Final Terms, may be any interpolated rate calculated in accordance with the applicable Final Terms;

Redemption Amount means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), Optional Redemption Amount (Call), the Optional Redemption Amount (Put) or such other amount in the nature of a redemption amount as may be specified in the applicable Final Terms;

Reference Banks has the meaning given in the applicable Final Terms or, if none is specified, four major banks selected by the Issuer or an Independent Adviser appointed by the Issuer in the market that is most closely connected with the Reference Rate or Reset Reference Rate, as applicable;

Reference Price has the meaning given in the applicable Final Terms;

Reference Rate means either "USD LIBOR". "GBP LIBOR", "CDOR", "EURIBOR", "CHF LIBOR", "JPY LIBOR" "SIBOR", "HIBOR", "CNH HIBOR", "BKBM", "BBSW", "SOFR" or "SONIA", in each case for the relevant period, as may be specified in the relevant Final Terms;

Regular Period means:

(a) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) one Interest Payment Date to (but excluding) the next Interest Payment Date;

(b) in the case of Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from (and including) a Regular Date falling in any year to (but excluding) the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls; and

(c) in the case of Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from (and including) a Regular Date falling in any year to (but excluding) the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

Relevant Date means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Covered Bondholders;

Relevant Financial Centre has the meaning given in the applicable Final Terms;

Relevant Nominating Body means, in respect of any Reference Rate:

(a) the central bank for the currency to which such Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate; or

(b) any working group or committee established, approved or sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which such Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof.

Relevant Screen Page means the page, section or other part of a particular information service (including, without limitation, the Reuters Monitor Money Rates Service) specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

Relevant Time has the meaning given in the applicable Final Terms;

Reset Determination Date means, for each Reset Period, the date as specified in the applicable Final Terms falling on or before the commencement of such Reset Period on which the Rate of Interest applying during such Reset Period will be determined;

Reset Period means the period from (and including) the Fixed Rate Reset Date to (but excluding) the Maturity Date if there is only one Reset Period or, if there is more than one Reset Period, each period from (and including) one Fixed Rate Reset Date (or the first Fixed Rate Reset Date) to (but excluding) the next Fixed Rate Reset Date (or the Maturity Date);

Reset Rate for any Reset Period means either (i) the rate per annum specified in the applicable Final Terms or (ii), in the event (i) above does not apply, a rate per annum equal to the sum of (a) the applicable Reset Reference Rate and (b) the Mid-Swap Re-Offer Spread;

Reset Rate Time has the meaning given in the applicable Final Terms;

Reset Reference Rate means, if Mid-Market Swap Rate is specified in the applicable Final Terms, the Mid-Market Swap Rate appearing on the Relevant Screen Page at or around the Reset Rate Time on the relevant Reset Determination Date for the relevant Reset Period;

Specified Currency has the meaning given in the applicable Final Terms;

Specified Period has the meaning given in the applicable Final Terms;

Successor Reference Rate means the rate which has been formally published, endorsed, approved, recommended or recognised as a successor or replacement to the relevant Reference Rate by any Relevant Nominating Body;

TARGET Settlement Day means any day on which TARGET 2 is operating credit or transfer instructions in respect of euro;

Westpac Covered Bond Trust means the trust constituted under the trust deed dated 26 October 2011 between the CB Guarantor and the Administrative Agent; and

Zero Coupon Covered Bond means a Covered Bond specified as such in the applicable Final Terms.

1.3 References to general and particular terms

Except where the context otherwise requires or the contrary intention appears, in these Terms and Conditions:

(a) the word **person** includes an individual, a firm, a body corporate, an unincorporated association and an authority;

(b) a reference to a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(c) a reference to a group of persons is a reference to any two or more of them jointly and to each of them individually;

(d) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;

(e) an agreement, representation or warranty by two or more persons binds them jointly and each of them individually;

(f) a reference to any thing (including an amount) is a reference to the whole and each part of it;

(g) a reference to a document (including a Transaction Document) includes any variation or replacement of it;

(h) the word **Law** includes, without limitation, common or customary law, principles of equity and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure in any jurisdiction and any present or future directive, regulation, guideline, practice, concession, request or requirement whether or not having the force of law issued by any governmental body, agency or department or any central bank or other fiscal, monetary, taxation, regulatory, self-regulatory or other authority or agency and includes the Banking Act;

(i) references to any statutory provision shall be deemed also to refer to any statutory modification, amendment or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment, amendment or modification;

(j) a reference to the **Corporations Act** is a reference to the Corporations Act 2001 of Australia;

(k) the word **directive** includes a treaty, an official directive, request, guideline or policy (whether or not having the force of Law) with which responsible persons generally comply in carrying on their business;

(l) reference to a time of day shall be construed as a reference to Sydney time (unless otherwise specified);

(m) unless the contrary intention appears, a reference to the records of Euroclear, Clearstream, Luxembourg, DTC, the CMU Service and/or any other relevant clearing system shall be to the records that Euroclear, Clearstream, Luxembourg, DTC, the CMU Service and/or such other relevant clearing system (as applicable) maintains for each of its participants, members or customers which reflect the amount of a participant's, member's or customer's interests in any Covered Bonds held in Euroclear, Clearstream, Luxembourg, DTC, the CMU Service and/or such other relevant clearing system (as applicable);

(n) a reference to an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;

(o) the words **including**, **for example** or **such as** when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;

(p) if the Covered Bonds are Zero Coupon Covered Bonds, references to Coupons are not applicable;

(q) if Talons are not specified in the applicable Final Terms as being attached to the Covered Bonds at the time of issue, references to Talons are not applicable;

(r) if Talons are specified in the applicable Final Terms as being attached to the Covered Bonds at the time of issue, references to Coupons shall be deemed to include references to Talons;

(s) any reference to **principal** shall be deemed to include any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*), any premium in the nature of principal payable in respect of a Covered Bond and any other amount in the nature of principal payable pursuant to these Terms and Conditions;

(t) any reference to **interest** shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 8 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Terms and Conditions;

(u) references to Covered Bonds being **outstanding** shall be construed in accordance with the Master Definitions and Construction Agreement; and

(v) if an expression is stated in Condition 1.2 (*Definitions*) to have the meaning given in the applicable Final Terms, but the applicable Final Terms gives no such meaning or specifies that such expression is **not applicable** then such expression is not applicable to the Covered Bonds.

2. FORM AND DENOMINATION

2.1 Form

Covered Bonds are issued in bearer form (**Bearer Covered Bonds**) or in registered form (**Registered Covered Bonds**), as specified in the applicable Final Terms and, in the case of Definitive Covered Bonds, are serially numbered.

Registered Covered Bonds:

(a) are constituted by, and owing under, the Bond Trust Deed; and

(b) will not be exchangeable for Bearer Covered Bonds.

2.2 Temporary Global Covered Bonds

Each Tranche of Bearer Covered Bonds is represented upon issue by a temporary global Covered Bond (a **Temporary Global Covered Bond**), unless the applicable Final Terms specifies otherwise.

Interests in the Temporary Global Covered Bond may be exchanged for:

(a) interests in a permanent global Covered Bond (a **Permanent Global Covered Bond**); or

(b) if so specified in the applicable Final Terms, Bearer Definitive Covered Bonds and/or (in case of a Series comprising both Bearer Covered Bonds and Registered Covered Bonds and if so specified in the applicable Final Terms) Registered Covered Bond.

Exchanges of interests in a Temporary Global Covered Bond for a Permanent Global Covered Bond will be made only on or after the Exchange Date and provided certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Covered Bond or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received by Euroclear, Clearstream, Luxembourg, the CMU Lodging Agent or any other relevant clearing system (or a person acting on their behalf).

2.3 Restrictions on holders of Temporary Global Covered Bonds

The holder of any Temporary Global Covered Bond shall not (unless, upon due presentation of such Temporary Global Covered Bond for exchange (in whole but not in part only) for a Permanent Global Covered Bond or for delivery of Definitive Covered Bonds and/or Registered Covered Bonds in accordance with Condition 2.6 (*Exchange of Permanent Global Covered Bonds for Definitive Covered Bonds or Registered Covered Bonds*), such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Covered Bonds represented by such Temporary Global Covered Bond which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

2.4 Payment of interest on Temporary Global Covered Bonds

Subject to Condition 2.3 (*Restrictions on holders of Temporary Global Covered Bonds*), if any date on which a payment of interest is due on the Covered Bonds of a Tranche occurs while any of the Covered Bonds of that Tranche are represented by a Temporary Global Covered Bond, the related interest payment will be made on the Temporary Global Covered Bond only to the extent that certification as to the beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Covered Bond or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received by Euroclear, Clearstream, Luxembourg, the CMU Lodging Agent or any other relevant clearing system (or a person acting on their behalf).

2.5 Payment of interest on Permanent Global Covered Bonds

Payments of interest due in respect of a Permanent Global Covered Bond will be made through Euroclear, Clearstream, Luxembourg, the CMU Service or any other relevant clearing system without any requirement for certification.

2.6 Exchange of Permanent Global Covered Bonds for Definitive Covered Bonds or Registered Covered Bonds

Interests in a Permanent Global Covered Bond will be exchanged 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 and Registered Covered Bonds and if so specified in the applicable Final Terms) Registered Covered Bonds if:

(a) the Issuer has or will become subject to adverse Tax consequences which would not be suffered were the Permanent Global Covered Bond (and any interests therein) exchanged for Definitive Covered Bonds and/or as the case may be Registered Covered Bonds;

(b) Euroclear, Clearstream, Luxembourg, the CMU Service or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, whether statutory or otherwise) or announces an intention to cease business permanently or in fact does so and no successor clearing system is available; or

(c) so specified in the applicable Final Terms, at the option of the holder of such Permanent Global Covered Bond upon such holder's request,

in all cases at the cost and expense of the Issuer (each, for the purposes of a Permanent Global Covered Bond, an **Exchange Event**).

The Issuer will promptly give notice to Covered Bondholders of each Series of Bearer Global Covered Bonds in accordance with Condition 14 (*Notices*) if an Exchange Event specified in

paragraphs (a) or (b) above occurs. Upon the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg, the CMU Service or any other relevant clearing system (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 and, in the event of the occurrence of an Exchange Event as described in paragraph (a) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

In order to exercise the option contained in paragraph (c) above the holder must, not less than 45 days before the date upon which the delivery of such Definitive Covered Bonds and/or Registered Covered Bonds is required, deposit the relevant Permanent Global Covered Bond with the Principal Paying Agent at its specified office with the form of exchange notice endorsed thereon duly completed. If the Issuer does not make the required delivery of Definitive Covered Bonds and/or Registered Covered Bonds by 6.00 p.m. (London time) on the day on which the relevant notice period expires or, as the case may be, the 30th day after the day on which such Permanent Global Covered Bond becomes due to be exchanged and, in the case of paragraph (a) above, such Covered Bond is not duly redeemed (or the funds required for such redemption are not available to the Principal Paying Agent for the purposes of effecting such redemption and remain available for such purpose) by 6.00 p.m. (London time) on the 30th day after the day on which such Covered Bond became immediately redeemable such Permanent Global Covered Bond will become void in accordance with its terms but without prejudice to the rights conferred by the Bond Trust Deed.

2.7 Regulation S exemption for Registered Covered Bonds

The Registered Covered Bonds of each Tranche offered and sold in reliance on Regulation S will initially be represented by a global covered bond in registered form (a **Regulation S Global Covered Bond**). Prior to the expiry of a period of 40 days after the later of the commencement of the offering and the Issue Date in respect of each Tranche of such Covered Bonds, beneficial interests in a Regulation S Global Covered Bond may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 3 (*Title and Transfer*) and may not be held otherwise than through Euroclear, Clearstream, Luxembourg, the CMU Service or any other relevant clearing system.

2.8 Rule 144A exemption for Registered Covered Bonds

The Registered Covered Bonds of each Tranche offered and sold in the United States or to U.S. persons will be offered and sold without registration under the Securities Act and in reliance upon the exemption provided by Rule 144A under the Securities Act to QIBs who agree to purchase the Covered Bonds for their own account or for the account of one or more QIBs and not with a view to the distribution thereof. The Registered Covered Bonds of each Tranche sold to QIBs will be represented by a global covered bond in registered form (a **Rule 144A Global Covered Bond** and, together with a Regulation S Global Covered Bond, the **Registered Global Covered Bonds**).

2.9 Depositary for Registered Global Covered Bonds

Registered Global Covered Bonds will either be:

(a) deposited with a custodian for, and registered in the name of DTC or its nominee; or

(b) deposited with (i) the Common Depositary or Common Safekeeper, as the case may be, for, and registered in the name of the Common Depositary or Common Safekeeper, as the case may be, or its nominee, (ii) a nominee of the CMU Service or (iii) any other relevant clearing system (or a person acting on their behalf), as specified in the applicable Final Terms.

2.10 Exchange Event for Registered Global Covered Bonds

In the case of a Series comprised of only Registered Global Covered Bonds, 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 receipts, interest coupons or talons attached only if:

(a) in the case of a Registered Global Covered Bond registered in the name of DTC or its nominee, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depositary 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;

(b) in the case of a Registered Global Covered Bond registered in the name of (i) the Common Depositary or Common Safekeeper, as the case may be, or its nominee, (ii) a nominee of the CMU Service or (iii) any other relevant clearing system (or a person acting on their behalf), the Issuer has been notified that both Euroclear and Clearstream, Luxembourg or the CMU Service or any other clearing system (or a person acting on their behalf), as the case may be, 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; or

(c) the Issuer has or will become subject to adverse Tax consequences which would not be suffered were the Registered Global Covered Bond (and any interests therein) exchanged for Registered Definitive Covered Bonds,

(each, for the purposes of a Registered Global Covered Bond, an **Exchange Event**).

The Issuer will promptly give notice to Covered Bondholders of each affected Series of Registered Global Covered Bonds in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear, Clearstream, Luxembourg, DTC, the CMU Service and/or any other relevant clearing system (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 specified in paragraph (c) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than ten days after the date of receipt of the first relevant notice by the Registrar.

2.11 Bearer Definitive Covered Bonds

Interest-bearing Bearer Definitive Covered Bonds have attached thereto, at the time of their initial delivery, Coupons, presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. Interest-bearing Bearer Definitive Covered Bonds, if so specified in the applicable Final Terms, have attached thereto, at the time of their initial delivery, a Talon for further Coupons.

2.12 Denomination of Bearer Covered Bonds

Bearer Covered Bonds are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the applicable Final Terms. Bearer Covered Bonds of one denomination may not be exchanged for Bearer Covered Bonds of any other denomination.

2.13 Denomination of Registered Covered Bonds

Registered Covered Bonds are in the minimum denomination specified in the applicable Final Terms or, unless the contrary intention appears from the applicable Final Terms, integral multiples thereof.

2.14 Minimum Denominations of Covered Bonds

The Covered Bonds (in either global or definitive form) are issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and set out in the applicable Final Terms save that, except in certain limited circumstances, the minimum denomination of each Covered Bond will be €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, the equivalent amount in such currency rounded to an appropriate amount as agreed between the Issuer and Dealer(s)) or such other amounts as may be allowed or required from time to time by the relevant central bank or regulatory authority (or equivalent body) or any Laws applicable to the relevant Specified Currency.

Definitive Rule 144A Covered Bonds will be issued only in minimum denominations of U.S.$100,000 (or the equivalent denomination of €100,000 if such amount is greater than U.S.$100,000, rounded up to the nearest U.S.$1,000) and integral multiples of U.S.$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency).

2.15 Currency of Covered Bonds

The Covered Bonds are denominated in such currency as may be specified in the applicable Final Terms (**Specified Currency**). Any currency may be so specified, subject to compliance with all applicable legal, regulatory and/or central bank requirements.

2.16 General issue restrictions for Covered Bonds

Covered Bonds may be issued by the Issuer only if, in all cases, the issue complies with all applicable Laws in the jurisdiction in which the issue takes place.

3. TITLE AND TRANSFER

3.1 Title to Bearer Covered Bonds and Coupons

Title to Bearer Covered Bonds and Coupons passes by delivery. References herein to the **holders** of Bearer Covered Bonds or of Coupons are, subject as provided in Condition 3.4 (*Common Depositary*) below and Clause 3.7 (Persons to be treated as Covered Bondholders) of the Bond Trust Deed, to the bearers of such Bearer Covered Bonds or such Coupons.

3.2 Title to Registered Covered Bonds

Title to Registered Covered Bonds passes by registration in the register which the Issuer shall procure to be kept by the Registrar. References herein to the **holders** of Registered Covered Bonds are, subject (if applicable) as provided in Condition 3.4 (*Common Depositary*) below and Clause 3.7 (Persons to be treated as Covered Bondholders) of the Bond Trust Deed, to the persons in whose names such Registered Covered Bonds are so registered in the relevant register.

3.3 Absolute ownership by holder

Subject (if applicable) as provided in Condition 3.4 (*Common Depositary*) below, the holder of any Bearer Covered Bond, Coupon or Registered Covered Bond will (except as otherwise required by applicable Law) be treated as its absolute owner for all purposes (whether or not it is overdue and

regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such holder.

3.4 Common Depositary

Subject to Clause 3.7 (Persons to be treated as Covered Bondholders) of the Bond Trust Deed and 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, (i) registered in the name of the Common Depositary or Common Safekeeper, as the case may be, or its nominee, (ii) registered in the name of DTC or a nominee of DTC, (iii) deposited with a sub-custodian for the HKMA as operator of the CMU Service, or (iv) registered in the name of any other relevant clearing system (or a person acting on their behalf), each person (other than Euroclear, Clearstream, Luxembourg, DTC, the CMU Service or any other relevant clearing system) who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, DTC, the CMU Service or any other relevant clearing system, as the case may be, 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, DTC, the CMU Service or any other relevant clearing system, as the case may be, as to the nominal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of proven or manifest error and any such certificate or other document may comprise any form of statement or print-out of electronic records provided by the relevant clearing system (including, without limitation, Euroclear's EUCLID or Clearstream's Creation on-line system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Covered Bonds is clearly identified with the amount of such holding) shall be treated by the Issuer, the CB 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 Bearer Global Covered Bond or the registered holder of the relevant Registered Global Covered Bond shall be treated by the Issuer, the CB Guarantor, any Paying Agent, the Registrar 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 expressions Covered Bondholder and holder of Covered Bonds and related expressions shall be construed accordingly.

3.5 Transfer of Registered Covered Bonds and exchange of Bearer Covered Bonds for Registered Covered Bonds

Transfers of beneficial interests in Registered Global Covered Bonds will be effected by Euroclear, Clearstream, Luxembourg, DTC, the CMU Service or any other relevant clearing system, 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 Regulation S Global Covered Bond will, subject to compliance with all applicable legal and regulatory restrictions, be exchangeable for Registered Definitive Covered Bonds or for a beneficial interest in another Regulation S Global Covered Bond only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream, Luxembourg, DTC, the CMU Service or any other relevant clearing system, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

Transfers of a Rule 144A Global Covered Bond registered in the name of a nominee for DTC shall be limited to transfers of such Rule 144A Global Covered Bond, in whole but not in part, to another nominee of DTC or to a successor of DTC or to such successor's nominee.

3.6 Transfers of Registered Definitive Covered Bonds

A Registered Definitive Covered Bond may, upon the terms and subject to the conditions set forth in the Bond Trust Deed, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum denomination specified in the applicable Final Terms) upon the surrender of the Registered Definitive Covered Bond to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Definitive Covered Bond will be issued to the transferee and, in the case of a transfer of part only of a Registered Definitive Covered Bond, a new Registered Definitive Covered Bond in respect of the balance not transferred will be issued to the transferor.

3.7 Exchange of Bearer Covered Bonds for Registered Covered Bonds

If so specified in the applicable Final Terms, the holder of Bearer Covered Bonds may exchange the same for the same aggregate principal amount of Registered Covered Bonds upon the terms and subject to the conditions set forth in the Bond Trust Deed and the Offshore Agency Agreement, as applicable. In order to exchange a Bearer Covered Bond for a Registered Covered Bond, the holder thereof shall surrender such Bearer Covered Bond at the specified office outside the United States (which expression, as used in this Condition 3 (*Title and Transfer*), 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) of any Paying Agent or of the Registrar together with a written request for the exchange. Each Bearer Covered Bond so surrendered must be accompanied by all unmatured Coupons appertaining thereto other than the Coupon in respect of the next payment of interest falling due after the exchange date (as defined in Condition 3.8 (*Issue of new Registered Covered Bonds on transfer or exchange of Bearer Covered Bonds for Registered Covered Bonds*)) where the exchange date would, but for the provisions of Condition 3.8 (*Issue of new Registered Covered Bonds on transfer or exchange of Bearer Covered Bonds for Registered Covered Bonds*), occur between the Record Date (as defined in Condition 7.2 (*Registered Covered Bonds*)) for such payment of interest and the date on which such payment of interest falls due.

3.8 Issue of new Registered Covered Bonds on transfer or exchange of Bearer Covered Bonds for Registered Covered Bonds

The certificate for each new Registered Covered Bond to be issued upon the transfer of a Registered Covered Bond or the exchange of a Bearer Covered Bond for a Registered Covered Bond will, within three Relevant Banking Days of the transfer date or, as the case may be, the exchange date, be available for collection by each relevant holder at the specified office of the Registrar or, at the option of the holder requesting such exchange or transfer be mailed (by uninsured post at the risk of the holder(s) entitled thereto) to such address(es) as may be specified by such holder. For these purposes, a form of transfer or request for exchange received by the Registrar or any Paying Agent after the Record Date in respect of any payment due in respect of Registered Covered Bonds shall be deemed not to be effectively received by the Registrar or the Paying Agent until the day following the due date for such payment.

For the purposes of this Condition 3:

(a) **Relevant Banking Day** means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located and, in the case only of an exchange of a Bearer Covered Bond for a Registered Covered Bond where such request for exchange is made to a Paying Agent, in the place where the specified office of such Paying Agent is located;

(b) the **exchange date** shall be the Relevant Banking Day following the day on which the relevant Bearer Covered Bond shall have been surrendered for exchange in accordance

with Condition 3.7 (*Exchange of Bearer Covered Bonds for Registered Covered Bonds*); and

(c) the **transfer date** shall be the Relevant Banking Day following the day on which the relevant Registered Covered Bond shall have been surrendered for transfer in accordance with Condition 3.6 (*Transfers of Registered Definitive Covered Bonds*).

3.9 No charge for issue of new Registered Covered Bonds on transfer or exchange of Bearer Covered Bonds for Registered Covered Bonds

The issue of new Registered Covered Bonds on transfer or on the exchange of Bearer Covered Bonds for Registered Covered Bonds will be effected without charge by or on behalf of the Issuer, any Paying Agent or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer, the Paying Agent or the Registrar may require in respect of) any Tax or stamp duty which may be imposed in relation thereto.

3.10 Transfer, exchange or replacement of Registered Covered Bonds bearing Restrictive Legend

Upon the transfer, exchange or replacement of Registered Covered Bonds bearing the restrictive legend (**Restrictive Legend**) set forth in the form of Registered Covered Bond scheduled to the Bond Trust Deed, the Registrar shall deliver only Registered Covered Bonds that also bear such legend unless either:

(a) the transferor is not and has not been an affiliate of the Issuer or the CB Guarantor during the preceding three months and such transfer, exchange or replacement occurs one or more years after the later of (i) the original Issue Date of such Covered Bonds or (ii) the last date on which the Issuer or any affiliates (as defined below) of the Issuer as notified to the Registrar by the Issuer as provided in the following sentence, was the beneficial owner of such Covered Bond (or any predecessor of such Covered Bond); or

(b) there is delivered to the Registrar an opinion reasonably satisfactory to the Issuer of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States to the effect that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such Laws.

The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its "affiliates" (as defined in paragraph (a)(1) of Rule 144 under the Securities Act) not to acquire any beneficial interest in any Registered Covered Bond bearing the Restrictive Legend unless it notifies the Registrar of such acquisition. The Registrar and all Covered Bondholders shall be entitled to rely without further investigation on any such notification (or lack thereof).

3.11 Restricted Securities

For so long as any of the Registered Covered Bonds bearing the Restrictive Legend remain outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer shall, during any period in which it is not subject to Section 13 or Section 15(d) under the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under such Act, make available to any Covered Bondholder in connection with any sale thereof and any prospective purchaser of such Covered Bonds from such Covered Bondholder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

3.12 General restrictions on transfer of Covered Bonds

Covered Bonds may be transferred only if the transfer complies with all applicable Laws in the jurisdiction in which the transfer takes place.

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

4.1 Status of the Covered Bonds

The Covered Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, other than any obligations preferred by mandatory provisions of applicable Law.

*The Issuer is an "authorised deposit-taking institution" (**ADI**) as that term is defined under the Banking Act 1959 of the Commonwealth of Australia (**Banking Act**). Under sections 13A(3) and 16(2) of the Banking Act and section 86 of the Reserve Bank Act 1959 of the Commonwealth of Australia (**Reserve Bank Act**), certain debts of the Issuer are preferred by law, as described below.*

Section 13A(3) of the Banking Act provides that, in the event an ADI becomes unable to meet its obligations or suspends payment, the ADI's assets in Australia are available to meet specified liabilities of the ADI in priority to all other liabilities of the ADI (including, in the case of the Issuer, the Covered Bonds). For the purposes of section 13A(3) of the Banking Act:

(a) the assets of the ADI do not include any interest in an asset (or part of an asset) in a cover pool (as defined in the Banking Act) held by the CB Guarantor; and

*(b) the specified liabilities include certain obligations of the ADI to the Australian Prudential Regulation Authority (**APRA**) in respect of amounts payable by APRA to holders of protected accounts, other liabilities of the ADI in Australia in relation to protected accounts, debts to the Reserve Bank of Australia (**RBA**) and certain other debts to APRA. A **protected account** is either (i) an account where the Issuer is required to pay the accountholder (as defined in the Banking Act), on demand or at an agreed time, the net credit balance of the account, or (ii) another account or financial product prescribed by regulation.*

Covered Bonds do not constitute protected accounts or deposit liabilities for the purposes of the Banking Act.

Under section 16(2) of the Banking Act, certain other debts of a body corporate due to APRA shall in a winding-up of the body corporate have, subject to section 13A(3) of the Banking Act, priority over all other unsecured debts of the body corporate. Further, section 86 of the Reserve Bank Act provides that in a winding-up of an ADI, debts due by the ADI to the RBA shall, subject to section 13A(3) of the Banking Act, have priority over all other debts of the ADI.

The liabilities which are preferred by law to the claim of a holder in respect of a Covered Bond against the Issuer will be substantial and the Conditions do not limit the amount of such liabilities which may be incurred or assumed by the Issuer.

The provisions of the Banking Act referred to in the preceding paragraphs do not:

(i) apply to the obligations of the CB Guarantor under the Covered Bond Guarantee as described in Condition 4.2 (Status of the Covered Bond Guarantee) or the claim of the Bond Trustee or a holder in respect of a Covered Bond against the CB Guarantor; and

(ii) preclude the Bond Trustee exercising any rights or powers in relation to the Covered Bonds to the extent necessary to enable it to make a call under the Covered Bond Guarantee in accordance with the provisions of the Guarantee Deed Poll.

4.2 Status of the Covered Bond Guarantee

The terms of the Covered Bond Guarantee are set out in the Guarantee Deed Poll, which is governed by, and is to be construed in accordance with, the law of New South Wales, Australia. Set out below is a description of the principal terms of that Covered Bond Guarantee. In the event of any inconsistency between the provisions of the Covered Bond Guarantee and this description, the provisions of the Covered Bond Guarantee prevail.

The payment of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment has been unconditionally and irrevocably guaranteed, on a limited recourse basis, by the CB Guarantor pursuant to a guarantee (**Covered Bond Guarantee**) in the Guarantee Deed Poll. However, the CB Guarantor shall have no obligation under the Covered Bond Guarantee to pay any Guaranteed Amounts when the same shall become Due for Payment under the Covered Bonds or the Guarantee Deed Poll until service of a Notice to Pay by the Bond Trustee on the CB Guarantor (which the Bond Trustee shall serve following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice by the Bond Trustee on the Issuer) or, if earlier, the occurrence of a CBG Event of Default and service of a CBG Acceleration Notice by the Bond Trustee on the CB Guarantor. The obligations of the CB Guarantor under the Covered Bond Guarantee are direct, unconditional and unsubordinated obligations of the CB Guarantor, which are secured as provided in the Security Trust Deed.

Any payment made by the CB Guarantor under the Covered Bond Guarantee shall (unless such obligation shall have been discharged as a result of the receipt of Excess Proceeds by the Bond Trustee pursuant to the Bond Trust Deed as described in Condition 9.1 (*Issuer Events of Default*)) discharge *pro tanto* the obligations of the Issuer in respect of such payment under the Covered Bonds and Coupons and the Covered Bond Guarantee respectively, except where such payment by the CB Guarantor has been declared void, voidable or otherwise recoverable in whole or in part and recovered from the Bond Trustee or the Covered Bondholders.

As security for the CB Guarantor's obligations under the Covered Bond Guarantee and the other Transaction Documents to which it is a party, the CB Guarantor has granted a Charge over all of its assets under the Security Trust Deed in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors). The obligations of the CB Guarantor to the Covered Bondholders pursuant to the Covered Bond Guarantee shall be limited to the Secured Property as set out in the provisions of the Bond Trust Deed as described in Condition 9.3 (*Enforcement*).

Following the service of a Notice to Pay on the CB Guarantor and subject to the provisions of the Bond Trust Deed, the CB Guarantor may exercise all of the rights of the Issuer in respect of the Covered Bonds.

5. INTEREST

5.1 Interest

Covered Bonds may be interest-bearing or non-interest-bearing, as specified in the applicable Final Terms.

5.2 Fixed Rate Covered Bond provisions

(a) (**Application**) This Condition 5.2 (*Fixed Rate Covered Bond provisions*) is applicable to the Covered Bonds only if the Fixed Rate Covered Bond provisions are specified in the applicable Final Terms as being applicable.

(b) (**Accrual of interest**) The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest and such interest is payable in arrear on each Interest Payment Date, subject as provided in Condition 7 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless, upon due presentation, payment in full of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 5 (*Interest*) (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholders in accordance with Condition 14 (*Notices*), that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) (**Fixed Coupon Amount**) The amount of interest payable in respect of each Covered Bond for any Interest Period shall be the relevant Fixed Coupon Amount (or, in respect of the Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the applicable Final Terms) and, if the Covered Bonds are in more than one denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant denomination.

(d) (**Calculation of interest amount**) The amount of interest payable in respect of each Covered Bond for any Interest Accrual Period for which a Fixed Coupon Amount is not specified shall be calculated (i) by applying the Rate of Interest to the Principal Amount Outstanding of such Covered Bond and multiplying the product by the relevant Day Count Fraction or (ii) if so specified in the applicable Final Terms, by applying the Rate of Interest to the Principal Amount Outstanding of such Covered Bond, multiplying such product by the product of the Accrual Feature and the relevant Day Count Fraction and, in the case of (i) or (ii) above, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

5.3 Fixed Rate Reset Covered Bond provisions

(a) (**Application**) This Condition 5.3 (*Fixed Rate Reset Covered Bond provisions*) is applicable to the Covered Bonds only if the Fixed Rate Reset Covered Bond provisions are specified in the applicable Final Terms as being applicable.

(b) (**Accrual of interest**) The Covered Bonds bear interest:

(i) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate Reset Date (or, if there is more than one Reset Period, the first Fixed Rate Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and

(ii) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the

relevant Reset Rate, as determined by the Calculation Agent on the relevant Reset Determination Date in accordance with this Condition 5.3,

and such interest is payable in arrear on each Interest Payment Date, subject as provided in Condition 7 (*Payments*).

(c) (**Reset Reference Rate determination – Relevant Screen Page**) If the Reset Reference Rate does not appear on the Relevant Screen Page at or around the Reset Rate Time on the relevant Reset Determination Date, or, if the Relevant Screen Page is unavailable, except as provided in Condition 5.7 (*Benchmark Replacement*) below, the Calculation Agent will request the principal Relevant Financial Centre office of the Reference Banks to provide a quotation of the Mid-Market Swap Rate at approximately the Reset Rate Time on the relevant Reset Determination Date.

If two or more of the Reference Banks provide quotations as requested by the Calculation Agent, the Mid-Market Swap Rate will be the arithmetic mean of the provided quotations, expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards).

If on any Reset Determination Date:

(i) only one of the Reference Banks provides a quotation as requested by the Calculation Agent, the Mid-Market Swap Rate shall be a rate equal to the quotation provided by such Reference Bank; or

(ii) none of the Reference Banks provides a quotation as requested by the Calculation Agent, the Mid-Market Swap Rate shall be a rate equal to the Initial Rate of Interest less the Mid-Swap Re-Offer Spread.

(d) (**Fixed Coupon Amount**) The amount of interest payable in respect of each Covered Bond in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate Reset Date (or, if there is more than one Reset Period, the first Fixed Rate Reset Date occurring after the Interest Commencement Date) shall be the relevant Fixed Coupon Amount (or, in respect of the Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the applicable Final Terms) and, if the Covered Bonds are in more than one denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant denomination.

(e) (**Calculation of Interest Amount**) The amount of interest payable in respect of each Covered Bond for any Interest Accrual Period for which a Fixed Coupon Amount is not specified shall be calculated by the Calculation Agent. The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to the relevant Interest Accrual Period, calculate the Interest Amount payable in respect of each Covered Bond for such Interest Accrual Period (i) by applying the Rate of Interest to the Principal Amount Outstanding of such Covered Bond and multiplying the product by the relevant Day Count Fraction or (ii) if so specified in the applicable Final Terms, by applying the Rate of Interest to the Principal Amount Outstanding of such Covered Bond, multiplying such product by the product of the Accrual Feature and the relevant Day Count Fraction and, in the case of (i) or (ii) above, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a sub-unit means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(f) (**Publication**) The Calculation Agent (or the Issuer or the Independent Adviser (as applicable)) will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents, the Issuer, the CB Guarantor, the Bond Trustee, the Registrar and each Stock Exchange (if any) on or by which the Covered Bonds are then listed, quoted and/or traded as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Covered Bondholders. The Calculation Agent (or the Issuer or the Independent Adviser (as applicable)) will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

(g) (**Notifications etc.**) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent (or the Issuer or the Independent Adviser (as applicable)) or the Bond Trustee will (in the absence of proven or manifest error) be binding on the Issuer, the CB Guarantor, the Principal Paying Agent, the other Paying Agents, the Registrar, all Covered Bondholders and Couponholders.

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Interest Amount in accordance with this Condition 5.3 (*Fixed Rate Reset Covered Bond provisions*) or as otherwise specified in the applicable Final Terms, as the case may be, the Bond Trustee shall determine or cause to be determined the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 5.3 (*Fixed Rate Reset Covered Bond provisions*), but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances and/or, as the case may be, the Bond Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Bond Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Calculation Agent.

The Bond Trustee shall have no liability to any person in connection with any determination or calculation made by it or its agent pursuant to this Condition or any failure to make such determination or calculation or any failure to appoint such an agent willing or able to make such determination or calculation, and the Bond Trustee shall not be in any way responsible for any liabilities incurred by reason of any misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent.

5.4 Floating Rate Covered Bond provisions

(a) (**Application**) This Condition 5.4 (*Floating Rate Covered Bond provisions*) is applicable to the Covered Bonds only if the Floating Rate Covered Bond provisions are specified in the applicable Final Terms as being applicable.

(b) (**Accrual of interest**) The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest and such interest is payable in arrear on each Interest Payment Date, subject as provided in Condition 7 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless, upon due presentation, payment in full of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of

such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholders in accordance with Condition 14 (*Notices*), that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) (**Screen Rate Determination – Term Rate**) If Screen Rate Determination – Applicable (Term Rate) is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, save where the Reference Rate is SONIA or SOFR (in which case Condition 5.4(d) shall apply), the Rate of Interest applicable to the Covered Bonds for each Interest Accrual Period will be the sum of the Margin and the rate determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, except as provided in Condition 5.7 below, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations;

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (rounded, if necessary, to the nearest one hundred thousandth of a percentage point, 0.000005%, being rounded up to 0.00001%) quoted by major banks in the Principal Financial Centre of the Specified Currency, requested by the Calculation Agent, upon selection of the Issuer, at, as applicable, 11.00 a.m. (London time in the case of LIBOR, the U.S. Dollar London inter-bank offered rate (**USD-LIBOR)** and the Japanese Yen LIBOR (**JPY LIBOR**), Brussels time in the case of the Euro-zone inter-bank offered rate (**EURIBOR**), Hong Kong time in the case of the Hong Kong inter-bank offered rate (**HIBOR)**, Zurich time in the case of the CHF LIBOR (**CHF LIBOR**) or Singapore time in the case of the Singapore inter-bank offered rate (**SIBOR**)), at 10.00 a.m. Toronto time in the case of the Canadian dollar offered rate (**CDOR**), by 12.00 p.m. Sydney time in the case of the Australian Bank Bill Swap Trade rate (**BBSW**), at 10.45 a.m. Auckland time in the case of the New Zealand inter-bank offered rate (**BKBM**) and 11.15 a.m. Hong Kong time in the case of the CNH HIBOR (**CNH HIBOR**) on the first day of the relevant Interest Accrual Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Accrual Period and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such Interest Accrual Period shall be the sum of the Margin and the

rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Accrual Period, the Rate of Interest applicable to the Covered Bonds during such Interest Accrual Period will be the sum of the Margin and the rate (or as the case may be the arithmetic mean of the rates) last determined in relation to the Covered Bonds in respect of the last preceding Interest Accrual Period;

(d) (**Screen Rate Determination – Overnight Rate**)

(i) SONIA

If Screen Rate Determination – Applicable (Overnight Rate) is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and the Reference Rate is specified in the relevant Final Terms as being SONIA, the Rate of Interest applicable to the Covered Bonds for each Interest Accrual Period will be the rate of return of a daily compounded interest investment plus or minus (as indicated in the relevant Final Terms) the Margin, as calculated by the Calculation Agent on the Interest Determination Date as follows, with the resulting percentage rounded if necessary to the fifth decimal place (with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_{i\text{-pLBD}}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where for the purposes of this Condition 5.4(d)(i):

d is the number of calendar days in the relevant Interest Accrual Period;

$\mathbf{d_O}$ is the number of London Banking Days in the relevant Interest Accrual 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 the relevant Interest Accrual Period to, but excluding, the last London Banking Day in the relevant Interest Accrual Period;

Lock-out Period means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

London Banking Day or **LBD** means any day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are open for general business and to settle payments in London;

$\mathbf{n_i}$, 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 Look-back Period means the number of days specified as such in the applicable Final Terms;

Observation Method means the method specified as such in the applicable Final Terms;

Observation Period means, in respect of an Interest Accrual Period, the period from and including the date falling "p" London Banking Days prior to the first day of the relevant Interest Accrual Period and ending on, but excluding, the date which is "p" London Banking Days prior to the Interest Payment Date for such Interest Accrual Period (or the date falling "p" London Banking Days prior to such earlier date, if any, on which the Covered Bonds become due and payable);

p means, for any Interest Accrual Period:

(A) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days included in the Observation Look-Back Period specified in the applicable Final Terms (or if no such number is specified, five London Banking Days); or

(B) where "Lock-out" is specified as the Observation Method in the applicable Final Terms, zero;

SONIA means:

(A) where in the applicable Final Terms "Lag" is specified as the Observation Method, in respect of any London Banking Day, SONIA in respect of such London Banking Day;

(B) where in the applicable Final Terms "Lock-out" is specified as the Observation Method:

I. in respect of any London Banking Day "i" that is a Reference Day, SONIA in respect of the London Banking Day immediately preceding such Reference Day; and

II. in respect of any London Banking Day "i" that is not a Reference Day (being a London Banking Day in the Lock-out Period), SONIA in respect of the London Banking Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date),

where SONIA in respect of any London Banking Day is equal to the daily Sterling Overnight Index Average 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, provided that:

(A) if, in respect of any London Banking Day in the relevant Observation Period, the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be: (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five days on which a 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 lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate;

(B) notwithstanding the paragraph above, and subject to Condition 5.7 below, in the event that the Bank of England publishes guidance as to (i) how the SONIA rate is to be determined or (ii) any rate that is to replace the SONIA rate, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) shall, to the extent that it is reasonably practicable, follow such guidance in order to determine SONIA, for purposes of the relevant Series of Covered Bonds for so long as the SONIA rate is not available or has not been published by the authorised distributors; and

(C) in the event that SONIA cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 5.7, the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the relevant Series of Covered Bonds for the first Interest Accrual Period had the relevant Series of Covered Bonds been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period),

and for the avoidance of doubt, the preceding paragraphs in this definition of SONIA will apply prior to the application of Condition 5.7 (if applicable);

$SONIA_{i\text{-}pBD}$ means the applicable SONIA rate set out in the definition of "SONIA" above for, where "Lag" is specified as the Observation Method in the applicable Final Terms, the London Banking Day (being a London Banking Day falling in the relevant Observation Period) falling "p" London Banking Days prior to the relevant London Banking Day "i" or, where "Lock-out" is specified as the Observation Method in the applicable Final Terms, the relevant London Banking Day "i"; and

Reference Day means each London Banking Day in the relevant Interest Accrual Period, other than any London Banking Day in the Lock-out Period.

(ii) SOFR

If Screen Rate Determination – Applicable (Overnight Rate) is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and:

(A) the Reference Rate is specified in the relevant Final Terms as being SOFR and the Averaging Method is specified in the relevant Final Terms as being Compounded Daily, the Rate of Interest applicable to the relevant Series of Covered Bonds for each Interest Accrual Period will be Compounded Daily SOFR plus or minus (as indicated in the relevant Final Terms) the Margin; or

(B) the Reference Rate is specified in the relevant Final Terms as being SOFR and the Averaging Method is specified in the relevant Final Terms as being Weighted Average, the Rate of Interest applicable to the relevant Series of Covered Bonds for each Interest Accrual Period will be Weighted Average SOFR plus or minus (as indicated in the relevant Final Terms) the Margin,

in each case as calculated by the Calculation Agent on the Interest Determination Date, with the resulting percentage rounded if necessary to the fifth decimal place (with 0.000005 being rounded upwards), where for the purposes of this Condition 5.4(d)(ii):

Compounded Daily SOFR means the rate of return of a daily compound interest investment (with SOFR as the reference rate for the calculation of interest) as calculated by the Calculation Agent on the Interest Determination Date as follows, with the resulting percentage rounded if necessary to the fifth decimal place (with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SOFR_{i-pUSBD}\ \mathrm{x}\ n_i}{360}\right)-1\right]\mathrm{x}\ \frac{360}{d}$$

Weighted Average SOFR means:

(A) where "Lag" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of "SOFR" in effect for each calendar day during the relevant Observation Period, calculated by multiplying the relevant rate by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period (and for these purposes, "SOFR" in respect of any calendar day which is not a Reference Day shall be deemed to be the rate in respect of the Reference Day immediately preceding such calendar day);

(B) where "Lock-out" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of "SOFR" in effect for each calendar day during the relevant Interest Accrual Period, calculated by multiplying the relevant rate by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Accrual Period (and for these purposes, "SOFR" in respect of any calendar day which is not a Reference Day shall be deemed to be the rate in respect of the Reference Day immediately preceding such calendar day), provided however that for any calendar day of such Interest Accrual Period falling in the Lock-out Period, "SOFR" shall be deemed to be the rate in respect of the Reference Day immediately preceding the relevant Interest Determination Date; and

(C) where "Payment Delay" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of "SOFR" in effect for each calendar day during the relevant Interest Accrual Period, calculated by multiplying the relevant rate by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Accrual Period (and for these purposes, "SOFR" in respect of any calendar day which is not a Reference Day shall be deemed to be the rate in respect of the Reference Day immediately preceding such calendar day), provided however that for any calendar day of the final Interest Accrual Period falling in

the Cut-off Period, "SOFR" shall be deemed to be the rate in respect of the Cut-off Date;

Averaging Method means the method specified as such in the applicable Final Terms;

Cut-off Date has the meaning given in the applicable Final Terms;

Cut-off Period means the period from, and including, the day following the Cut-off Date to, but excluding, the Maturity Date or Optional Redemption Date, as applicable;

d is the number of calendar days in the relevant Interest Accrual Period;

$\mathbf{d_O}$ is the number of U.S. Government Securities Business Days in the relevant Interest Accrual 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 the relevant Interest Accrual Period to, but excluding, the last U.S. Government Securities Business Day in the relevant Interest Accrual Period;

Lock-out Period means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

$\mathbf{n_i}$, 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;

New York Fed's Website means the website of the Federal Reserve Bank of New York currently at http://www.newyorkfed.org or any successor website of the Federal Reserve Bank of New York;

Observation Look-back Period means the number of days specified as such in the applicable Final Terms;

Observation Method means the method specified as such in the applicable Final Terms;

Observation Period means, in respect of an Interest Accrual 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 Accrual Period and ending on, but excluding, the date which is "p" U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Accrual Period (or the date falling "p" U.S. Government Securities Business Days prior to such earlier date, if any, on which the relevant Series of Covered Bonds become due and payable);

p means, for any Interest Accrual Period:

(A) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days included in the Observation Look-Back Period specified in the applicable Final Terms (or if no such number is specified, five U.S. Government Securities Business Days);

(B) where "Lock-out" is specified as the Observation Method in the applicable Final Terms, zero; or

(C) where "Payment Delay" is specified as the Observation Method in the applicable Final Terms, zero;

Reference Day means each U.S. Government Securities Business Day in the relevant Interest Accrual Period or Observation Period (as applicable), other than any U.S. Government Securities Business Day in the Lock-out Period (in respect of any Covered Bonds for which "Lock-out" is specified as the Observation Method in the applicable Final Terms) or the Cut-off Period (in respect of any Covered Bonds for which "Payment Delay" is specified as the Observation Method in the applicable Final Terms);

SOFR means:

(A) where "Lag" is specified as the Observation Method in the applicable Final Terms, SOFR in respect of such U.S. Government Securities Business Day;

(B) where "Lock-out" is specified as the Observation Method in the applicable Final Terms:

I. in respect of any U.S. Government Securities Business Day "i" that is a Reference Day, SOFR in respect of the U.S. Government Securities Business Day immediately preceding such Reference Day; and

II. in respect of any U.S. Government Securities Business Day "i" that is not a Reference Day (being a U.S. Government Securities Business Day in the Lock-out Period), SOFR in respect of the U.S. Government Securities Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date); or

(C) where "Payment Delay" is specified as the Observation Method in the applicable Final Terms:

I. in respect of any U.S. Government Securities Business Day "i" that is a Reference Day, SOFR in respect of such U.S. Government Securities Business Day; and

II. in respect of any U.S. Government Securities Business Day "i" that is not a Reference Day (being a U.S. Government Securities Business Day in the Cut-off Period), SOFR in respect of the Cut-off Date,

where SOFR shall be a reference rate equal to:

I. the daily Secured Overnight Financing Rate as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) (the **daily Secured Overnight Financing Rate**) on the New York Fed's Website at or about 8:00 a.m. (New York City time) on the next succeeding U.S. Government Securities Business Day; or

II. if the daily Secured Overnight Financing Rate is not published and the Issuer has not determined that a SOFR Index Cessation Event has occurred, the SOFR for the first preceding U.S. Government Securities Business Day on which the SOFR was published on the New York Fed's Website; or

III. if the daily Secured Overnight Financing Rate is not published and the Issuer determines that a SOFR Index Cessation Event has occurred, the Reference Rate will be the rate (inclusive of any spreads or adjustments) that was recommended as the replacement for the daily Secured Overnight Financing Rate by the Federal Reserve Board and/or the Federal Reserve Bank of New York or by a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York for the purpose of recommending a replacement for the daily Secured Overnight Financing Rate (which rate may be produced by the Federal Reserve Bank of New York or other designated administrator), provided that:

(i) subject to sub-paragraph (ii) below, if the Issuer determines that a SOFR Index Cessation Event has occurred and no such rate has been recommended within one U.S. Government Securities Business Day of the occurrence of the SOFR Index Cessation Event, then the Reference Rate will be determined as if, for each U.S. Government Securities Business Day occurring on or after the date of such SOFR Index Cessation Event, references to:

(x) "SOFR" were references to the daily Overnight Bank Funding Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate), on the New York Fed's Website on or about 9:00 a.m. (New York City time) on each day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City (**New York City Banking Day**) in respect of the New York City Banking Day immediately preceding such day (**OBFR**); and

(y) "U.S. Government Securities Business Day" were references to "New York City Banking Day", and

(ii) if the rate specified in sub-paragraph (i) above is not provided and if the Issuer determines that a Benchmark Event has occurred with respect to OBFR (the **OBFR Benchmark Event**), then the Reference Rate will be determined as if, for each Business Day occurring on or after the date of such OBFR Benchmark Event, references in this definition to:

(x) "SOFR" were references to the short-term interest rate target set by the Federal Open Market Committee and published on the website of the Board of Governors of the Federal Reserve System currently at http://www.federalreserve.gov, or any successor website of the Board of Governors of the Federal Reserve System (the **Federal Reserve's Website**) or, if the Federal Open Market Committee does not target a single rate, the midpoint of the short-term interest rate target range set by the Federal Open Market Committee and published on the Federal Reserve's Website (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);

(y) "U.S. Government Securities Business Day" were references to "New York City Banking Day"; and

(z) the "New York Fed's Website" were references to the "Federal Reserve's Website",

and for the avoidance of doubt, limb (III) of this definition of SOFR will apply prior to the application of Condition 5.7 (if applicable);

$SOFR_{i\text{-}pUSBD}$ means the applicable SOFR rate set out in the definition of "SOFR" above for:

(A) where "Lag" is specified as the Observation Method in the applicable Final Terms, the U.S. Government Securities Business Day (being a U.S. Government Securities Business Day falling in the relevant Observation Period) falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i";

(B) where "Lock-out" is specified as the Observation Method in the applicable Final Terms, the relevant U.S. Government Securities Business Day "i"; or

(C) where "Payment Delay" is specified as the Observation Method in the applicable Final Terms, the relevant U.S. Government Securities Business Day;

SOFR Index Cessation Event means the occurrence of one or more of the following events:

(A) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the daily Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a daily Secured Overnight Financing Rate;

(B) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate) has ceased or will cease to provide the daily Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time there is no successor administrator that will continue to publish or provide the daily Secured Overnight Financing Rate; or

(C) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Secured Overnight Financing Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions; and

USBD or **U.S. Government Securities Business Day** means any day except for a Saturday, 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 purposes of trading in U.S. government securities.

If the relevant Series of Covered Bonds become due and payable in accordance with Condition 9 (*Events of Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Covered Bonds became due and payable and the Rate of Interest on such Covered Bonds shall, for so long as any such Covered Bond remains outstanding, be that determined on such date.

(e) (**ISDA Determination**) If ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Accrual Period will be the sum of the Margin and the relevant ISDA Rate where **ISDA Rate** in relation to any Interest Accrual Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

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

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

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (i) if the relevant Floating Rate Option is based on the LIBOR, the USD-LIBOR, the EURIBOR, the HIBOR, the CDOR, the CNH HIBOR, CHF LIBOR, JPY LIBOR or the BBSW for a currency, the first day of that Interest Accrual Period or (ii) if the applicable Floating Rate Option is based on the SIBOR, the second Singapore business day prior to the start of each Interest Period or (iii) if the applicable Floating Rate Option is based on the BKBM, the first day of that Interest Period; or (iv) in any other case, the day as specified in the applicable Final Terms.

(f) (**Maximum or Minimum Rate of Interest**) If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the applicable Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.

(g) (**Calculation of Interest Amount**) The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Accrual Period, calculate the Interest Amount payable in respect of each Covered Bond for such Interest Accrual Period. The Interest Amount will be calculated (i) by applying the Rate of Interest for such Interest Accrual Period to the Principal Amount Outstanding of such Covered Bond during such Interest Accrual Period and multiplying the product by the relevant Day Count Fraction or (ii) if so specified in the applicable Final Terms, by applying the Rate of Interest for such Interest Accrual Period to the Principal Amount Outstanding of such Covered Bonds, and multiplying such product by the product of the Accrual Feature and the relevant Day Count Fraction, and, in the case of (d)(i) or (d)(ii) above, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(h) (**Calculation of other amounts**) If the applicable Final Terms specifies that any other amount is to be calculated by the Calculation Agent (including, in respect of the Interest

Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the applicable Final Terms), the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the applicable Final Terms.

(i) (**Linear Interpolation**) If the applicable Final Terms specifies that "Linear Interpolation" applies to an Interest Accrual Period, the Rate of Interest for that Interest Accrual Period will be determined through the use of straight-line interpolation by reference to two ISDA Rates, screen rates or BBSW Rates specified in the applicable Final Terms, one of which shall be determined as if the Interest Accrual Period were the period of time for which rates are available next shorter than the length of the Interest Accrual Period (or any alternative Interest Accrual Period specified in the applicable Final Terms) and the other of which shall be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Accrual Period (or any alternative Interest Accrual Period specified in the applicable Final Terms).

(j) (**Publication**) The Calculation Agent (or the Issuer or the Independent Adviser (as applicable)) will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents, the Issuer, the CB Guarantor, the Bond Trustee, the Registrar and each Stock Exchange (if any) on or by which the Covered Bonds are then listed, quoted and/or traded as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Covered Bondholders. The Calculation Agent (or the Issuer or the Independent Adviser (as applicable)) will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

(k) (**Notifications etc.**) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent (or the Issuer or the Independent Adviser (as applicable)) or the Bond Trustee will (in the absence of proven or manifest error) be binding on the Issuer, the CB Guarantor, the Principal Paying Agent, the other Paying Agents, the Registrar, all Covered Bondholders and Couponholders.

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Interest Amount in accordance with this Condition 5.4 (*Floating Rate Covered Bond provisions*) or as otherwise specified in the applicable Final Terms, as the case may be, the Bond Trustee shall determine or cause to be determined the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 5.4 (*Floating Rate Covered Bond provisions*), but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances and/or, as the case may be, the Bond Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Bond Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Calculation Agent.

The Bond Trustee shall have no liability to any person in connection with any determination or calculation made by it or its agent pursuant to this Condition or any failure to make such determination or calculation or any failure to appoint such an agent willing or able to make such determination or calculation, and the Bond Trustee shall not be in any way responsible for any liabilities incurred by reason of any misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent.

5.5 Zero Coupon Covered Bond provisions

(a) (**Application**) This Condition 5.5 (*Zero Coupon Covered Bond provisions*) is applicable to the Covered Bonds only if the Zero Coupon Covered Bond provisions are specified in the applicable Final Terms as being applicable.

(b) (**Late payment on Zero Coupon Covered Bonds**) If the Redemption Amount payable in respect of any Zero Coupon Covered Bond is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (B) the day which is seven days after the Principal Paying Agent has notified the Covered Bondholder that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

5.6 Coupon Switch Option provisions

(a) (**Application**) This Condition 5.6 (*Coupon Switch Option provisions*) is applicable to the Covered Bonds only if the Coupon Switch Option is specified in the applicable Final Terms as being applicable and each Covered Bond shall bear interest on the following basis (unless otherwise specified in the applicable Final Terms).

(b) The applicable Final Terms shall specify whether the Fixed Rate Covered Bond provisions or, as the case may be, the Floating Rate Covered Bond provisions are applicable to the Covered Bonds from (and including) the Issue Date to (but excluding) the Coupon Switch Option Date. Upon the Issuer giving the requisite notice (which, for the purposes of this Condition 5.6 (*Coupon Switch Option provisions*) only, shall be five Business Days prior to the Coupon Switch Option Date or such other notice period as may be specified in the applicable Final Terms) to exercise its Coupon Switch Option, from (and including) the Coupon Switch Option Date, interest shall accrue on a different basis from the basis which was applicable prior to such Coupon Switch Option Date. The applicable Final Terms shall specify whether the Fixed Rate Covered Bond provisions or, as the case may be, the Floating Rate Covered Bond provisions are applicable, upon the exercise by the Issuer of the Coupon Switch Option, from (and including) such Coupon Switch Option Date to (but excluding) the Maturity Date.

5.7 Benchmark Replacement

Notwithstanding the provisions above in this Condition 5, if the Issuer determines that a Benchmark Event has occurred in respect of a Reference Rate where any Rate of Interest (or any component thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply to the relevant Covered Bonds (provided that limb (III) of the definition of SOFR shall apply prior to the provisions of this Condition 5.7):

(a) the Issuer shall use reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense, to determine a Successor Reference Rate or, if such Independent Adviser is unable so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of

Interest applicable to the Covered Bonds for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5.7);

(b) If:

(i) the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the Interest Determination Date relating to the next Interest Accrual Period (the **IA Determination Cut-off Date**) determines a Successor Reference Rate or, if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Covered Bonds for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5.7 during any other future Interest Accrual Period(s)); or

(ii) the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 5.7 fails to determine a Successor Reference Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner), no later than three Business Days prior to the interest Determination Date relating to the next Interest Accrual Period (the **Issuer Determination Cut-off Date**), determines a Successor Reference Rate or, if the Issuer fails to determine a Successor Reference Rate, an Alternative Reference Rate (as applicable) and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Covered Bonds for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5.7 during any other future Interest Accrual Period(s));

then:

(iii) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5.7 during any other future Interest Accrual Period(s)).

Without prejudice to the definitions thereof, for the purposes of determining a Successor Reference Rate or Alternative Reference Rate, the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate; and

(iv) if the relevant Independent Adviser or the Issuer (as applicable):

(A) determines that an Adjustment Spread is required to be applied to the Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5.7); or

(B) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, or determines that no such Adjustment Spread is required, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5.7).

Without prejudice to the definition thereof, for the purposes of determining an Adjustment Spread (if any), the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate.

(C) Notwithstanding paragraph (B) above, if:

I. the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 5.7 notifies the Issuer prior to the IA Determination Cut-off Date that it has determined that no Successor Reference Rate or Alternative Reference Rate exists;

II. the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 5.7 fails to determine a Successor Reference Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, without notifying the Issuer as contemplated in sub-paragraph (c)(I) of this Condition 5.7, and the Issuer (acting in good faith and in a commercially reasonable manner) determines prior to the IA Determination Cut-off Date that no Successor Reference Rate or Alternative Reference Rate exists; or

III. neither a Successor Reference Rate nor an Alternative Reference Rate is otherwise determined in accordance with paragraph (B) above prior to the Issuer Determination Cut-off Date,

the Rate of Interest applicable to the Covered Bonds shall be (in respect of Floating Rate Covered Bonds) the Rate of Interest as at the last preceding Interest Determination Date or (in respect of a reset of the Rate of Interest for Fixed Rate Covered Bonds) the Rate of Interest as at the last preceding reset date, or, if none, as at the Interest Commencement Date.

This paragraph (C) shall apply to the relevant Interest Accrual Period or reset date only. Any subsequent Interest Accrual Period(s) or reset dates shall be subject to the operation of this Condition 5.7.

(D) An Independent Adviser appointed pursuant to this Condition 5.7 will act in good faith and in a commercially reasonable manner, and (in the absence of bad faith, gross negligence or wilful misconduct) shall have no liability whatsoever to the Issuer, the Calculation Agent, any Paying Agent or the holders of a Series of Covered Bonds 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 5.7.

(E) The Bond Trustee and the Paying Agents shall, at the direction and expense of the Issuer, and with no liability to any person for acting on such direction, effect such

waivers and consequential amendments to the Trust Deed, the Agency Agreement, these Terms and Conditions and any other document as may be required to give effect to any application of this Condition 5.7 (or any determination of SOFR in accordance with limb (III) of the definition of "SOFR"), including, but not limited to:

I. changes to these Terms and Conditions which the relevant Independent Adviser or the Issuer (as applicable) acting in good faith and in a commercially reasonable manner determines may be required in order to follow market practice (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) in relation to SOFR, such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) the relevant Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre, Relevant Screen Page and/or Relevant Time applicable to the Covered Bonds and (2) the method for determining the fallback to the Rate of Interest in relation to the Covered Bonds if SOFR (as determined in accordance with limb (III) of the definition of "SOFR"), such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

II. any other changes which the relevant Independent Adviser or the Issuer (as applicable) acting in good faith and in a commercially reasonable manner determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable).

Neither the Bond Trustee nor any Agent shall be obliged to agree to any modification if, in the sole opinion of the Bond Trustee or such Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce rights and/or the protective provisions afforded to the Bond Trustee or such Agent in these Terms and Conditions, the Agency Agreement or the Trust Deed.

No consent of the Covered Bondholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate as described in this Condition 5.6 or such other relevant adjustments pursuant to this Condition 5.6, or any Adjustment Spread, including for the execution of, or amendment to, any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

5.8 Interest following a Notice to Pay

If a Notice to Pay is served on the CB Guarantor, the CB Guarantor shall, in accordance with the terms of the Guarantee Deed Poll, pay Guaranteed Amounts corresponding to the amounts of interest described under this Condition 5 (*Interest*) (as the case may be) under the Covered Bond Guarantee in respect of the Covered Bonds on the Original Due for Payment Dates and, if applicable, the Extended Due for Payment Date.

6. REDEMPTION AND PURCHASE

6.1 Scheduled redemption

Unless previously redeemed, or purchased and cancelled, or unless such Covered Bond is stated in the applicable Final Terms as having no fixed maturity date, the Covered Bonds will be redeemed at their Final Redemption Amount, together with interest accrued (if any), on the Maturity Date, subject as provided in Condition 7 (*Payments*).

6.2 Extended Due for Payment Date

Without prejudice to the provisions of the Bond Trust Deed as described in Condition 9 (*Events of Default*), if an Extended Due for Payment Date is specified in the applicable Final Terms for a Series of Covered Bonds and the Issuer has failed to pay the Final Redemption Amount on the Maturity Date specified in the Final Terms (in each case after the expiry of the grace period set out in the provisions of the Bond Trust Deed as described in Condition 9.1(a) (*Issuer Events of Default*)) and following service of a Notice to Pay on the CB Guarantor by no later than the date falling one Business Day (and for such purposes, Business Days include Brussels business days) prior to the Extension Determination Date, the CB Guarantor has insufficient monies available under the Guarantee Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of the relevant Series of Covered Bonds on the date falling on the earlier of:

(a) the date which falls two Business Days after service of a Notice to Pay on the CB Guarantor or, if later, the Maturity Date (in each case after the expiry of the grace period set out in the provisions of the Bond Trust Deed as described in Condition 9.1(a) (*Issuer Events of Default*)); and

(b) the Extension Determination Date,

then (subject as provided below) payment of the unpaid portion of the Final Redemption Amount by the CB Guarantor under the Covered Bond Guarantee shall be deferred until the Extended Due for Payment Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the earlier of (a) and (b) above will be paid by the CB Guarantor to the extent that it has sufficient monies available under the Guarantee Priority of Payments on any Interest Payment Date thereafter up to (and including) the relevant Extended Due for Payment Date.

The Administrative Agent, on behalf of the CB Guarantor, shall notify the relevant Covered Bondholders (in accordance with Condition 14 (*Notices*)), the Rating Agencies, the Bond Trustee, the Security Trustee, the Principal Paying Agent and (in the case of Registered Covered Bonds) the Registrar as soon as reasonably practicable and in any event at least one Business Day prior to the date specified in paragraph (a) or (b) above (as appropriate) of any inability of the CB 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 CB Guarantor to notify such parties shall not affect the validity or effectiveness of the extension nor shall any rights accrue to any of them by virtue thereof.

In the circumstances outlined above, the CB Guarantor shall, on the earlier of:

(i) the date falling two Business Days after service of a Notice to Pay or, if later, the Maturity Date; and

(ii) the Extension Determination Date,

under the Covered Bond Guarantee, apply the monies (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) *pro rata* in part payment of an amount equal to the Final Redemption Amount of each Covered Bond of the relevant Series of Covered Bonds and shall pay Guaranteed Amounts constituting the corresponding part of Scheduled Interest in respect of each such Covered Bond on such date. The obligation of the CB Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above. Such failure to pay by the CB Guarantor shall not constitute a CBG Event of Default.

Any discharge of the obligations of the Issuer as the result of the receipt of Excess Proceeds by the Bond Trustee shall be disregarded for the purposes of determining the liabilities of the CB Guarantor under the Covered Bond Guarantee in connection with this Condition 6.2 (*Extended Due for Payment Date*).

6.3 Redemption for tax reasons

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part:

(a) at any time (if the Floating Rate Covered Bond provisions are not specified in the applicable Final Terms as being applicable); or

(b) on any Interest Payment Date (if the Floating Rate Covered Bond provisions are specified in the applicable Final Terms as being applicable),

on giving not less than 30 or more than 60 days' notice to the Bond Trustee and, in accordance with Condition 14 (*Notices*), to the Covered Bondholders (in each case, which notice shall be irrevocable) or as otherwise specified in the applicable Final Terms, at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, any applicable Laws, or any change in the application or official interpretation of such Laws (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Covered Bonds or any other date specified in the applicable Final Terms; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Bond Trustee (and the Bond Trustee shall be entitled to rely without further enquiry upon):

(A) a certificate signed by two authorised signatories 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

(B) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts and that the relevant obligation arises as a result of any such change or amendment as is specified in subparagraph (i) above and cannot be avoided by the Issuer taking reasonable measures available to it.

Upon the expiry of any such notice as is referred to in this Condition 6.3 (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 6.3 (*Redemption for tax reasons*). The Issuer may not exercise such option in respect of any Covered Bond which is the subject of the prior exercise by the Covered Bondholder thereof of its option to require the redemption of such Covered Bond under Condition 6.6 (*Redemption at the option of the Covered Bondholders*).

6.4 Redemption at the option of the Issuer

If redemption at the option of the Issuer (Call) is specified in the applicable Final Terms as being applicable, the Covered Bonds may be redeemed at the option of the Issuer in whole or, if so specified in the applicable Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than five or more than 60 days' notice, or such other notice period as may be specified in the applicable Final Terms to the Bond Trustee, the Principal Paying Agent, the Registrar (in the case of redemption of Registered Covered Bonds) and the Covered Bondholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem all of the Covered Bonds of the relevant Series or, as the case may be, the Covered Bonds specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date). In the case of a partial redemption of the Covered Bonds, the Covered Bonds to be redeemed (**Redeemed Covered Bonds**) will be selected individually by lot, in the case of Redeemed Covered Bonds represented by Definitive Covered Bonds, and in accordance with the rules and procedures of the relevant clearing system (to be reflected in the records of the relevant clearing system as either a pool factor or a reduction in nominal amount, at their discretion), and in the case of Redeemed Covered Bonds represented by a Global Covered Bond, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). The Issuer may not exercise such option in respect of any Covered Bond which is the subject of the prior exercise by the Covered Bondholder thereof of its option to require the redemption of such Covered Bond under Condition 6.6 (*Redemption at the option of the Covered Bondholders*).

6.5 Partial Redemption

If the Covered Bonds are to be redeemed in part only on any date in accordance with Condition 6.4 (*Redemption at the option of the Issuer*):

(a) in the case of Bearer Covered Bonds (other than a Temporary Global Covered Bond or a Permanent Global Covered Bond) the Covered Bonds to be redeemed shall be selected by the drawing of lots in such place as the Bond Trustee approves and in such manner as the Bond Trustee considers appropriate in its sole and absolute discretion;

(b) in the case of a Global Covered Bond, the Covered Bonds to be redeemed shall be selected in accordance with the rules of Euroclear, Clearstream, Luxembourg, DTC, the CMU Service and/or any other relevant clearing system, as the case may be; and

(c) in the case of Registered Covered Bonds (other than a Global Covered Bond), the Covered Bonds shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, provided always that the amount redeemed in respect of each Covered Bond shall be equal to the minimum denomination thereof or an integral multiple thereof,

subject always to compliance with applicable Laws and the rules of each Stock Exchange on or by which the Covered Bonds are then listed, quoted and/or traded and the notice to Covered Bondholders referred to in Condition 6.4 (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Covered Bonds to be so redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the applicable Final Terms, then the Optional

Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

In the case of the redemption of part only of a Registered Covered Bond, a new Registered Covered Bond in respect of the unredeemed balance shall be issued in accordance with Conditions 3.6 (*Transfers of Registered Definitive Covered Bonds*) to 3.11 (*Restricted Securities*) which shall apply as in the case of a transfer of Registered Covered Bonds as if such new Registered Covered Bond were in respect of the untransferred balance.

6.6 Redemption at the option of the Covered Bondholders

If redemption at the option of the Covered Bondholders (Put) is specified in the applicable Final Terms as being applicable, the Issuer shall, at the option of the holder of any Covered Bond, redeem such Covered Bond on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 6.6 (*Redemption at the option of the Covered Bondholders*), the holder of a Covered Bond must, not less than 45 days before the relevant Optional Redemption Date (Put), deposit with any Paying Agent (in the case of a Bearer Covered Bond) or the Registrar (in the case of a Registered Covered Bond) such Covered Bond together with all unmatured Coupons relating thereto (other than any Coupon maturing on or before the Optional Redemption Date (Put) (failing which the provisions of Condition 7.1(e) (*Presentation with all unmatured, Coupons and Talons*) apply)) and a duly completed irrevocable Put Option Notice in the form obtainable from any Paying Agent or, as the case may be, the Registrar, specifying in the case of a Temporary Global Covered Bond or Permanent Global Covered Bond or Registered Covered Bond, the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified in the applicable Final Terms or an integral multiple thereof). The Paying Agent or Registrar with which a Covered Bond is so deposited shall deliver a duly completed Put Option Receipt to the depositing Covered Bondholder. No Covered Bond, once deposited with a duly completed Put Option Notice in accordance with this Condition 6.6 (*Redemption at the option of the Covered Bondholders*), may be withdrawn. For so long as any outstanding Covered Bond is held by a Paying Agent or Registrar in accordance with this Condition 6.6 (*Redemption at the option of the Covered Bondholders*), the depositor of such Covered Bond and not such Paying Agent or Registrar shall be deemed to be the holder of such Covered Bond for all purposes.

In the case of the redemption of part only of a Registered Covered Bond, a new Registered Covered Bond in respect of the unredeemed balance shall be issued in accordance with Conditions 3.6 (*Transfers of Registered Definitive Covered Bonds*) to 3.11 (*Restricted Securities*) which shall apply as in the case of a transfer of Registered Covered Bonds as if such new Registered Covered Bond were in respect of the untransferred balance.

The holder of a Covered Bond may not exercise such option in respect of any Covered Bond which is the subject of an exercise by the Issuer of its option to redeem such Covered Bond under either Condition 6.3 (*Redemption for tax reasons*) or Condition 6.4 (*Redemption at the option of the Issuer*).

6.7 Early redemption of Zero Coupon Covered Bonds

Unless otherwise specified in the applicable Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Covered Bond at any time before the Maturity Date shall be an 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 to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Covered Bond becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the applicable Final Terms for the purposes of this Condition 6.7 (*Early redemption of Zero Coupon Covered Bonds*) or, if none is so specified, a Day Count Fraction of 30/360.

6.8 Purchase

The Issuer, the CB Guarantor or any of their respective Related Entities may at any time purchase Covered Bonds in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith.

6.9 Cancellation

All Covered Bonds redeemed by the Issuer, or any of its Subsidiaries and all unmatured Coupons attached to or surrendered with them, shall be cancelled and may not be reissued or resold. All Covered Bonds purchased by the Issuer, the CB Guarantor or any of their respective Related Entities may, at the option of the Issuer, the CB Guarantor or relevant Related Entity (as the case may be), be cancelled, held, reissued or resold.

7. PAYMENTS

7.1 Bearer Covered Bonds

(a) (**Principal**) Subject to Condition 7.1(c) (*Payments in New York City*), payments of principal due in respect of Bearer Covered Bonds shall be made only against presentation and (provided that payment is made in full) surrender of the relevant Bearer Covered Bonds at the specified office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account outside the United States denominated in that currency or to which such currency may be transferred and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

(b) (**Interest**) Payment of amounts in respect of interest on Bearer Covered Bonds will be made:

(i) in the case of a Temporary Global Covered Bond or Permanent Global Covered Bond, against presentation of the relevant Temporary Global Covered Bond or Permanent Global Covered Bond at the specified office of any of the Paying Agents outside the United States (unless Condition 7.1(c) (*Payments in New York City*) applies) and, in the case of a Temporary Global Covered Bond, upon due certification as required therein, by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency;

(ii) in the case of Definitive Covered Bonds without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Covered Bonds at the specified office of any of the Paying Agents outside the United States (unless Condition 7.1(c) (*Payments in New York City*) applies) by cheque drawn in the currency in which the payment is due on, or by transfer to an

account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency; and

(iii) in the case of Definitive Covered Bonds delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Covered Bonds, in either case at the specified office of any of the Paying Agents outside the United States (unless Condition 7.1(c) (*Payments in New York City*) applies) by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

(c) (**Payments in New York City**) Payments of principal and interest on the Bearer Covered Bonds and exchanges of Talons for Coupon Sheets in accordance with Condition 7.1(g) (*Exchange of Talons*) may be made at the specified office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Covered Bonds in United States dollars, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of interest in United States dollars and (iii) payment is permitted by applicable United States Law.

(d) (**Payments on Business Days**) If the due date for payment of any amount in respect of any Covered Bond or Coupon is not a Business Day in the place of presentation, the Covered Bondholder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(e) (**Presentation with all unmatured Coupons and Talons**) Each Definitive Covered Bond initially delivered with Coupons or Talons attached thereto shall be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Coupons and Talons relating thereto, failing which:

(i) if the applicable Final Terms specifies that this paragraph (i) of Condition 7.1(e) (*Presentation with all unmatured Coupons and Talons*) is applicable (and, in the absence of specification this paragraph (i) shall apply to Definitive Covered Bonds which bear interest at a fixed rate or rates or in fixed amounts) and subject as hereinafter provided, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;

(ii) if the applicable Final Terms specifies that this paragraph (ii) of Condition 7.1(e) (*Presentation with all unmatured Coupons and Talons*) is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Covered Bonds which bear interest at a floating rate or rates or in variable amounts) all unmatured

Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Definitive Covered Bonds (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them; and

(iii) in the case of Definitive Covered Bonds initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them.

(f) The provisions of paragraph (i) of this Condition 7.1(e) (*Presentation with all unmatured Coupons and Talons*) notwithstanding, if any Definitive Covered Bonds are issued with a Maturity Date and a Rate of Interest or Rates of Interest such that, on the presentation for payment of any such Definitive Covered Bond without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Covered Bond, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment). Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Covered Bond to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

(g) (**Exchange of Talons**) In relation to Definitive Covered Bonds initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon Sheet matures, the Talon comprised in the Coupon Sheet may be surrendered at the specified office of any Paying Agent outside (unless Condition 7.1(c) (*Payments in New York City*) applies) the United States in exchange for a further Coupon Sheet (including any appropriate further Talon), subject to the provisions of Condition 10 (*Prescription*) below. Each Talon shall, for the purpose of these Terms and Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relevant Coupon Sheet matures.

(h) (**Payments other than in respect of matured Coupons**) Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Covered Bonds at the specified office of any Paying Agent outside the United States (or in New York City if permitted by Condition 7.1(c) (*Payments in New York City*)).

(i) (**Partial payments**) If a Paying Agent makes a partial payment in respect of any Covered Bond or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

7.2 Registered Covered Bonds

(a) Payment of the Redemption Amount due in respect of Registered Covered Bonds (together with accrued interest thereon (if any)) will be made against presentation and, save in the case of partial payment of the Redemption Amount, surrender of the certificates for the relevant Registered Covered Bonds at the specified office of the Registrar. If the due date for payment of the Redemption Amount of any Registered Covered Bond is not a Business Day then the holder thereof will not be entitled to payment thereof until the next Business Day and thereafter will be entitled to receive payment by cheque on any local banking day, and will be entitled to payment by transfer to a designated account on any day which is a

local banking day, a Business Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5 (*Interest*) as appropriate.

(b) Subject to paragraph (c) below, payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) in respect of Registered Covered Bonds will be:

(i) paid to the holder thereof (or, in the case of joint holders, the first-named) as appearing in the register kept by the Registrar as at the close of the business day (local time in the place of the specified office of the Registrar) on the clearing system business day immediately prior to the Relevant Banking Day (as defined in Condition 3.8 (*Issue of new Registered Covered Bonds on transfer or exchange of Bearer Covered Bonds for Registered Covered Bonds*)) (where for the purposes of this Condition 7.2(b)(i) "clearing system business day" means Monday to Friday inclusive except 25 December and 1 January) before the due date for such payment (**Record Date**); and

(ii) made in the currency in which such amount is due by cheque to the holder thereof (or, in the case of joint holders, the first-named) on the Relevant Banking Day (as defined in Condition 3.8 (*Issue of new Registered Covered Bonds on transfer or exchange of Bearer Covered Bonds for Registered Covered Bonds*)) not later than the relevant due date for payment unless prior to the relevant Record Date the holder thereof (or, in the case of joint holders, the first-named) has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated account denominated in the relevant currency in which case payment shall be made on the relevant due date for payment by transfer to such account. In the case of payment by transfer to an account, if the due date for any such payment is not a Business Day, then the holder thereof will not be entitled to payment thereof until the first day thereafter which is a Business Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5 (*Interest*), as appropriate.

(c) In the case of Registered Covered Bonds held through the CMU Service, payment of amounts (whether principal, interest or otherwise) due (other than the Redemption Amount) will be made to the person for whose account interests in the relevant Registered Covered Bond are credited as being held through the CMU Service in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging Agent by the CMU Service in a relevant "CMU Instrument Position Report" or any relevant notification by the CMU Service, which notification, in either case, shall be conclusive evidence of the records of the CMU Service as to the identity of any accountholder and the principal amount of any Registered Covered Bond credited to its account (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(d) 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 shall be paid by transfer by the Registrar (i) to an account identified to

DTC by a participant in DTC in respect of its holding of such Covered Bonds, or (ii) to an account in the relevant Specified Currency of the Exchange Agent for conversion into and payment in U.S. Dollars in accordance with the provisions of the Agency Agreement.

7.3 General provisions applicable to payments

Save as otherwise specified in these Terms and Conditions, this Condition 7.3 (*General provisions applicable to payments*) is applicable in relation to both Bearer Covered Bonds and Registered Covered Bonds.

(a) All payments of amounts due (whether principal, Redemption Amount, interest or otherwise) in respect of Covered Bonds will be made as follows:

(i) payments in a Specified Currency other than euro or Renminbi will be made by transfer to an account in the relevant Specified Currency (which, in the case of a payment in Yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank (which, in the case of a payment in Yen to a non-resident of Japan, shall be an authorised foreign exchange bank) in the principal financial centre of the country of such Specified Currency, provided however that no payment may be made by transfer of funds to an account maintained in the United States or by cheque mailed to an address in the United States;

(ii) payments in Renminbi will be made by transfer to a Renminbi bank account maintained in Hong Kong in accordance with the prevailing rules and procedures of the CMU Service or, when the Covered Bonds are Definitive Covered Bonds, transfer to the Renminbi bank account maintained in Hong Kong in accordance with the prevailing rules and regulations; and

(iii) payments in respect of Definitive Covered Bonds in euro will be made 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.

(b) Payments will, without prejudice to the provisions of Condition 8 (*Taxation*), be subject in all cases to any applicable fiscal or other Laws and any other directives, agreements and administrative practices and procedures of fiscal and other authorities in relation to Tax, anti-money laundering and other requirements which may apply to payments of amounts due (whether principal, Redemption Amount, interest or otherwise) in respect of Covered Bonds (including, without limitation, any withholding or deduction arising under or in connection with FATCA). No commissions or expenses shall be charged to the holders of Covered Bonds or Coupons in respect of such payments.

(c) If any withholding or deduction arises under or in connection with FATCA, the Issuer will not be required to pay any additional amounts under Condition 8 (*Taxation*) on account of such withholding or deduction and, accordingly, the Issuer shall be acquitted and discharged of so much money as is represented by any such withholding or deduction as if such sum had been actually paid to the holders of the Covered Bonds or Coupons.

Except to the extent that the Issuer is required to pay any additional amounts under Condition 8 (*Taxation*) on account of a withholding or deduction, the Issuer will not be required to pay any additional amounts on account of a withholding or deduction for, or on account of, any present or future Taxes required by any Law. If any such withholding or deduction is required, then the Issuer shall pay the amounts payable net of, and after deducting the applicable amount of, such withholding or deduction and shall account to the appropriate Tax authority for the amount required to be withheld or deducted and, accordingly, the Issuer shall be acquitted and discharged of so

much money as is represented by any such withholding or deduction as if such sum had been actually paid to the holders of the Covered Bonds or Coupons.

For the purposes of Condition 7.1, the "United States", when being used as a location, shall include the United States and its possessions.

8. TAXATION

8.1 Gross up by Issuer

All payments of principal and interest in respect of the Covered Bonds and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future Taxes imposed, levied, collected, withheld or assessed by or on behalf of Australia or any political subdivision or any authority or any agency thereof or therein having power to tax or, in the case of Covered Bonds issued by a branch of the Issuer located outside Australia, any present or future Taxes imposed, levied, collected, withheld or assessed by or on behalf of the jurisdiction, country or territory in which such branch is located or any political subdivision or any authority or any agency thereof or therein having power to tax, unless, in each case, such withholding or deduction is required by any Law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the holders of the Covered Bonds or Coupons, after any withholding or deduction for or on account of such Taxes, of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Covered Bond or Coupon:

(a) presented for payment or held by, or by a third party on behalf of, a holder of, or any beneficial owner of any interest in, or rights in respect of, such Covered Bond or Coupon where such withholding or deduction is required by reason of the holder or beneficial owner having some connection (whether past or present) with Australia and/or the jurisdiction, country or territory in which the branch by which the Covered Bonds are issued is located other than (i) the mere holding of such Covered Bond or Coupon, or (ii) the receipt of principal, interest or any other amount in respect of such Covered Bond or Coupon;

(b) presented for payment or held by, or by a third party on behalf of, a holder of, or any beneficial owner of any interest in, or rights in respect of, such Covered Bond or Coupon, who could lawfully avoid (but has not so avoided) such withholding or deduction by (i) providing (or procuring that a third party provides) the holder's Australian tax file number (**TFN**) and/or Australian Business Number (**ABN**) or evidence that the holder is not required to provide a TFN and/or ABN to the Issuer or to an applicable revenue authority (with a copy to the Issuer) or, in the case of Covered Bonds issued by a branch of the Issuer located outside Australia, by satisfying (or procuring that a third party satisfies) similar requirements or otherwise providing (or procuring that a third party provides) details of the holder's name and address to the Issuer or to an applicable revenue authority (with a copy to the Issuer), and/or (ii) complying (or procuring that a third party complies) with any statutory requirements in force at the present time or in the future or by making (or procuring that a third party makes) a declaration of non-residence or other claim or filing for exemption;

(c) presented for payment more than 30 days after the Relevant Date, except to the extent that the relevant holder would have been entitled to such additional amounts if it had presented such Covered Bond or Coupon on the last day of such period of 30 days;

(d) for or on account of Taxes which are payable by reason of the holder of such Covered Bond or Coupon or beneficial owner of any interest therein or rights in respect thereof being an associate of the Issuer for the purposes of section 128F(6) of the Income Tax Assessment Act 1936 of the Commonwealth of Australia (the **Australian Tax Act**);

(e) presented for payment or held by, or by a third party on behalf of, a Covered Bondholder who is a resident of Australia or a non-resident who is engaged in carrying on business in Australia at or through a permanent establishment of that non-resident in Australia (the expressions "resident of Australia", "non-resident" and "permanent establishment" having the meanings given to them by the Australian Tax Act) if, and to the extent that, section 126 of the Australian Tax Act (or any equivalent provision) requires the Issuer to pay income tax in respect of interest payable on such Covered Bond or Coupon and the income tax would not be payable were the holder not a "resident of Australia" or "non-resident" so engaged in carrying on business;

(f) for or on account of Australian interest withholding tax imposed as a result of a determination by the Commissioner of Taxation of the Commonwealth of Australia that such Tax is payable under the Australian Tax Act in circumstances where the Covered Bondholder, or a third person on behalf of the Covered Bondholder, is party to or participated in a scheme to avoid such Tax which the Issuer was neither a party to nor participated in;

(g) for or on account of any withholding or deduction arising under or in connection with FATCA;

(h) presented for payment by, or by a third party on behalf of, a holder of, or any beneficial owner of any interest in, or rights in respect of, such Covered Bond or Coupon, who would have been able to avoid such withholding or deduction by presenting (or procuring that a third party presents) the relevant Covered Bond or Coupon to another Paying Agent; or

(i) for or on account of any amounts paid or deducted in compliance with a notice or direction which is received by the Issuer under section 260-5 of Schedule I to the Taxation Administration Act 1953, section 255 of the Income Tax Assessment Act 1936 or any analogous provisions.

8.2 No gross up by CB Guarantor

(a) The CB Guarantor will not be obliged to pay any amount under the Covered Bond Guarantee in respect of amounts due from the Issuer pursuant to Condition 8 (*Taxation*).

(b) All payments of Guaranteed Amounts by or on behalf of the CB Guarantor shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless such withholding or deduction is required by any Law.

(c) If any such withholding or deduction is required, then the CB Guarantor shall pay the Guaranteed Amounts net of, and after deducting the applicable amount of, such withholding or deduction and shall account to the appropriate Tax authority for the amount required to be withheld or deducted.

(d) The CB Guarantor will not be obliged to pay any additional amount under the Covered Bond Guarantee in respect of the amount of any such withholding or deduction which it may be required to make as mentioned in paragraph (c) above.

(e) If any withholding or deduction arises under or in connection with FATCA, the CB Guarantor will not be required to pay any additional amount under the Covered Bond Guarantee on account of such withholding or deduction.

9. EVENTS OF DEFAULT

In the provisions of the Bond Trust Deed described in this Condition 9 (*Events of Default*):

(a) references to Covered Bonds shall be interpreted so as to include Australian Domestic Covered Bonds and the N Covered Bonds;

(b) references to a Tranche shall be interpreted so as to include tranches of Australian Domestic Covered Bonds (each, an **Australian Tranche**) or N Covered Bonds (each, an **N Covered Bond Tranche**) which are identical in all respects (including as to listing and, if applicable, admission to trading); and

(c) references to a Series shall be interpreted so as to include:

(i) an Australian Tranche together with any further Australian Tranche or Australian Tranches of Australian Domestic Covered Bonds which are (A) expressed to be consolidated and form a single series, and (B) identical in all respects (including as to listing and, if applicable, admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices (as such terms are defined in the Australian Terms and Conditions of the Australian Domestic Covered Bonds); and

(ii) each N Covered Bond made out in the name of a specific N Covered Bondholder.

9.1 Issuer Events of Default

The Bond Trust Deed sets out the conditions pursuant to which the Bond Trustee may, and shall be required to, give notice to that as against the Issuer the Covered Bonds of each Series shall immediately become due and payable. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

The Bond Trustee at its sole and absolute discretion may, and if so requested in writing by the holders of at least 25% of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose or the purpose of any Extraordinary Resolution referred to in the provisions of the Bond Trust Deed as described in this Condition 9.1 (*Issuer Events of Default*) means the Covered Bonds of all Series then outstanding as if they were a single Series (with the nominal amount of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate)) or if so directed by an Extraordinary Resolution of the Covered Bondholders of all Series, shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice (an **Issuer Acceleration Notice**) in writing to the Issuer that as against the Issuer (but not, for the avoidance of doubt, against the CB Guarantor under the Covered Bond Guarantee) each Covered Bond of each Series is, and each such Covered Bond shall thereupon immediately become, due and repayable at its Early Redemption Amount together with (to the extent not included in the Early Redemption Amount) accrued interest as provided in the Bond Trust Deed if any of the following events (each an **Issuer Event of Default**) shall occur and be continuing:

(a) the Issuer fails to pay any amount of principal in respect of the Covered Bonds of any Series or any of them within seven days of the due date for payment thereof or fails to pay

any amount of interest in respect of the Covered Bonds of any Series or any of them within 14 days of the due date for payment thereof;

(b) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of any of the Covered Bonds of any Series, the Bond Trust Deed or any other Transaction Document to which the Issuer is a party (other than the Programme Agreement or any Subscription Agreement), but excluding any obligation of the Issuer to comply with the Asset Coverage Test or any Representations and Warranties given by the Issuer, and (except where the Bond Trustee considers such default is incapable of remedy when no such continuation or notice, as is hereinafter mentioned, will be required) such default remains unremedied for 30 days (or such longer period as the Bond Trustee may permit) following the service by the Bond Trustee on the Issuer of notice requiring the same to be remedied;

(c) an order is made or an effective resolution is passed for the Winding-Up of the Issuer;

(d) the Issuer ceases to carry on all, or substantially all, of its business other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of it in relation to the outstanding Covered Bonds are assumed by the successor entity to which all, or substantially all, of the property, assets and undertaking of it are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented;

(e) an encumbrancer takes possession or a receiver is appointed of the whole or any substantial part of the assets or undertaking of, or an administrator, liquidator, receiver, receiving and manager or other Controller is appointed to, the Issuer or a distress or execution is levied or enforced upon any substantial part of the assets or undertaking of the Issuer and is not removed, paid out or otherwise discharged within 30 days unless the same is being contested in good faith;

(f) the Issuer shall be unable to pay its debts as they fall due;

(g) if an Asset Coverage Test Breach Notice has been served and is not revoked (in accordance with the terms of the applicable Transaction Documents) on or before the first Test Date following the service of such Asset Coverage Test Breach Notice, unless such Asset Coverage Test Breach Notice has not been revoked as a result of a failure, for any reason whatsoever, of the Bond Trustee to do so where permitted in accordance with the terms of the Transaction Documents; or

(h) if the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached and the CB Guarantor has not funded the Pre-Maturity Liquidity Ledger in accordance with the Participation Agreement by the later of:

(i) six months prior to the Maturity Date of the relevant Series of Hard Bullet Covered Bonds; and

(ii) the earlier to occur of:

(A) 20 Sydney Business Days from the date that the Seller and the Issuer are notified by the CB Guarantor (or the Cash Manager on its behalf) of the breach of the Pre-Maturity Test; and

(B) the Maturity Date of that Series of Hard Bullet Covered Bonds,

provided that any condition, event or act described in paragraph (b) shall only constitute an Issuer Event of Default if the Bond Trustee shall have certified in writing to the Issuer and the CB Guarantor that such condition, event or act is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

No Issuer Event of Default in respect of the Covered Bonds shall occur solely as a result of (a) any failure by the Issuer to perform or observe any of its obligations in relation to the suspension of any payments on, or (b) the taking of any proceeding in respect of, any share, note or other security or instrument constituting Tier 1 Capital or Tier 2 Capital of the Issuer (as defined by APRA from time to time).

Upon the Covered Bonds becoming immediately due and payable against the Issuer following service of an Issuer Acceleration Notice, the Bond Trustee shall forthwith serve a notice to pay (**Notice to Pay**) on the CB Guarantor pursuant to the Covered Bond Guarantee. If a Notice to Pay has been served, the CB Guarantor shall be required to make payments of Guaranteed Amounts when the same shall become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

The Bond Trust Deed provides that all monies received by the Bond Trustee from the Issuer or any administrator, liquidator, trustee in sequestration, receiver or other similar official appointed in relation to the Issuer following service of an Issuer Acceleration Notice (**Excess Proceeds**), shall be paid by the Bond Trustee on behalf of the holders of the relevant Series of Covered Bonds (or relative Coupons) to the CB Guarantor for its own account, as soon as practicable, and shall be held by the CB Guarantor in the GI Account and the Excess Proceeds shall thereafter form part of the Charge and shall be used by the CB Guarantor in the same manner as all other monies from time to time standing to the credit of the GI Account pursuant to the Security Trust Deed and the Bond Trust Deed. Any Excess Proceeds received by the Bond Trustee shall discharge *pro tanto* the obligations of the Issuer in respect of the payment of the amount of such Excess Proceeds under the Covered Bonds and Coupons. However, the obligations of the CB Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, following the service of a CBG Acceleration Notice) unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds shall not reduce or discharge any of such obligations. By subscribing for Covered Bonds, each Covered Bondholder shall be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the CB Guarantor in the manner as described above.

9.2 CBG Events of Default

The Bond Trust Deed sets out the conditions pursuant to which the Bond Trustee may, and shall be required to, give notice that (i) as against the Issuer the Covered Bonds of each Series immediately shall become due and payable and (ii) all amounts payable by the CB Guarantor under the Covered Bond Guarantee shall immediately become due and payable. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

Pursuant to the terms of the Bond Trust Deed, the Bond Trustee at its sole and absolute discretion may, and if so requested in writing by the holders of at least 25% of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose and the purpose of any Extraordinary Resolution referred to in the provisions of the Bond Trust Deed as described in this Condition 9.2 (*CBG Events of Default*) means the Covered Bonds of all Series then outstanding as if they were a single Series (with the nominal amount of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate)) or if so directed by an Extraordinary Resolution of the Covered Bondholders of all Series, shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice (a **CBG Acceleration Notice**) in writing to the Issuer, the CB Guarantor and the Security

Trustee that (i) each Covered Bond of each Series is, and each Covered Bond of each Series shall as against the Issuer (if not already due and payable against the Issuer following service of an Issuer Acceleration Notice) thereupon immediately become, due and repayable at its Early Redemption Amount together with (to the extent not already included in the Early Redemption Amount) accrued interest, and (ii) all amounts payable by the CB Guarantor under the Covered Bond Guarantee shall 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 (to the extent not already included in the Early Redemption Amount) accrued interest, in each case as provided in the Bond Trust Deed, and at the time of giving the CBG Acceleration Notice, the Charge granted by the CB Guarantor under the Security Trust Deed shall become enforceable, if any of the following events (each a **CBG Event of Default**) shall occur and be continuing:

(a) the CB Guarantor fails to pay any Guaranteed Amounts which are Due for Payment on the day on which the Guaranteed Amounts are otherwise Due for Payment (**Guaranteed Amounts Due Date**) for a period of seven days or more (in respect of Guaranteed Amounts that constitute Scheduled Principal) or 14 days or more (in respect of Guaranteed Amounts that constitute Scheduled Interest) in respect of the Covered Bonds of any Series;

(b) the CB Guarantor defaults in the performance or observance of any of its obligations (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 Guarantee Deed Poll, the Security Trust Deed or any other Transaction Document (other than the obligation to satisfy the Asset Coverage Test in accordance with the Participation Agreement and to pay amounts due under the Intercompany Loan Agreement or the Subordinated Loan Agreement) to which the CB Guarantor is a party and (except where the Bond Trustee considers such default is incapable of remedy when no such continuation or notice, as is hereinafter mentioned, will be required) such default remains unremedied for 30 days (or such longer period as the Bond Trustee may permit) following the service by the Bond Trustee on the CB Guarantor of notice requiring the same to be remedied;

(c) an Insolvency Event has occurred in respect of the CB Guarantor;

(d) an encumbrancer takes possession of or a receiver is appointed over the whole or any substantial part of the assets or undertaking of, or an official manager is appointed to, the CB Guarantor or a distress or execution is levied or enforced upon any substantial part of the assets or undertaking of the CB Guarantor and is not removed, paid out or otherwise discharged within 30 days unless the same is being contested in good faith;

(e) the Covered Bond Guarantee ceases to be, or is claimed by the CB Guarantor not to be, in full force and effect other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of it in relation to the Covered Bond Guarantee are assumed by the successor entity to which all, or substantially all of the property, assets and undertaking of it are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented; or

(f) there is a failure to satisfy the Amortisation Test (as set out in the Participation Agreement) on any Test Date following service of a Notice to Pay,

provided that any condition, event or act described in paragraph (b) above shall only constitute a CBG Event of Default if the Bond Trustee shall have certified in writing to the Issuer and the CB Guarantor that such condition, event or act is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

Following delivery by the Bond Trustee of a CBG Acceleration Notice to the Security Trustee, the Charge will become enforceable in accordance with the terms of the applicable Transaction Documents as described in Condition 9.3 (*Enforcement*).

Upon service of a CBG Acceleration Notice, the Bond Trustee (on behalf of the Covered Bondholders) shall have a claim against the CB Guarantor, under the Covered Bond Guarantee, for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with (to the extent not included in the Early Redemption Amount) accrued interest and any other amount due under such Covered Bonds (other than additional amounts payable under Condition 8 (*Taxation*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions) as provided in the Bond Trust Deed and the Guarantee Deed Poll.

9.3 Enforcement

The Bond Trust Deed sets out the conditions pursuant to which the Bond Trustee may, and shall be required to, (i) enforce, in accordance with the terms of the applicable Transaction Documents, the provisions of the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll, the Covered Bonds, the Coupons and any other Transaction Document or (ii) instruct the Security Trustee to enforce the Security. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

The Bond Trustee may, in accordance with the terms of the applicable Transaction Documents, at any time at its sole and absolute discretion and without notice:

(a) take such steps or proceedings against the Issuer or the CB 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 Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll, the Covered Bonds, the Coupons or any other Transaction Document, but it shall not be bound to take any such steps or proceedings in relation to the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll, the Covered Bonds, the Coupons or any other Transaction Document unless (i) it shall have been so directed by an Extraordinary Resolution of the Covered Bondholders of all Series (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 aforesaid) or so requested in writing by the holders of not less than 25% of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (taken together as a single Series and converted into Australian Dollars at the relevant Covered Bond Swap Rate as aforesaid) and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction; and

(b) subject to the terms of the Security Trust Deed, direct the Security Trustee to take such steps or proceedings against the CB Guarantor and/or any other person as it may think fit to enforce the provisions of the Security Trust Deed or any other Transaction Document in accordance with its terms and may, at any time after the Charge has become enforceable, direct the Security Trustee to take such proceedings or steps as it may think fit to enforce the Charge, but it shall not be bound to give any such direction, and the Security Trustee shall not be bound to take any such proceedings or steps, unless (i) the Bond Trustee shall have been so directed by an Extraordinary Resolution of the Covered Bondholders of all Series (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 aforesaid) or so requested in writing by the holders of not less than 25% of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (taken together as a single Series and converted into Australian Dollars at the relevant Covered Bond Swap Rate as aforesaid) and (ii) each of the Bond Trustee and the Security Trustee shall have been indemnified and/or secured and/or pre-funded to their satisfaction.

No Covered Bondholder or Couponholder shall be entitled to proceed directly against the Issuer or the CB Guarantor or to take any action with respect to the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll, any other Transaction Document, the Covered Bonds, the Coupons or the Charge unless the Bond Trustee or the Security Trustee, as applicable, having become bound so to proceed, fails so to do within a reasonable period and such failure shall be continuing (in which case each of such Covered Bondholder or Couponholder shall be entitled to take any such steps or proceedings as it shall deem necessary other than the presentation of a petition for the winding-up of, or for an administration order in respect of, the Issuer or the CB Guarantor).

Notwithstanding any other Condition or any provision of any Transaction Document, the CB Guarantor's liability in connection with the Transaction Documents (including all obligations of the CB Guarantor to the Bond Trustee under the Covered Bond Guarantee) are limited in recourse to the property, assets and undertakings of the CB Guarantor the subject of the Charge created under the Security Trust Deed (the **Secured Property**). Upon the Security Trustee giving written notice to the Covered Bondholders that:

(a) it has determined in its sole opinion that there is no reasonable likelihood of there being any further realisations in respect of the Secured Property (whether arising from enforcement of the Charge or otherwise) which would be available to pay amounts outstanding under the Transaction Documents; and

(b) all amounts available to be applied to pay amounts owing under the Transaction Documents have been so applied in accordance with the Transaction Documents,

the Covered Bondholders shall have no further claim against the CB Guarantor in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full.

Pursuant to the terms of the Security Trust Deed, only the Security Trustee can enforce the Charge granted by the CB Guarantor over the Secured Property.

10. PRESCRIPTION

10.1 Time limits for claims against the Issuer for payments

Claims against the Issuer for payment of principal and interest in respect of Covered Bonds will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date for payment thereof.

10.2 Exchange of Talons

In relation to Definitive Covered Bonds initially delivered with Talons attached thereto, there shall not be included in any Coupon Sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 7.1(g) (*Exchange of Talons*) or the due date for the payment of which would fall after the due date for the redemption of the relevant Covered Bond or which would be void pursuant to this Condition 10 (*Prescription*) or any Talon the Maturity Date of which would fall after the due date for redemption of the relevant Covered Bond.

11. AGENTS

11.1 Appointments

(a) The names of each initial Principal Paying Agent, each initial Registrar, the initial Transfer Agent and the initial Exchange Agent and their respective initial specified offices are

specified in the Agency Agreement. The Calculation Agent in respect of any Covered Bonds shall be specified in the applicable Final Terms.

(b) The Issuer and the CB Guarantor reserve the right at any time, with the prior written approval of the Bond Trustee, to vary or terminate the appointment of any Agent and/or to appoint additional or other Agents provided that it will at all times maintain:

(i) a Principal Paying Agent;

(ii) in the case of Registered Covered Bonds, a Registrar;

(iii) so long as the Covered Bonds are admitted to listing, quotation and/or trading on or by any Stock Exchange, a Paying Agent with a specified office in such place as may be required by such Stock Exchange;

(iv) in the circumstances described in Condition 7.1(c) (*Payments in New York City*), a Paying Agent with a specified office in New York City;

(v) a Calculation Agent where required by these Terms and Conditions applicable to any Covered Bonds (in the case of paragraphs (i), (ii) and (iii) with a specified office located in such place (if any) as may be required by these Terms and Conditions); and

(vi) for so long as any Covered Bonds are represented by a Temporary Global Covered Bond or a Permanent Global Covered Bond which is accepted for clearance through the CMU Service, a CMU Lodging Agent.

(c) Each Agent reserves the right at any time to change its respective specified offices to some other specified office in the same city.

(d) Notice of all changes in the identities or specified offices of any Paying Agent, the Registrar or the Calculation Agent will be given promptly by the Issuer or the CB Guarantor to the Bond Trustee and the Covered Bondholders in accordance with Condition 14 (*Notices*).

11.2 Relationships

Each Agent acts solely as an agent of the Issuer and the CB Guarantor and, in certain circumstances as specified in the Agency Agreement, the Bond Trustee and does not assume any obligations towards or relationship of agency or trust for any Covered Bondholders or Couponholders and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the applicable Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

12. REPLACEMENT OF COVERED BONDS

If any Covered Bond or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent specified for such purpose in the applicable Final Terms (in the case of Bearer Covered Bonds and Coupons) or of the Registrar (in the case of Registered Covered Bonds) (**Replacement Agent**) subject to all applicable Laws and the requirements of any Stock Exchange on or by which the Covered Bonds are listed, quoted and/or traded upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Covered Bonds and Coupons must be surrendered before replacements will be delivered therefor.

13. MEETINGS OF COVERED BONDHOLDERS, WAIVER, AUTHORISATION, DETERMINATION AND CONSENT

In the provisions of the Bond Trust Deed described in this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*):

(a) references to Covered Bonds shall be interpreted so as to include Australian Domestic Covered Bonds and the N Covered Bonds;

(b) references to a Tranche shall be interpreted so as to include tranches of Australian Domestic Covered Bonds (each, an **Australian Tranche**) or N Covered Bonds (each, an **N Covered Bond Tranche**) which are identical in all respects (including as to listing and, if applicable, admission to trading); and

(c) references to a Series shall be interpreted so as to include:

(i) an Australian Tranche together with any further Australian Tranche or Australian Tranches of Australian Domestic Covered Bonds which are (A) expressed to be consolidated and form a single series, and (B) identical in all respects (including as to listing and, if applicable, admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices (as such terms are defined in the Australian Terms and Conditions of the Australian Domestic Covered Bonds); and

(ii) each N Covered Bond made out in the name of a specific N Covered Bondholder.

The Bond Trust Deed contains provisions for convening meetings of the Covered Bondholders of one or more Series to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Terms and Conditions, the N Covered Bond Conditions applicable to a particular Series of Covered Bonds or the provisions of the Bond Trust Deed. Set out below is a description of these provisions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

A meeting of the Covered Bondholders of one or more Series as determined in accordance with the provisions summarised in the third paragraph of this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*) to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Terms and Conditions or the provisions of the Bond Trust Deed may be convened by the Issuer, the CB Guarantor or the Bond Trustee and shall be convened by the Issuer at the request in writing of Covered Bondholders holding not less than 10% of the Principal Amount Outstanding of the Covered Bonds of the relevant Series of one or more than one Series, as determined in accordance with the provisions summarised in the third paragraph of this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*), for the time being outstanding. The quorum at any such meeting in respect of any Covered Bonds of one or more Series for passing an Extraordinary Resolution is one or more persons holding or representing more than 50% 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 Covered Bondholders of such Series whatever the aggregate 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 shall 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 such meeting 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. An Extraordinary

Resolution passed at any meeting of the Covered Bondholders of one or more Series shall, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting and whether or not voting, and on all Couponholders in respect of such Series of Covered Bonds.

The Bond Trust Deed provides that:

(i) subject to (iv) below, a resolution which, in the opinion of the Bond Trustee, affects the interests of the Covered Bondholders of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the Covered Bondholders of such Series;

(ii) subject to (iv) below, a resolution which, in the opinion of the Bond Trustee, affects the interests of the Covered Bondholders of more than one Series but does not give rise to a conflict of interest between the Covered Bondholders of any of the affected Series shall be deemed to have been duly passed at a single meeting of the Covered Bondholders of the affected Series;

(iii) subject to (iv) below, a resolution which, in the opinion of the Bond Trustee, affects the interests of the Covered Bondholders of more than one Series and gives or may give rise to a conflict of interest between the Covered Bondholders of any of the affected Series shall be deemed to have been duly passed only if passed at separate meetings of the Covered Bondholders of the affected Series; and

(iv) a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the Covered Bondholders of all Series.

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 nominal amount of the Covered Bonds of any Series not denominated in Australian Dollars shall be converted into Australian Dollars at the relevant Covered Bond Swap Rate.

The Bond Trust Deed contains similar provisions to those in the preceding two paragraphs in relation to requests to the Bond Trustee from holders of not less than 25% of the aggregate Principal Amount Outstanding of the Covered Bonds as regards which Series is or are relevant and, if more than one Series is relevant, whether they are to be treated separately or as if a single Series.

Notwithstanding the provisions of the above paragraphs, the Bond Trustee shall be bound to waive or authorise, or to direct the Security Trustee to waive or authorise, any breach or proposed breach by the Issuer or the CB Guarantor or any other party of any of the covenants or provisions contained in the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll or the other Transaction Documents or determine that any Servicer Termination Event, Issuer Event of Default, Potential Issuer Event of Default, CBG Event of Default or Potential CBG Event of Default shall not be treated as such for the purposes of the Bond Trust Deed if it is (a) so directed by an Extraordinary Resolution or Extraordinary Resolutions of the Covered Bondholders of the relevant Series or of more than one relevant Series as determined in accordance with the provisions summarised in the third paragraph of this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*) or (b) requested in writing to do so by holders of not less than 25% of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding of the relevant Series or of more than one relevant Series, as determined in accordance with the provisions summarised in the third paragraph of this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*), provided that the Bond Trustee shall not be obliged to agree to, or direct the Security Trustee to agree to, any such waiver, authorisation or determination which, in the sole opinion of the Bond Trustee and/or the Security Trustee, would have the effect of (i) exposing the Bond Trustee and/or the Security Trustee to any Costs against which it has not been indemnified and/or secured and/or

pre-funded to its satisfaction or (ii) imposing any material obligations or duties on the Bond Trustee and/or the Security Trustee or materially increasing the obligations or duties, or materially decreasing the protections, of the Bond Trustee and/or the Security Trustee under the Bond Trust Deed or the other Transaction Documents.

The Bond Trustee may, without the consent of the Covered Bondholders of any Series, the related Couponholders and without prejudice to its rights in respect of any subsequent breach, Issuer Event of Default, Potential Issuer Event of Default, CBG Event of Default or Potential CBG Event of Default, from time to time, but only in so far as in its opinion the interests of the Covered Bondholders of any Series shall 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 CB Guarantor or any other party of any of the provisions of the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll or the other Transaction Documents, or determine that any Servicer Termination Event, Issuer Event of Default, Potential Issuer Event of Default, CBG Event of Default or Potential CBG Event of Default shall not be treated as such, provided that the Bond Trustee shall not exercise any such powers conferred on it in contravention of any express direction given by Extraordinary Resolution of the Covered Bondholders of all Series or by a request by the Covered Bondholders of all Series in each case under the provisions of the Bond Trust Deed as described in Condition 9 (*Events of Default*) but no such direction or request shall 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, shall be binding on the Covered Bondholders, the related Couponholders of all Series and, if, but only if, the Bond Trustee shall so require, shall be notified by the Issuer to the Covered Bondholders in accordance with Condition 14 (*Notices*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions as soon as practicable thereafter.

The Bond Trustee may without the consent or sanction of any of the Covered Bondholders of any Series or the related Couponholders, at any time and from time to time concur with the Issuer and the CB Guarantor and any other party, or direct the Security Trustee to concur with the Issuer and the CB Guarantor and any other party, in making any modification (and for this purpose the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter) to the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll and/or the other Transaction Documents provided that the Bond Trustee is of the opinion that such modification (i) will not be materially prejudicial to the interests of the Covered Bondholders of any Series, (ii) is of a formal, minor, technical or administrative nature or is necessary to correct a manifest error, or (iii) is necessary or advisable to comply with mandatory provisions of any Law or any requirements of any Government Agency. Any such modification may be made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, shall be binding upon the Covered Bondholders, the related Couponholders of all Series and, unless the Bond Trustee otherwise agrees, shall be notified by the Issuer to the Covered Bondholders in accordance with Condition 14 (*Notices*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions as soon as practicable thereafter.

In establishing whether an error is manifest, the Bond Trustee may have regard to any evidence on which the Bond Trustee considers it reasonable to rely, and may, but shall not be obliged to, have regard to a certificate from the Arrangers or a Ratings Notification from the Administrative Agent (or the Cash Manager) confirming that it has notified the Rating Agencies of the correction and that it is satisfied that the correction will not result in an Adverse Rating Effect and/or an opinion of counsel.

At the written request of the Issuer, the Bond Trustee shall, without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders, at any time and from time to time, concur with the Issuer and the CB Guarantor and any other party, or direct the Security

Trustee to concur with the Issuer and the CB Guarantor and any other party, in making any modification (for this purpose the Bond Trustee may disregard whether any such modification relates to a matter as specified in paragraph (d) of the definition of a Series Reserved Matter) to the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll and/or any other Transaction Document that is certified by the Issuer to the Bond Trustee to be necessary or advisable in order to implement or comply with, or to enable the Issuer, the CB Guarantor, any Series or the Programme to receive the benefit of, any legislation, rules or guidance issued by the Australian Government or any governmental authority in or of Australia (including, without limitation, the RBA or APRA) coming into force after the Programme Date and which relates to the issuance of covered bonds provided that the Bond Trustee shall not be obliged to agree to, or to direct the Security Trustee to agree to, any such modification which, in the sole opinion of the Bond Trustee and/or the Security Trustee, would have the effect of (a) exposing the Bond Trustee and/or the Security Trustee to any Costs against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) imposing any material obligations or duties on the Bond Trustee and/or the Security Trustee or materially increasing the obligations or duties, or materially decreasing the protections, of the Bond Trustee and/or the Security Trustee under the Bond Trust Deed or the other Transaction Documents.

Notwithstanding the provisions of the three immediately preceding paragraphs, the Bond Trustee shall be bound to concur with the Issuer and the CB Guarantor and any other party, or to direct the Security Trustee to concur with the Issuer and the CB Guarantor and any other party, in making any of the above-mentioned modifications if it is (i) so directed by an Extraordinary Resolution or Extraordinary Resolutions of the Covered Bondholders of the relevant Series or of more than one relevant Series as determined in accordance with the provisions summarised in the third paragraph of this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*) or (ii) requested in writing to do so by holders of not less than 25% of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding of the relevant Series or of more than one relevant Series, as determined in accordance with the provisions summarised in the third paragraph of this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*) provided that the Bond Trustee shall not be obliged to concur with, or to direct the Security Trustee to concur with, any such party in making any such modification which, in the sole opinion of the Bond Trustee and/or the Security Trustee, would have the effect of (a) exposing the Bond Trustee and/or the Security Trustee to any Costs against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) imposing any material obligations or duties on the Bond Trustee and/or the Security Trustee or materially increasing the obligations or duties, or materially decreasing the protections, of the Bond Trustee and/or the Security Trustee under the Bond Trust Deed or the other Transaction Documents.

The prior consent of the Bond Trustee, the Security Trustee and the other Secured Creditors will not be required and will not be obtained in relation to the accession of any New Seller to the Programme provided that the relevant conditions precedent in the Transaction Documents are satisfied at the time of the intended accession.

The Bond Trustee may give, or direct the Security Trustee to give, any consent or approval for the purposes of the Bond Trust Deed or any other Transaction Document if, in its opinion, the interests of the Covered Bondholders of any Series will not be materially prejudiced thereby. For the avoidance of doubt, the Bond Trustee shall not have any duty to the Covered Bondholders in relation to such matters other than that which is contained in this Condition. Any such consent or approval may be given on such terms and subject to such conditions (if any) as the Bond Trustee thinks fit.

In exercising any of its powers, trusts, authorities and discretions or giving any direction to the Security Trustee, the Bond Trustee shall have regard to (i) the interests of the Covered Bondholders of each Series equally and (ii) the interests of the Covered Bondholders of each Series as a class

and shall not have regard to the interests of any individual Covered Bondholder or of any other Secured Creditor.

The Bond Trustee is also obliged and/or obliged to direct the Security Trustee to agree to changes in the Transaction Documents to give effect to changes in the methodologies of the Rating Agencies in accordance with the terms of the Bond Trust Deed, as described in Condition 22.1 (*Amendments to take into account changes to the methodologies of the Rating Agencies*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions.

14. NOTICES

14.1 To holders of Bearer Covered Bonds

Notices to holders of Bearer Covered Bonds will, save where another means of effective communication has been specified herein or in the applicable Final Terms, be deemed to be validly given if:

(a) published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*);

(b) if such publication is not practicable, published in a leading English language daily newspaper having general circulation in Europe;

(c) if permitted by the rules of the relevant Stock Exchange, in the case of Covered Bonds represented by a Global Covered Bond, delivered to Euroclear, Clearstream, Luxembourg, DTC, the CMU Service and/or any other relevant clearing system, as the case may be, for communication by them to the persons shown in their respective records as having interests therein; or

(d) in the case of Covered Bonds represented by a Global Covered Bond which is held in the CMU Service, given to the persons shown in a "CMU Instrument Position Report" issued by the CMU Service on the Business Day immediately before the preceding Interest Payment Date, or (in the case of notices given pursuant to Condition 6.4 (*Redemption at the option of the Issuer*)) on the Business Day immediately before the date on which such notices are given, or any other day as agreed between the relevant Paying Agent and the CMU Service, as holding interests in the relevant Global Covered Bond.

The Issuer shall also ensure that notices are duly published in compliance with the requirements of each Stock Exchange on or by which the Covered Bonds are listed, quoted and/or traded. Any notice so given will be deemed to have been validly given (i) on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers) or (ii) unless it has been specified otherwise in the applicable Final Terms on the date of such delivery to Euroclear, Clearstream, Luxembourg, DTC, the CMU Service (or the persons shown in the "CMU Instrument Position Report") and/or such other clearing system, as the case may be. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to holders of Bearer Covered Bonds in accordance with this Condition 14.1 (*To holders of Bearer Covered Bonds*). A copy of each notice given pursuant to this Condition will in any event be delivered to Euroclear, Clearstream, Luxembourg, DTC, the CMU Service and/or any other relevant clearing system.

14.2 To holders of Registered Definitive Covered Bonds

Notices to holders of Registered Definitive Covered Bonds will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint holders, to the first-named in the Register kept by the Registrar) at their

respective addresses as recorded in the Register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day.

15. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bond Trustee or the holders of any Covered Bonds or Coupons, create and issue further instruments, bonds or debentures having the same terms and conditions as the Covered Bonds of any Series in all respects (or in all respects except for the issue date, the first payment of interest, if any, on them and/or the denomination or the Issue Price thereof) so as to be consolidated to form a single series with the Covered Bonds of such Series.

16. SUBSTITUTION OF THE ISSUER

In the provisions of the Bond Trust Deed described in this Condition 16 (*Substitution of the Issuer*):

(a) references to Covered Bonds shall be interpreted so as to include Australian Domestic Covered Bonds and the N Covered Bonds;

(b) references to a Tranche shall be interpreted so as to include tranches of Australian Domestic Covered Bonds (each, an **Australian Tranche**) or N Covered Bonds (each, a **N Covered Bond Tranche**) which are identical in all respects (including as to listing and, if applicable, admission to trading); and

(c) references to a Series shall be interpreted so as to include:

(i) an Australian Tranche together with any further Australian Tranche or Australian Tranches of Australian Domestic Covered Bonds which are (A) expressed to be consolidated and form a single series, and (B) identical in all respects (including as to listing and, if applicable, admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices (as such terms are defined in the Australian Terms and Conditions of the Australian Domestic Covered Bonds); and

(ii) each N Covered Bond made out in the name of a specific N Covered Bondholder.

16.1 Substitution of the Issuer at the request of the Issuer

The Bond Trust Deed sets out the conditions under which the Issuer may be substituted by another entity. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

If so requested by the Issuer, the Bond Trustee shall (and shall direct the Security Trustee to), without the consent of the Covered Bondholders or Couponholders or any other Secured Creditor, agree with the Issuer and the CB Guarantor to the substitution in place of the Issuer (or of the previous substitute under the provisions of the Bond Trust Deed as described in this Condition 16 (*Substitution of the Issuer*)) as the principal debtor under the Bond Trust Deed and the Covered Bonds (and all other Transaction Documents) of any body corporate incorporated in any country in the world that is permitted to be an issuer under the Banking Act (such substituted issuer being hereinafter called the **New Company**) provided that in each case a trust deed is executed and other forms of undertaking are given by the New Company in the form and manner satisfactory to the Bond Trustee, agreeing to be bound by the provisions of the Covered Bonds, the Bond Trust Deed and the other Transaction Documents to which the Issuer is a party and with any consequential

amendments which the Bond Trustee may deem appropriate as fully as if the New Company had been named in the Bond Trust Deed and the Covered Bonds and the other Transaction Documents as the principal debtor in place of the Issuer (or of the previous substitute under the provisions of the Bond Trust Deed as described in this Condition 16 (*Substitution of the Issuer*)), and provided further that:

(a) the Issuer and the CB Guarantor shall deliver to the Bond Trustee a certificate of two authorised officers of the Issuer and the CB Guarantor stating that immediately after giving effect to such transaction no Issuer Event of Default (in respect of the Issuer) or CBG Event of Default (in respect of the CB Guarantor), respectively, and no Potential Issuer Event of Default (in respect of the Issuer) or Potential CBG Event of Default (in respect of the CB Guarantor), respectively, shall have occurred and be continuing;

(b) the Issuer and the New Company have entered into such documents (**Substitution Documents**) as are necessary to give effect to the substitution and in which the New Company has undertaken in favour of the Bond Trustee and each holder of the Covered Bonds to be bound by the Terms and Conditions, the provisions of the Bond Trust Deed and any other relevant Transaction Document as the debtor in respect of such Covered Bonds in place of the Issuer (or of the previous substitute under this Condition 16 (*Substitution of the Issuer*));

(c) if the New Company is resident for Tax purposes in a territory (**New Residence**) other than that in which the Issuer prior to such substitution was resident for Tax purposes (**Former Residence**), the Substitution Documents will contain an undertaking and/or such other provisions as may be necessary to ensure that the Bond Trustee and each holder of the Covered Bonds has the benefit of an undertaking in terms corresponding to the provisions of Condition 8 (*Taxation*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions, and is subject to the terms of Condition 6.3 (*Redemption for tax reasons*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions, in each case with, where appropriate, the substitution of references to the Former Residence with references to the New Residence;

(d) the CB Guarantor guarantees the obligations of the New Company in relation to the outstanding Covered Bonds on terms in all material respects similar to the Covered Bond Guarantee;

(e) the New Company and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the New Company of its obligations under the Substitution Documents and for the performance by the CB Guarantor of its obligations under the Covered Bond Guarantee referred to above as they relate to the obligations of the New Company under the Substitution Documents;

(f) each Stock Exchange on or by which the Covered Bonds are admitted to listing, quotation and/or trading shall have confirmed that, following the proposed substitution of the New Company, the Covered Bonds will continue to be admitted to listing, quotation and/or trading by the relevant Stock Exchange; and

(g) if applicable, the New Company has appointed a process agent as its agent in England and Wales to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Covered Bonds and any Coupons.

16.2 Issuer and New Company to give notice to the Covered Bondholders and to the Rating Agencies

The Bond Trust Deed sets out the conditions under which notifications must be made about a new company substituting the Issuer. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

Not later than 14 days after the execution of the Substitution Documents and compliance with all necessary governmental approvals and consents, the Issuer and the New Company shall give notice thereof in a form previously approved by the Bond Trustee to the Covered Bondholders in the manner provided in Condition 14 (*Notices*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions, with a copy to the Rating Agencies.

Upon such substitution the New Company shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Covered Bonds and the Bond Trust Deed with the same effect as if the New Company had been named as the Issuer therein, and the Issuer shall be released from its obligations under the relevant Covered Bonds and under the Bond Trust Deed.

16.3 Further substitution

The Bond Trust Deed sets out the conditions under which a new Issuer may be substituted by another entity. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

After a substitution pursuant to the provisions of the Bond Trust Deed as described in this Condition 16 (*Substitution of the Issuer*), the New Company may, without the consent of any Covered Bondholder, effect a further substitution. All the provisions described in this Condition 16 (*Substitution of the Issuer*) shall apply *mutatis mutandis*, and references in these Terms and Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further New Company.

17. MERGER, CONSOLIDATION AND AMALGAMATION

In the provisions of the Bond Trust Deed as described in this Condition 17:

(a) references to Covered Bonds shall be interpreted so as to include Australian Domestic Covered Bonds and the N Covered Bonds;

(b) references to a Tranche shall be interpreted so as to include tranches of Australian Domestic Covered Bonds (each, an **Australian Tranche**) or N Covered Bonds (each, a **N Covered Bond Tranche**) which are identical in all respects (including as to listing and, if applicable, admission to trading); and

(c) references to a Series shall be interpreted so as to include:

(i) an Australian Tranche together with any further Australian Tranche or Australian Tranches of Australian Domestic Covered Bonds which are (A) expressed to be consolidated and form a single series, and (B) identical in all respect (including as to listing and, if applicable, admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices (as such terms are defined in the Australian Terms and Conditions of the Australian Domestic Covered Bonds); and

(ii) each N Covered Bond made out in the name of a specific N Covered Bondholder.

The Bond Trust Deed sets out the conditions under which the Issuer may merge, consolidate or amalgamate with another entity. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

17.2 Merger, Consolidation and Amalgamation of the Issuer

The Issuer may, without the consent of the Covered Bondholders or Couponholders of any Series or any other Secured Creditor (including the Bond Trustee and the Security Trustee), consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to, any body corporate incorporated in any country in the world that is permitted to be an issuer under the Banking Act (where the surviving entity or transferee company is not the Issuer, such surviving entity or transferee company shall be referred to as the **New Entity**).

17.3 Further conditions

The following further conditions shall apply in addition to the provisions of the Bond Trust Deed as described in Condition 17.2 (*Merger, Consolidation and Amalgamation of the Issuer*) above:

(a) the Issuer and the CB Guarantor shall deliver to the Bond Trustee a certificate of two authorised officers of the Issuer and the CB Guarantor stating that immediately after giving effect to such transaction no Issuer Event of Default (in respect of the Issuer) or CBG Event of Default (in respect of the CB Guarantor), respectively, and no Potential Issuer Event of Default (in respect of the Issuer) or Potential CBG Event of Default (in respect of the CB Guarantor), respectively, shall have occurred and be continuing;

(b) the Issuer and the New Entity have entered into such documents (**Reconstruction Documents**) as are necessary to give effect to the merger, consolidation or amalgamation and in which the New Entity has undertaken in favour of the Bond Trustee and each holder of the Covered Bonds to be bound by the Terms and Conditions, the provisions of the Bond Trust Deed and any other relevant Transaction Document as the debtor (in the case of the Issuer) in respect of such Covered Bonds in place of the Issuer (or of any previous new entity under this Condition 17 (*Merger, Consolidation and Amalgamation*);

(c) if the surviving entity is not the Issuer, where the New Entity is resident for Tax purposes in a territory (**New Residence**) other than that in which the Issuer prior to such merger, consolidation or amalgamation was resident for Tax purposes (**Former Residence**), the Reconstruction Documents will contain an undertaking and/or such other provisions as may be necessary to ensure that the Bond Trustee and each holder of the Covered Bonds has the benefit of an undertaking in terms corresponding to the provisions of Condition 8 (*Taxation*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions, and is subject to the terms of Condition 6.3 (*Redemption for tax reasons*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions, in each case with, where appropriate, the substitution of references to the Former Residence with references to the New Residence;

(d) the assumption by the New Entity of the rights and obligations of the Issuer under the Transaction Documents would not cause an Adverse Rating Effect;

(e) the CB Guarantor guarantees the obligations of the New Entity in relation to the outstanding Covered Bonds on terms in all material respects similar to the Covered Bond Guarantee; and

(f) the Issuer and the CB Guarantor shall deliver to the Bond Trustee legal opinions obtained from lawyers approved by the Bond Trustee in (i) Australia, and (ii) the jurisdiction of incorporation of the New Entity, in each case in form and substance satisfactory to the Bond Trustee.

17.4 Notice to Covered Bondholders

Not later than 14 days after such consolidation, merger and/or transfer, the New Entity shall give notice thereof in a form previously approved by the Bond Trustee to the Covered Bondholders in the manner provided in Condition 14 (*Notices*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions.

17.5 Substitution of New Entity

Upon such substitution, the New Entity shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Covered Bonds and the Bond Trust Deed with the same effect as if the New Entity had been named as the Issuer therein, and the Issuer shall be released from its obligations under the Covered Bonds and under the Bond Trust Deed.

17.6 Further mergers, consolidations and amalgamations

After a merger, consolidation or amalgamation pursuant to this Condition 17.6 (*Further mergers, consolidations and amalgamations*), the New Entity may, without the consent of any holder, effect a further merger, consolidation or amalgamation. All the provisions specified in this Condition 17 (*Merger, Consolidation and Amalgamation*) shall apply, *mutatis mutandis*, and references in the Terms and Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further New Entity.

18. CURRENCY INDEMNITY

The currency or currencies in which the Covered Bonds are payable from time to time, as specified in these Terms and Conditions or the applicable Final Terms (each a **Contractual Currency** and together the **Contractual Currencies**), is the only currency or are the only currencies of account and payment for applicable sums payable by the Issuer in respect of the Covered Bonds, including damages. Any amount received or recovered in a currency other than the Contractual Currency applicable to the payment to which such amount is referable (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any holder of a Covered Bond or Coupon in respect of any sum expressed to be due to it from the Issuer in such Contractual Currency shall only constitute a discharge to the Issuer to the extent of the amount in such Contractual Currency which such holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the applicable Contractual Currency expressed to be due to any holder of a Covered Bond or Coupon in respect of such Covered Bond or Coupon, the Issuer shall indemnify such holder against any loss sustained by such holder as a result. In any event, the Issuer shall indemnify each such holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute separate and independent obligations from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder of a Covered Bond or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Covered Bonds or Coupons or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant holder of a Covered Bond or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

19. WAIVER AND REMEDIES

No failure to exercise, and no delay in exercising, on the part of the Bond Trustee, the Security Trustee or the holder of any Covered Bond, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by Law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

20. INDEMNIFICATION OF THE BOND TRUSTEE AND/OR SECURITY TRUSTEE AND BOND TRUSTEE AND/OR SECURITY TRUSTEE CONTRACTING WITH THE ISSUER AND/OR THE CB GUARANTOR AND LIMITED RECOURSE AGAINST THE CB GUARANTOR

20.1 Indemnification of the Bond Trustee and/or the Security Trustee

The Bond Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified and/or secured to its satisfaction.

The Security Trust Deed contains provisions obliging the Security Trustee to exercise certain of its powers, trusts, authorities and discretions at the direction of the Bond Trustee (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) for so long as any Covered Bonds are outstanding. The Security Trust Deed further contains provisions for the indemnification of the Security Trustee and for its relief from responsibility, including provisions relieving it from taking any action (whether at the direction of the Bond Trustee or otherwise) unless indemnified and/or secured and/or pre-funded to its satisfaction.

20.2 The Bond Trustee and/or Security Trustee may contract with the Issuer and/or the CB Guarantor

The Bond Trust Deed and the Security Trust Deed also contain provisions pursuant to which each of the Bond Trustee and Security Trustee, respectively, may contract with the Issuer and/or the CB Guarantor. Set out below is a description of those provisions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

The Bond Trustee and the Security Trustee may, in accordance with the terms of the Bond Trust Deed and the Security Trust Deed, inter alia, (i) engage in any kind of banking, trust or other business with the CB Guarantor or the Secured Creditors or any of their Related Entities, (ii) accept fees and other consideration from the CB Guarantor or the Secured Creditors or any of their Related Entities for services in connection with the Transaction Documents or any other arrangement, in each case as if the Bond Trustee and the Security Trustee were not the Bond Trustee and the Security Trustee, respectively, and without having to account to the Secured Creditors for any income they derive in doing so. The Bond Trustee and the Security Trustee and their respective Related Entities are released from any obligation they might otherwise have to the Secured Creditors in relation to these matters.

Neither the Bond Trustee nor the Security Trustee will be responsible for any loss, expense or liability, which may be suffered as a result of any Loans or Related Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Bond Trustee and/or the Security Trustee. Neither the Bond Trustee nor the Security Trustee will be responsible for (i) supervising the performance by the Issuer, the CB Guarantor or any other party to the Transaction Documents of their respective obligations under

the Transaction Documents and the Bond Trustee and the Security Trustee will be entitled to assume, until they each have written notice to the contrary, that all such persons are properly performing their duties, (ii) considering the basis on which approvals or consents are granted by the Issuer, the CB Guarantor or any other party to the Transaction Documents under the Transaction Documents, (iii) monitoring the Portfolio, including, without limitation, whether the Portfolio is in compliance with the Asset Coverage Test, the Amortisation Test or the Pre-Maturity Test, or (iv) monitoring whether Loans and Related Security satisfy the Eligibility Criteria. Neither the Bond Trustee nor the Security Trustee will be liable to any Covered Bondholder or other Secured Creditor for any failure to make or to cause to be made on their behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Charge and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the Charge and the Transaction Documents.

20.3 Limited Recourse against the CB Guarantor and Limited Liability of the CB Guarantor

As noted in Condition 9.3 (Enforcement), the Security Trust Deed and the Trust Deed contain provisions pursuant to which the liability of the CB Guarantor in connection with the Guaranteed Amounts (including any transaction in connection with them) may be discharged from, and the recourse of the Bond Trustee and Covered Bondholders is limited to, the Secured Property only. Set out below is a description of those provisions. In the event of any inconsistency between the provisions of the Bond Trust Deed and the Security Trust Deed and this description, the provisions of the Bond Trust Deed and the Security Trust Deed prevail.

Only the Security Trustee (acting on the directions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) an Extraordinary Resolution of the Secured Creditors) may pursue the remedies available under the general law or under the Security Trust Deed to enforce the Charge and no Secured Creditor will be entitled to proceed directly against the CB Guarantor to enforce the Charge. In particular, each Secured Creditor (other than the Security Trustee, and in respect of certain rights, the Bond Trustee) has agreed with the CB Guarantor and the Security Trustee that, except to the extent provided for in the Transaction Documents, it will not: (i) take any steps for the purpose of recovering any Secured Property; or (ii) enforce any rights arising out of the Transaction Documents against the CB Guarantor or procure the winding-up of the Westpac Covered Bond Trust. The Secured Creditors are, however, permitted to (a) do anything necessary to enforce their rights in connection with the Secured Property, (b) take proceedings to obtain an injunction or other order to restrain any breach of the Transaction Documents by the CB Guarantor or declaratory relief or other similar judgment or order as to the obligations of the CB Guarantor under the Transaction Documents.

The CB Guarantor enters into the Transaction Documents only in respect of the Westpac Covered Bond Trust and in no other capacity. A liability arising under or in connection with the Transaction Documents is limited to and can be enforced against the CB Guarantor only to the extent to which it can be satisfied out of the property of the Westpac Covered Bond Trust, out of which the CB Guarantor is actually indemnified for the liability. This limitation of the CB Guarantor's liability applies despite any other provision of the Transaction Documents and extends to all liabilities and obligations of the CB Guarantor in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Transaction Documents, except for any liabilities, losses or Costs to the extent that they are due to the CB Guarantor's fraud, negligence or wilful misconduct.

The parties other than the CB Guarantor may not sue the CB Guarantor in any capacity other than as trustee of the Westpac Covered Bond Trust, including seeking the appointment of a receiver (except in relation to property of the Westpac Covered Bond Trust), a liquidator, an administrator or any similar person to the CB Guarantor or prove in any liquidation, administration or arrangement of or affecting the CB Guarantor (except in relation to property of the Westpac Covered Bond Trust). Except in the case of and to the extent of fraud, negligence or wilful

misconduct on the part of the CB Guarantor, the parties other than the CB Guarantor waive their rights and release the CB Guarantor from any personal liability whatsoever, in respect of any loss or damage (i) which they may suffer as a result of any (A) breach by the CB Guarantor of any of its Obligations; or (B) non-performance by the CB Guarantor of the Obligations and (ii) which cannot be paid or satisfied out of the Trust Assets out of which the CB Guarantor is entitled to be indemnified in respect of any liability incurred by it as trustee of the Westpac Covered Bond Trust.

The provisions of the Bond Trust Deed as described in this Condition 20 (Indemnification of the Bond Trustee and/or Security Trustee and Bond Trustee and/or Security Trustee Contracting with the Issuer and/or the CB Guarantor and Limited Recourse against the CB Guarantor) will not apply to any obligation or liability of the CB Guarantor to the extent that it is not satisfied because under the Transaction Documents or by operation of law there is a reduction in the extent of the CB Guarantor's indemnification out of the assets of the Westpac Covered Bond Trust, as a result of the CB Guarantor's fraud, negligence or wilful misconduct.

It is acknowledged that certain parties are each responsible under the Transaction Documents for performing a variety of obligations relating to the Westpac Covered Bond Trust. No act or omission of the CB Guarantor (including any related failure to satisfy its obligations or breach of representation or warranty under the Transaction Documents) will be considered fraud, negligence or wilful misconduct of the CB Guarantor for the purpose of the preceding paragraphs 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 Westpac Covered Bond Trust or under any Transaction Document or by any other act or omission of any party or any other person.

21. RATING AGENCY CONFIRMATIONS

21.1 Rating Agency Confirmations and Ratings Notifications

The Bond Trust Deed sets out the provisions for making and receiving Rating Agency Confirmations (as defined below) and Ratings Notifications. Set out below is a description of those provisions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

By subscribing for or purchasing Covered Bonds, each Covered Bondholder shall be deemed to have acknowledged and agreed that a credit rating of a Series of Covered Bonds is an assessment of credit risk and does not address other matters that may be of relevance to Covered Bondholders, including, without limitation, in the case of a confirmation by a Rating Agency that any action proposed to be taken by some, or all, of the Issuer, the Subordinated Loan Provider, the CB Guarantor, the Seller, the Servicer, the Cash Manager, the Administrative Agent, the Bond Trustee, the Security Trustee or any other party to a Transaction Document would not cause the then current ratings of the Covered Bonds to be adversely affected (a **Rating Agency Confirmation**), whether such action is either (i) permitted by the terms of the relevant Transaction Document or (ii) in the best interests of, or not prejudicial to, some or all of the Covered Bondholders.

In being entitled to have regard to the fact that either (i) a Rating Agency has confirmed that the then current ratings of the relevant Series of Covered Bonds would not be adversely affected by any particular action or (ii) a Rating Agency has not taken any action (which includes the Rating Agency not providing a Rating Agency Confirmation) where it has been notified by the Cash Manager or the Administrative Agent, as the case may be, of a particular action, each of the Issuer, the Subordinated Loan Provider, the CB Guarantor, the Seller, the Servicer, the Cash Manager, the Administrative Agent, the Bond Trustee, the Security Trustee and the Secured Creditors (including the Covered Bondholders) is deemed to have acknowledged and agreed that either (i) a Rating Agency Confirmation or (ii) the inaction taken by a Rating Agency following the making by the Cash Manager or the Administrative Agent, as the case may be, of a Ratings Notification, does not impose or extend any actual or contingent liability on the Rating Agencies to the Issuer, the

Subordinated Loan Provider, the CB Guarantor, the Seller, the Servicer, the Cash Manager, the Administrative Agent, 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 Subordinated Loan Provider, the CB Guarantor, the Seller, the Servicer, the Cash Manager, the Administrative Agent, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person whether by way of contract or otherwise.

By subscribing for or purchasing Covered Bonds each Covered Bondholder shall be deemed to have acknowledged and agreed that:

(a) a Rating Agency Confirmation may, or may not, be given at the sole discretion of each Rating Agency;

(b) 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 Rating Agency Confirmation in the time available, or at all, and the Rating Agency shall not be responsible for the consequences thereof;

(c) a Rating Agency Confirmation (if, and when, 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 Covered Bonds form a part;

(d) a Rating Agency Confirmation (if, and when, given), represents only a restatement of the opinions given, and shall not be construed as advice for the benefit of any Covered Bondholder or any other party; and

(e) a Rating Agency may not provide a Rating Agency Confirmation if a Ratings Notification has been properly made by the Cash Manager or Administrative Agent, as the case may be.

21.2 Amendments to take into account changes to the methodologies of the Rating Agencies

In the provisions of the Bond Trust Deed described in this Condition 21.2 (*Amendments to take into account changes to the methodologies of the Rating Agencies*):

(a) references to Covered Bonds shall be interpreted so as to include Australian Domestic Covered Bonds and the N Covered Bonds;

(b) references to a Tranche shall be interpreted so as to include tranches of Australian Domestic Covered Bonds (each, an **Australian Tranche**) or N Covered Bonds (each, a **N Covered Bond Tranche**) which are identical in all respects (including as to listing and, if applicable, admission to trading); and

(c) references to a Series shall be interpreted so as to include:

(i) an Australian Tranche together with any further Australian Tranche or Australian Tranches of Australian Domestic Covered Bonds which are (A) expressed to be consolidated and form a single series, and (B) identical in all respects (including as to listing and, if applicable, admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices (as such terms are defined in the Australian Terms and Conditions of the Australian Domestic Covered Bonds); and

(ii) each N Covered Bond made out in the name of a specific N Covered Bondholder.

The Bond Trust Deed sets out conditions where the Bond Trustee will be obliged, and/or obliged to direct the Security Trustee, to agree to amendments to the Transaction Documents to give effect to changes in the methodologies of the Rating Agencies. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

At the written request of the Issuer, the Bond Trustee shall, and shall direct the Security Trustee to, without the consent or sanction of any of the Covered Bondholders or the Couponholders, in the case of an update in the published Rating Agency criteria applicable to the Programme, concur with the Issuer, the CB Guarantor and any other party in making modifications to the Transaction Documents (other than any modification which would constitute a Series Reserved Matter) subject to receipt by the Bond Trustee of written notice from the Administrative Agent certifying to the Bond Trustee that:

(a) the updated Rating Agency criteria have been published and the relevant modifications to the Transaction Documents, as determined by the Administrative Agent, are being made solely to implement and reflect such updated, published Rating Agency criteria; and

(b) the then current ratings of the Covered Bonds will not be downgraded or withdrawn by the Rating Agencies as a result of such modifications.

Such notice, determination and certification shall be conclusive and binding on the Bond Trustee, the Covered Bondholders and the Couponholders, provided that the Bond Trustee shall not be obliged to concur in, and/or direct the Security Trustee to concur in, any modifications which, in the sole opinion of the Bond Trustee and/or the Security Trustee, would have the effect of (a) exposing the Bond Trustee and/or Security Trustee to any Costs against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) imposing any obligations or duties on the Bond Trustee and/or the Security Trustee or increasing the obligations or duties, or decreasing the protections, of the Bond Trustee and/or Security Trustee under the Transaction Documents. Such modifications, once implemented, shall be conclusive and binding on all parties (including the Covered Bondholders).

22. GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS

22.1 Governing Law and jurisdiction

The Covered Bonds and any non-contractual obligations arising out of or in connection with them shall be governed by, and construed in accordance with, English law.

The courts of England and Wales and, in respect of any Covered Bonds issued in reliance upon the exemption provided by Rule 144A under the Securities Act as described in Condition 2.8 or any Covered Bonds issued in reliance upon Regulation S in connection therewith, the federal courts of the United States located in the Borough of Manhattan and the court of the state of New York have non-exclusive jurisdiction to settle any dispute arising from or in connection with the Covered Bonds governed by and construed in accordance with the laws of England and Wales.

The Issuer waives any right it has to object to an action being brought in those courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

22.2 Service of process

Without preventing any other method of service any document in an action in the courts of England and Wales may be served on the Issuer at any address of the Issuer in the United Kingdom at which service of process may be served on it.

23. THIRD PARTIES

No Person shall have any right to enforce any term or condition of any Covered Bond under the Contracts (Rights of Third Parties) Act 1999 (UK), but this shall not affect any right or remedy of a third party which exists or is available apart from that Act.

AUSTRALIAN TERMS AND CONDITIONS OF THE AUSTRALIAN DOMESTIC COVERED BONDS

*Subject to completion or amendment, the following are the Terms and Conditions of the Australian Domestic Covered Bonds (as defined below) (the **Australian Terms and Conditions**) (excluding any Covered Bonds which are not Australian Domestic Covered Bonds) which will constitute the terms and conditions of the Australian Domestic Covered Bonds. The applicable Final Terms (or the relevant provisions thereof) will apply to each Australian Domestic Covered Bond in accordance with the provisions of the Bond Trust Deed and the Australian Domestic Covered Bond Deed Poll (each as defined below).*

For the avoidance of doubt, these Australian Terms and Conditions only apply to Australian Domestic Covered Bonds and do not apply to other Covered Bonds.

Each Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Westpac Banking Corporation (ABN 33 007 457 141) (**Issuer**) having the benefit of (i) a bond trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Bond Trust Deed**) dated on or before the first Issue Date (the **Execution Date**) made between the Issuer, BNY Trust Company of Australia Limited (ABN 49 050 294 052) as trustee of the Westpac Covered Bond Trust (in such capacity, the **CB Guarantor**, which expression shall include any successor as CB Guarantor) and BNY Mellon Corporate Trustee Services Limited as bond trustee (in such capacity, the **Bond Trustee**, which expression shall include any successor as Bond Trustee), (ii) a guarantee deed poll (such guarantee deed poll as modified and/or supplemented and/or restated from time to time, the **Guarantee Deed Poll**) dated the Execution Date made by the CB Guarantor in favour of the Bond Trustee and each Covered Bondholder (including for the avoidance of doubt, each holder of an Australian Domestic Covered Bond) and (iii) a deed poll (such deed poll as modified and/or supplemented and/or restated from time to time, the **Australian Domestic Covered Bond Deed Poll**) dated the Execution Date made by the Issuer in favour of the Bond Trustee and each holder of an Australian Domestic Covered Bond. The Bond Trust Deed shall be governed by and construed in accordance with English law. Each of the Guarantee Deed Poll and the Australian Domestic Covered Bond Deed Poll is governed by the laws of New South Wales, Australia.

Save as provided for in Conditions 9 (*Events of Default*), 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*), 16 (*Substitution of the Issuer*), 17 (*Merger, Consolidation and Amalgamation*) and 21.2 (*Amendments to take into account changes to the methodologies of the Rating Agencies*), references herein to the **Covered Bonds** shall be references to the Covered Bonds of the applicable Series of which they form a part and, save as provided in those Conditions, shall apply only to the Covered Bonds constituted by the Australian Domestic Covered Bond Deed Poll and, save as provided in those Conditions, shall not, unless the context otherwise requires in these Australian Terms and Conditions, apply to any Covered Bonds which are not Australian Domestic Covered Bonds.

The Covered Bonds are issued in uncertificated registered form and have the benefit of an agency and registry agreement (such agency and registry agreement as amended and/or supplemented and/or restated from time to time, the **Australian Agency Agreement**) dated 15 January 2007 between the Issuer and BTA Institutional Services Australia Limited (ABN 48 002 916 396 whose address is Level 2, 1 Bligh Street, Sydney NSW 2000) (as amended and supplemented on or prior to the first issuance of Australian Domestic Covered Bonds) as issuing and paying agent (the **Australian Agent**) and as registrar in respect of the Covered Bonds (the **Registrar**).

The Final Terms for the Covered Bonds (or the relevant provisions thereof) are applicable to the Covered Bond in accordance with the provisions of the Bond Trust Deed and the Australian Domestic Covered Bond Deed Poll, and supplements these Australian Terms and Conditions (**Terms and Conditions** or **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace, amend, supplement or modify these Terms and Conditions for the purposes of those Covered Bonds. References to the **applicable Final Terms** are, in

respect of a Covered Bond, to the Final Terms (or the relevant provisions thereof) applicable to that Covered Bond.

The Bond Trustee acts for the benefit of the holders for the time being of the Covered Bonds (**Covered Bondholders**) and for the holders of each other Series of Covered Bonds (whether such other Series of Covered Bonds are Australian Domestic Covered Bonds or Covered Bonds which are not Australian Domestic Covered Bonds) in accordance with the provisions of the Bond Trust Deed and the Australian Domestic Covered Bond Deed Poll.

As used herein, **Tranche** means Covered Bonds which are identical in all respects (including as to listing and 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 and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The CB Guarantor has, in the Guarantee Deed Poll, irrevocably and unconditionally guaranteed, on a limited recourse basis, the due and punctual payment of Guaranteed Amounts in respect of the Covered Bonds as and when the same shall become Due for Payment, but only after service of a Notice to Pay on the CB Guarantor following service of an Issuer Acceleration Notice on the Issuer (after the occurrence of an Issuer Event of Default) or service of a CBG Acceleration Notice on the Issuer and the CB Guarantor (after the occurrence of a CBG Event of Default).

The security for the obligations of the CB Guarantor under the Covered Bond Guarantee has been created pursuant to, and on the terms set out in, a security trust deed governed by the laws of New South Wales, Australia (such security trust deed as amended and/or supplemented and/or restated from time to time, the **Security Trust Deed**) dated 26 October 2011 and made between the CB Guarantor, the Issuer, the Bond Trustee, BTA Institutional Services Australia Limited (ABN 48 002 916 396) as security trustee (**Security Trustee**) and certain other Secured Creditors.

These Terms and Conditions include descriptions and summaries of certain provisions of, and are subject to all of the provisions of, the Bond Trust Deed, the Guarantee Deed Poll, the Australian Domestic Covered Bond Deed Poll and also include descriptions and summaries of certain provisions of the Security Trust Deed and the Australian Agency Agreement. The Covered Bondholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of the Bond Trust Deed, the Guarantee Deed Poll and the Australian Domestic Covered Bond Deed Poll and the applicable Final Terms and are also deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of the Security Trust Deed, the Master Definitions and Construction Agreement (as defined below), the Australian Agency Agreement, each of the other Transaction Documents (as defined below) which are applicable to them and each of the Final Terms relating to each other Series.

Each paragraph in these Australian Terms and Conditions appearing in italics does not form part of these Terms and Conditions.

Copies of the Bond Trust Deed, the Guarantee Deed Poll, the Australian Domestic Covered Bond Deed Poll, the Security Trust Deed, the Master Definitions and Construction Agreement (as defined below), the Australian Agency Agreement and the other Transaction Documents are available for inspection during normal business hours at the specified office of each of the Australian Agent and the Registrar. Copies of the Final Terms(s) for all Covered Bonds of each Series (including in relation to any Series of unlisted Covered Bonds) are obtainable during normal business hours at the registered office of the Issuer and at the specified office of the Australian Agent and the Registrar save that the applicable Final Terms(s) will be obtainable only by a Covered Bondholder holding one or more Covered Bonds of such Series and such Covered Bondholder must produce evidence satisfactory to the Issuer, the Australian Agent or the Registrar as to its identity and holding of such Covered Bonds.

1. DEFINITIONS AND INTERPRETATION

1.1 Capitalised terms

Except where the context otherwise requires or the contrary intention appears, capitalised terms used and not otherwise defined in these Terms and Conditions (including the preceding paragraphs) shall bear the meanings given to them in the applicable Final Terms and/or the master definitions and construction agreement made between the parties to the Transaction Documents (such agreement as amended and/or supplemented and/or restated from time to time, the **Master Definitions and Construction Agreement**) dated 3 November 2011, copies of each of which may be obtained as described above.

1.2 Definitions

Except where the context otherwise requires or the contrary intention appears, in these Terms and Conditions the following expressions have the following meanings:

Accrual Feature means the result of the fraction of which the numerator is the number of days in the relevant Interest Accrual Period on which interest will be deemed to have accrued by reference to the following formula:

N divided by **D** where:

N is the number of calendar days in the relevant Observation Period where the Applicable Swap Rate is within the thresholds specified in the Final Terms;

D is the total number of calendar days in the relevant Observation Period;

Applicable Swap Rate means the USD-ISDA-Swap Rate or such other rate set out in the ISDA Definitions and specified in the Final Terms;

Calculation Date means for each calendar day in the relevant Observation Period, that calendar day, provided that, if that calendar day is not a New York and London Banking Day, the relevant Calculation Date will be immediately preceding New York and London Banking Day;

Observation Period means the Interest Accrual Period or such other period specified as such in the relevant Final Terms;

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

USD-ISDA-Swap Rate means the rate determined in accordance with the ISDA Definitions with the following modifications:

(a) the Designated Maturity (as defined in the ISDA Definitions) is, in respect of each Interest Accrual Period, a period specified for such Interest Accrual Period in the relevant Final Terms; and

(b) the words "Reset Date" shall be replaced with the words "Calculation Date", the words "on the day that is two U.S. Government Securities Business Days preceding that Reset Date" shall be replaced with "on that Calculation Date" and the words "as the applicable Floating Rate Option" shall be replaced with "as defined in the ISDA Definitions".

In the event that no quotations are available pursuant to USD-ISDA-Swap Rate with the relevant designated maturity, including the fall back option "USD-CMS-Reference Banks" (as defined in the ISDA Definitions) or the Issuer or an Independent Adviser appointed by the Issuer determines that no suitable Reference Bank (as defined in the ISDA Definitions) which is prepared to quote is available, then the Issuer or the Independent Adviser shall reasonably determine the applicable rate (or method for determining such rate) in its sole discretion, taking into consideration all available information that in good faith it deems appropriate;

Adjustment Spread means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable) as a result of the replacement of the Reference Rate with such Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

(a) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or

(b) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Reference Rate, where such rate has been replaced by such Successor Reference Rate or Alternative Reference Rate (as applicable); or

(c) if no such customary market usage is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Reference Rate (as applicable); or

(d) if no such industry standard is recognised or acknowledged, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines (acting in good faith and in a commercially reasonable manner) to be appropriate;

Alternative Reference Rate means the rate which the Independent Adviser and the Issuer agree has replaced the Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest in respect of bonds denominated in the Specified Currency and of a comparable duration to the relevant Interest Accrual Periods, or, if the relevant Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Reference Rate;

Accrual Yield has the meaning given in the applicable Final Terms;

Additional Business Centre(s) means the city or cities specified as such in the applicable Final Terms;

Australian Domestic Covered Bonds or, in these Terms and Conditions, the **Covered Bonds**, means covered bonds denominated in Australian Dollars, governed by Australian law and issued in uncertificated registered form under, and constituted by, the Australian Covered Bond Deed Poll and in accordance with the Bond Trust Deed;

Benchmark Event means, in respect of any Reference Rate:

(a) the relevant Reference Rate ceasing to be published for a period of at least five Business Days; or

(b) a public statement by the administrator of the relevant Reference Rate that it will, by a specified date within the following six months (or, if later, the next Interest Determination Date), cease, or that it has ceased, publishing the relevant Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the relevant Reference Rate); or

(c) a public statement by the supervisor of the administrator of the relevant Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, that the relevant Reference Rate has been or will, by a specified date within the following six months (or, if later, the next Interest Determination Date), be permanently or indefinitely discontinued; or

(d) a public statement by the supervisor of the administrator of the relevant Reference Rate that means the relevant Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months (or, if later, the next Interest Determination Date); or

(e) it has become unlawful for any Paying Agent, the Issuer or any other party to calculate any payments due to be made to any holder of the Covered Bonds using the relevant Reference Rate; or

(f) a public statement or publication of information by the supervisor of the administrator of the relevant Reference Rate announcing that the Reference Rate is no longer representative.

Broken Amount has the meaning given in the applicable Final Terms;

Business Day means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in Sydney and any Additional Business Centre(s) specified in the applicable Final Terms;

Business Day Convention, in relation to any particular date which is not a Business Day, has the meaning given in the applicable Final Terms and, if so specified in the applicable Final Terms, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

(a) **Following Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day;

(b) **Modified Following Business Day Convention** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;

(c) **Preceding Business Day Convention** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;

(d) **FRN Convention**, **Floating Rate Convention** or **Eurodollar Convention** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms

as the Specified Period after the calendar month in which the preceding such date occurred, provided, however, that:

(i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;

(ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and

(iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and

(e) **No Adjustment** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

Calculation Agent means the person initially appointed as calculation agent by the Issuer and the CB Guarantor pursuant to the Australian Agency Agreement or, if applicable, any successor calculation agent specified in the applicable Final Terms as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the applicable Final Terms;

CBG Event of Default has the meaning given to it in the provisions of the Bond Trust Deed as described in Condition 9.2 (*CBG Events of Default*);

Coupon Switch Option has the meaning given in the applicable Final Terms;

Coupon Switch Option Date has the meaning given in the applicable Final Terms;

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period, such day count fraction as may be specified in these Terms and Conditions or in the applicable Final Terms having the meaning specified below:

(a) if **Actual/Actual (ICMA)** is specified:

(i) where the number of days in the relevant Interest Accrual Period is equal to or shorter than the Regular Period during which the Interest Accrual Period ends, the actual number of days in the Interest Accrual Period divided by the product of (A) the actual number of days in such Regular Period and (B) the number of Regular Periods normally ending in any year; or

(ii) where the Interest Accrual Period is longer than one Regular Period, the sum of:

(A) the actual number of days in such Interest Accrual Period falling in the Regular Period in which it begins divided by the product of (x) the actual number of days in such Regular Period and (y) the number of Regular Periods in any year; and

(B) the number of days in such Interest Accrual Period falling in the next Regular Period divided by the product of (x) the actual number of days in

such Regular Period and (y) the number of Regular Periods normally ending in any year;

(b) if **Actual/365** or **Actual/Actual (ISDA)** is specified, the actual number of days in the Interest Accrual Period divided by 365 (or, if any portion of that Interest Accrual Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Accrual Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Accrual Period falling in a non-leap year divided by 365);

(c) if **Actual/365 (Fixed)** is specified, the actual number of days in the Interest Accrual Period divided by 365;

(d) if **Actual/360** is specified, the actual number of days in the Interest Accrual Period divided by 360;

(e) if **30/360**, **360/360** or **Bond Basis** is specified, the number of days in the Interest Accrual Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(f) if **30E/360** or **Eurobond Basis** is specified, the number of days in the Interest Accrual Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

(g) if **30E/360 (ISDA)** is specified, the number of days in the Interest Accrual Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Accrual Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30; or

(h) if **RBA Bond Basis** or **Australian Bond Basis** is specified, one divided by the number of Interest Payment Dates in a year;

Early Redemption Amount means the Early Redemption Amount (Tax) or, in respect of the provisions of the Bond Trust Deed as described in Conditions 9.1 (*Issuer Events of Default*) and 9.2 (*CBG Events of Default*), subject to Condition 6.7 (*Early redemption of Zero Coupon Covered Bonds*), the amount specified in the Final Terms, as applicable;

Early Redemption Amount (Tax) means, in respect of any Covered Bond, its Principal Amount Outstanding or such other amount as may be specified in the applicable Final Terms;

EURIBOR means the Euro-zone inter-bank offered rate;

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 Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full by the Extension Determination Date;

Extension Determination Date means, in respect of any Series of Covered Bonds, the date falling two Business Days after the expiry of seven days from (and including) the Maturity Date of such Series of Covered Bonds;

Extraordinary Resolution has the meaning given to it in paragraph 19 of schedule 7 (Provisions for Meetings of Covered Bondholders) to the Bond Trust Deed;

FATCA means sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended, including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-U.S. Laws enacted with respect thereto;

Final Redemption Amount means, in respect of any Covered Bond, its Principal Amount Outstanding or such other amount as may be specified in the applicable Final Terms;

Fixed Coupon Amount has the meaning given in the applicable Final Terms;

Fixed Rate Reset Date has the meaning given in the applicable Final Terms;

Independent Adviser means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets;

Initial Rate of Interest has the meaning given in the applicable Final Terms;

Interest Accrual Period means, in respect of an Interest Period, each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date during that Interest Period provided always that the first Interest Accrual Period shall commence on (and include) the Interest Commencement Date and the final Interest Accrual Period shall end on (but exclude) the date of redemption of the Covered Bonds;

Interest Amount means, in relation to a Covered Bond and an Interest Period, the amount of interest payable in respect of that Covered Bond for that Interest Period;

Interest Commencement Date means the Issue Date of the Covered Bonds or such other date as may be specified as the Interest Commencement Date in the applicable Final Terms;

Interest Determination Date has the meaning given in the applicable Final Terms;

Interest Payment Date means the date or dates specified as such in the applicable Final Terms and, if a Business Day Convention is specified in the applicable Final Terms:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the applicable Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

Interest Period means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

Interest Period End Date means the date or dates specified as such in the applicable Final Terms and, if a Business Day Convention is specified in the applicable Final Terms:

(a) as the same may be adjusted in accordance with the relevant Business Day Convention; or

(b) if the Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the applicable Final Terms as the Interest Accrual Period, such dates as may occur in accordance with the FRN Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case),

or, if none of the foregoing is specified in the applicable Final Terms, means the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Covered Bonds;

ISDA Definitions means the 2006 ISDA Definitions as amended and updated as at the date of issue of the first Tranche of the Covered Bonds of the relevant Series (as specified in the applicable Final Terms) and as published by the International Swaps and Derivatives Association, Inc.;

Issue Date has the meaning given in the applicable Final Terms;

Issuer Acceleration Notice has the meaning given in the provisions of the Bond Trust Deed as described in Condition 9.1 (*Issuer Events of Default*);

Issuer Event of Default has the meaning given in the provisions of the Bond Trust Deed as described in Condition 9.1 (*Issuer Events of Default*);

LIBOR means the London inter-bank offered rate;

Margin has the meaning given in the applicable Final Terms;

Maturity Date means the date specified as such in the provisions of the applicable Final Terms and, if a Business Day Convention is specified in the applicable Final Terms, as the same may be adjusted in accordance with the relevant Business Day Convention;

Maximum Rate of Interest has the meaning given in the applicable Final Terms;

Maximum Redemption Amount has the meaning given in the applicable Final Terms;

Mid-Market Swap Rate means, for any Reset Period, the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Covered Bonds during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (a) has a term equal to the relevant Reset Period and commencing on the relevant Fixed Rate Reset Date, (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (c) has a floating leg based on the Mid-Swap Benchmark Rate for the Mid-Swap Maturity (as specified in the applicable Final Terms) (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

Mid-Swap Benchmark Rate means EURIBOR if the Specified Currency is euro, LIBOR if the Specified Currency is Sterling or the interbank offered rate for the Specified Currency if the Specified Currency is not euro or Sterling;

Mid-Swap Maturity has the meaning given in the applicable Final Terms;

Mid-Swap Re-Offer Spread has the meaning given in the applicable Final Terms;

Minimum Rate of Interest has the meaning given in the applicable Final Terms;

Minimum Redemption Amount has the meaning given in the applicable Final Terms;

Optional Redemption Amount (Call) means, in respect of any Covered Bond, its Principal Amount Outstanding or such other amount as may be specified in the applicable Final Terms;

Optional Redemption Amount (Put) means, in respect of any Covered Bond, its Principal Amount Outstanding or such other amount as may be specified in the applicable Final Terms;

Optional Redemption Date (Call) has the meaning given in the applicable Final Terms;

Optional Redemption Date (Put) has the meaning given in the applicable Final Terms;

Potential CBG 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 CBG 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;

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;

Principal Financial Centre means, in relation to any currency other than euro:

(a) the place specified as such in the applicable Final Terms; or

(b) if none is specified in the applicable Final Terms, the principal financial centre for that currency or, if there is more than one principal financial centre for that currency, one of the principal financial centres selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent,

and in relation to euro, it means the principal financial centre of such Member State as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

Put Option Notice means a notice which must be delivered to the Australian Agent and the Registrar by any Covered Bondholder wanting to exercise a right to redeem a Covered Bond at the option of the Covered Bondholder;

Rate of Interest means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Covered Bonds specified in the applicable Final Terms or calculated or determined in accordance with the provisions of these Terms and Conditions and/or the applicable Final Terms and, in respect of any Covered Bond to which Condition 5.4 (*Floating Rate Covered Bond*

provisions) applies, and where so indicated in the applicable Final Terms, may be any interpolated rate calculated in accordance with the applicable Final Terms;

Redemption Amount means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put) or such other amount in the nature of a redemption amount as may be specified in the applicable Final Terms;

Reference Banks has the meaning given in the applicable Final Terms or, if none is specified, four major banks selected by the Issuer or an Independent Adviser appointed by the Issuer in the market that is most closely connected with the Reference Rate or Reset Reference Rate, as applicable;

Reference Price has the meaning given in the applicable Final Terms;

Reference Rate has the meaning given in the applicable Final Terms;

Regular Period means:

(a) in the case of Covered Bonds where interest is scheduled to be paid only by means of regular payments, each period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) one Interest Payment Date to (but excluding) the next Interest Payment Date;

(b) in the case of Covered Bonds where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from (and including) a Regular Date falling in any year to (but excluding) the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls; and

(c) in the case of Covered Bonds where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from (and including) a Regular Date falling in any year to (but excluding) the next Regular Date, where **Regular Date** means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;

Relevant Date means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Australian Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Covered Bondholders;

Relevant Financial Centre has the meaning given in the applicable Final Terms;

Relevant Nominating Body means, in respect of any Reference Rate:

(a) the central bank for the currency to which such Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate; or

(b) any working group or committee established, approved or sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which such Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of such Reference Rate, (iii) a group of the

aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof.

Relevant Screen Page means the page, section or other part of a particular information service (including, without limitation, the Reuters Monitor Money Rates Service) specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

Relevant Time has the meaning given in the applicable Final Terms;

Reset Determination Date means, for each Reset Period, the date as specified in the applicable Final Terms falling on or before the commencement of such Reset Period on which the Rate of Interest applying during such Reset Period will be determined;

Reset Period means the period from (and including) the Fixed Rate Reset Date to (but excluding) the Maturity Date if there is only one Reset Period or, if there is more than one Reset Period, each period from (and including) one Fixed Rate Reset Date (or the first Fixed Rate Reset Date) to (but excluding) the next Fixed Rate Reset Date (or the Maturity Date);

Reset Rate for any Reset Period means either (i) the rate per annum specified in the applicable Final Terms or (ii), in the event (i) above does not apply, a rate per annum equal to the sum of (a) the applicable Reset Reference Rate and (b) the Mid-Swap Re-Offer Spread;

Reset Rate Time has the meaning given in the applicable Final Terms;

Reset Reference Rate means, if Mid-Market Swap Rate is specified in the applicable Final Terms, the Mid-Market Swap Rate appearing on the Relevant Screen Page at or around the Reset Rate Time on the relevant Reset Determination Date for the relevant Reset Period;

Specified Currency has the meaning given in the applicable Final Terms;

Specified Period has the meaning given in the applicable Final Terms;

Successor Reference Rate means the rate which has been formally published, endorsed, approved, recommended or recognised as a successor or replacement to the relevant Reference Rate by any Relevant Nominating Body;

Westpac Covered Bond Trust means the trust constituted under the trust deed dated 26 October 2011 between the CB Guarantor and the Administrative Agent; and

Zero Coupon Covered Bond means a Covered Bond specified as such in the applicable Final Terms.

1.3 References to general and particular terms

Except where the context otherwise requires or the contrary intention appears, in these Terms and Conditions:

(a) the word **person** includes an individual, a firm, a body corporate, an unincorporated association and an authority;

(b) a reference to a particular person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(c) a reference to a group of persons is a reference to any two or more of them jointly and to each of them individually;

(d) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;

(e) an agreement, representation or warranty by two or more persons binds them jointly and each of them individually;

(f) a reference to any thing (including an amount) is a reference to the whole and each part of it;

(g) a reference to a document (including a Transaction Document) includes any variation or replacement of it;

(h) the word **Law** includes, without limitation, common or customary law, principles of equity and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure in any jurisdiction and any present or future directive, regulation, guideline, practice, concession, request or requirement whether or not having the force of law issued by any governmental body, agency or department or any central bank or other fiscal, monetary, taxation, regulatory, self-regulatory or other authority or agency and includes the Banking Act;

(i) references to any statutory provision shall be deemed also to refer to any statutory modification, amendment or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such re-enactment, amendment or modification;

(j) a reference to the **Corporations Act** is a reference to the Corporations Act 2001 of Australia;

(k) the word **directive** includes a treaty, an official directive, request, guideline or policy (whether or not having the force of Law) with which responsible persons generally comply in carrying on their business;

(l) a reference to a time of day shall be construed as a reference to Sydney time (unless otherwise specified);

(m) unless the contrary intention appears, a reference to the records of Austraclear and/or any other relevant clearing system shall be to the records that Austraclear and/or such other relevant clearing system (as applicable) maintains for each of its participants, members or customers which reflect the amount of a participant's, member's or customer's interests in any Covered Bonds held in Austraclear and/or such other relevant clearing system (as applicable);

(n) a reference to an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia;

(o) the words **including**, **for example** or **such as** when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;

(p) any reference to **principal** shall be deemed to include any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*), any premium in the nature

of principal payable in respect of a Covered Bond and any other amount in the nature of principal payable pursuant to these Terms and Conditions;

(q) any reference to **interest** shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 8 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Terms and Conditions;

(r) references to Covered Bonds being **outstanding** shall be construed in accordance with the Master Definitions and Construction Agreement; and

(s) if an expression is stated in Condition 1.2 (*Definitions*) to have the meaning given in the applicable Final Terms, but the applicable Final Terms gives no such meaning or specifies that such expression is **not applicable**, then such expression is not applicable to the Covered Bonds.

2. FORM AND DENOMINATION

2.1 Form of Covered Bonds

Covered Bonds are issued in uncertificated registered form. Covered Bonds will take the form of entries in a register maintained by the Registrar. Covered Bonds will not be serially numbered. Each entry in the register in respect of a Covered Bond constitutes a separate and individual acknowledgment to the relevant Covered Bondholder of the indebtedness of the Issuer to the relevant Covered Bondholder. No certificate or other evidence of title will be issued by or on behalf of the Issuer to evidence title to the Covered Bond unless the Issuer determines that certificate should be made available or it is required to do so pursuant to any applicable Law.

2.2 Denomination of Covered Bonds

Covered Bonds are issued in the single denomination specified in the applicable Final Terms.

2.3 Currency of Covered Bonds

The Covered Bonds are denominated in Australian Dollars.

2.4 General issue restrictions for Covered Bonds

Covered Bonds may be issued by the Issuer only if:

(a) the consideration payable by the relevant Covered Bondholder at the time of issue is at least A$500,000 (or its equivalent in another currency and, in either case, disregarding any monies lent by the offeror or its associates) or the Covered Bonds are otherwise issued in a manner which does not require disclosure to investors under Part 6D.2 or 7.9 of the Corporations Act;

(b) the Covered Bonds are not issued to a "retail client" as defined for the purposes of section 761G of the Corporations Act; and

(c) the issue otherwise complies with all applicable Laws in Australia.

3. TITLE AND TRANSFER

3.1 Title to Covered Bonds

Title to Covered Bonds passes by registration in the register which the Issuer shall procure to be kept by the Australian Agent and the Registrar. Subject to Clause 3.6 (*Persons to be treated as*

Covered Bondholders) of the Bond Trust Deed, references herein to the **holders** of Registered Covered Bonds are to the persons in whose names such Covered Bonds are so registered in the Australian Register.

No Covered Bonds will be registered in the name of more than four persons. Any such Covered Bonds registered in the name of more than one person is held by those persons as joint tenants. Covered Bonds will be registered by name only regardless of any notice of ownership, trust or any interest thereof or therein and no person shall be liable for so treating such holder. The person registered in the Australian Register as a holder of Covered Bonds will be treated by the Issuer, the CB Guarantor, the Bond Trustee, the Australian Agent and the Registrar as the absolute owner of that Covered Bond and none of the Issuer, the Bond Trustee, the Australian Agent or the Registrar will, except as ordered by a court or as required by statute, be obliged to take notice of any other claim to a Covered Bond.

3.2 Transfer of Covered Bonds

Covered Bonds may be transferred in whole but not in part. Covered Bonds will only be transferred by a duly completed and (if applicable) stamped transfer and acceptance form in the form specified by, and obtainable from, the Registrar or by any other manner approved by the Issuer and the Registrar. Unless the Covered Bonds are lodged in the Austraclear System, application for transfer of the Covered Bonds must be made by the lodgement of a transfer and acceptance form with the Registrar. Each transfer and acceptance form must be accompanied by such evidence (if any) as the Registrar may require to prove the title of the transferor or the transferor's right to transfer the Covered Bonds and must be signed by both the transferor and transferee.

3.3 Transfer of Covered Bonds in the Austraclear System

Covered Bonds will be eligible for lodgement into the Austraclear System. Covered Bonds held in the Austraclear System will be registered in the name of Austraclear. Title to interests in the Covered Bonds held in the Austraclear System will be determined in accordance with the Austraclear Regulations. Interests in Covered Bonds entered into the Austraclear System will be transferable only in accordance with the Austraclear Regulations.

3.4 General restrictions on transfer of Covered Bonds

Covered Bonds may be transferred only if:

(a) in the case of Covered Bonds transferred in or into Australia:

  (i) the consideration payable by the transferee at the time of the transfer is at least A$500,000 (or its equivalent in another currency and, in either case, disregarding any monies lent by the transferor or its associates) or the Covered Bonds are otherwise transferred in a manner which does not require disclosure to investors under Part 6D.2 or 7.9 of the Corporations Act;

  (ii) the transfer is not to a "retail client" as defined for the purposes of section 761G of the Corporations Act; and

(b) the transfer complies with all applicable Laws in the jurisdiction in which the transfer takes place.

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

4.1 Status of the Covered Bonds

The Covered Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, other than any obligations preferred by mandatory provisions of applicable Law.

*The Issuer is an "authorised deposit-taking institution" (**ADI**) as that term is defined under the Banking Act 1959 of the Commonwealth of Australia (**Banking Act**). Under sections 13A(3) and 16(2) of the Banking Act and section 86 of the Reserve Bank Act 1959 of the Commonwealth of Australia (**Reserve Bank Act**), certain debts of the Issuer are preferred by law, as described below.*

Section 13A(3) of the Banking Act provides that, in the event an ADI becomes unable to meet its obligations or suspends payment, the ADI's assets in Australia are available to meet specified liabilities of the ADI in priority to all other liabilities of the ADI (including, in the case of the Issuer, the Covered Bonds). For the purposes of section 13A(3) of the Banking Act:

(a) the assets of the ADI do not include any interest in an asset (or part of an asset) in a cover pool (as defined in the Banking Act) held by the CB Guarantor; and

*(b) the specified liabilities include certain obligations of the ADI to the Australian Prudential Regulation Authority (**APRA**) in respect of amounts payable by APRA to holders of protected accounts, other liabilities of the ADI in Australia in relation to protected accounts, debts to the Reserve Bank of Australia (**RBA**) and certain other debts to APRA. A **protected account** is either (i) an account where the Issuer is required to pay the account-holder (as defined in the Banking Act), on demand or at an agreed time, the net credit balance of the account, or (ii) another account or financial product prescribed by regulation.*

Covered Bonds do not constitute protected accounts or deposit liabilities for the purposes of the Banking Act.

Under section 16(2) of the Banking Act, certain other debts of a body corporate due to APRA shall in a winding-up of the body corporate have, subject to section 13A(3) of the Banking Act, priority over all other unsecured debts of the body corporate. Further, section 86 of the Reserve Bank Act provides that in a winding-up of an ADI, debts due by the ADI to the RBA shall, subject to section 13A(3) of the Banking Act, have priority over all other debts of the ADI.

The liabilities which are preferred by law to the claim of a holder in respect of a Covered Bond against the Issuer will be substantial and the Conditions do not limit the amount of such liabilities which may be incurred or assumed by the Issuer.

The provisions of the Banking Act referred to in the preceding paragraphs do not:

(i) apply to the obligations of the CB Guarantor under the Covered Bond Guarantee as described in Condition 4.2 (Status of the Covered Bond Guarantee) or the claim of the Bond Trustee or a holder in respect of a Covered Bond against the CB Guarantor; and

(ii) preclude the Bond Trustee exercising any rights or powers in relation to the Covered Bonds to the extent necessary to enable it to make a call under the Covered Bond Guarantee in accordance with the provisions of the Guarantee Deed Poll.

4.2 Status of the Covered Bond Guarantee

The terms of the Covered Bond Guarantee are set out in the Guarantee Deed Poll. Set out below is a description of the principal terms of that Covered Bond Guarantee. In the event of any inconsistency between the provisions of the Covered Bond Guarantee and this description, the provisions of the Covered Bond Guarantee prevail.

The payment of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment has been unconditionally and irrevocably guaranteed, on a limited recourse basis, by the CB Guarantor pursuant to a guarantee (**Covered Bond Guarantee**) in the Guarantee Deed Poll. However, the CB Guarantor shall have no obligation under the Covered Bond Guarantee to pay any Guaranteed Amounts when the same shall become Due for Payment under the Covered Bonds or the Guarantee Deed Poll until service of a Notice to Pay by the Bond Trustee on the CB Guarantor (which the Bond Trustee shall serve following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice by the Bond Trustee on the Issuer) or, if earlier, the occurrence of a CBG Event of Default and service of a CBG Acceleration Notice by the Bond Trustee on the CB Guarantor. The obligations of the CB Guarantor under the Covered Bond Guarantee are direct, unconditional and unsubordinated obligations of the CB Guarantor, which are secured as provided in the Security Trust Deed.

Any payment made by the CB Guarantor under the Covered Bond Guarantee shall (unless such obligation shall have been discharged as a result of the receipt of Excess Proceeds by the Bond Trustee pursuant to the Bond Trust Deed as described in Condition 9.1 (*Issuer Events of Default*)) discharge *pro tanto* the obligations of the Issuer in respect of such payment under the Covered Bonds and the Covered Bond Guarantee respectively, except where such payment by the CB Guarantor has been declared void, voidable or otherwise recoverable in whole or in part and recovered from the Bond Trustee or the Covered Bondholders.

As security for the CB Guarantor's obligations under the Covered Bond Guarantee and the other Transaction Documents to which it is a party, the CB Guarantor has granted a Charge over all of its assets under the Security Trust Deed in favour of the Security Trustee (for itself and on behalf of the other Secured Creditors). The obligations of the CB Guarantor to the Covered Bondholders pursuant to the Covered Bond Guarantee shall be limited to the Secured Property as set out in the provisions of the Bond Trust Deed as described in Condition 9.3 (*Enforcement*).

Following the service of a Notice to Pay on the CB Guarantor and subject to the provisions of the Bond Trust Deed, the CB Guarantor may exercise all of the rights of the Issuer in respect of the Covered Bonds.

5. INTEREST

5.1 Interest

Covered Bonds may be interest-bearing or non-interest-bearing, as specified in the applicable Final Terms.

5.2 Fixed Rate Covered Bond provisions

(a) (**Application**) This Condition 5.2 (*Fixed Rate Covered Bond provisions*) is applicable to the Covered Bonds only if the Fixed Rate Covered Bond provisions are specified in the applicable Final Terms as being applicable.

(b) (**Accrual of interest**) The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest and such interest is payable in arrear on each Interest Payment Date, subject as provided in Condition 7 (*Payments*). Each Covered Bond will cease to

bear interest from the due date for final redemption unless payment is not made in accordance with the Australian Agency Agreement and these Conditions, in which case it will continue to bear interest in accordance with this Condition 5 (*Interest*) (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Australian Agent has given notice to the Covered Bondholders in accordance with Condition 14 (*Notices*) or individually, that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) (**Fixed Coupon Amount**) The amount of interest payable in respect of each Covered Bond for any Interest Period shall be the relevant Fixed Coupon Amount (or, in respect of the Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the applicable Final Terms) and, if the Covered Bonds are in more than one denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant denomination.

(d) (**Calculation of interest amount**) The amount of interest payable in respect of each Covered Bond for any Interest Accrual Period for which a Fixed Coupon Amount is not specified shall be calculated (i) by applying the Rate of Interest to the Principal Amount Outstanding of such Covered Bond and multiplying the product by the relevant Day Count Fraction or (ii) if so specified in the applicable Final Terms, by applying the Rate of Interest to the Principal Amount Outstanding of such Covered Bond, multiplying such product by the product of the Accrual Feature and the relevant Day Count Fraction and, in the case of (i) or (ii) above, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

5.3 Fixed Rate Reset Covered Bond provisions

(a) (**Application**) This Condition 5.3 (*Fixed Rate Reset Covered Bond provisions*) is applicable to the Covered Bonds only if the Fixed Rate Reset Covered Bond provisions are specified in the applicable Final Terms as being applicable.

(b) (**Accrual of interest**) The Covered Bonds bear interest:

(i) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate Reset Date (or, if there is more than one Reset Period, the first Fixed Rate Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and

(ii) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Reset Rate, as determined by the Calculation Agent on the relevant Reset Determination Date in accordance with this Condition 5.3,

and such interest is payable in arrear on each Interest Payment Date, subject as provided in Condition 7 (*Payments*).

(c) (**Reset Reference Rate determination – Relevant Screen Page**) If the Reset Reference Rate does not appear on the Relevant Screen Page at or around the Reset Rate Time on the relevant Reset Determination Date, or, if the Relevant Screen Page is unavailable, except as provided in Condition 5.7 (*Benchmark Replacement*) below, the Calculation Agent will

request the principal Relevant Financial Centre office of the Reference Banks to provide a quotation of the Mid-Market Swap Rate at approximately the Reset Rate Time on the relevant Reset Determination Date.

If two or more of the Reference Banks provide quotations as requested by the Calculation Agent, the Mid-Market Swap Rate will be the arithmetic mean of the provided quotations, expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards).

If on any Reset Determination Date:

(i) only one of the Reference Banks provides a quotation as requested by the Calculation Agent, the Mid-Market Swap Rate shall be a rate equal to the quotation provided by such Reference Bank; or

(ii) none of the Reference Banks provides a quotation as requested by the Calculation Agent, the Mid-Market Swap Rate shall be a rate equal to the Initial Rate of Interest less the Mid-Swap Re-Offer Spread.

(d) (**Fixed Coupon Amount**) The amount of interest payable in respect of each Covered Bond in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate Reset Date (or, if there is more than one Reset Period, the first Fixed Rate Reset Date occurring after the Interest Commencement Date) shall be the relevant Fixed Coupon Amount (or, in respect of the Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the applicable Final Terms) and, if the Covered Bonds are in more than one denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant denomination.

(e) (**Calculation of Interest Amount**) The amount of interest payable in respect of each Covered Bond for any Interest Accrual Period for which a Fixed Coupon Amount is not specified shall be calculated by the Calculation Agent. The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to the relevant Interest Accrual Period, calculate the Interest Amount payable in respect of each Covered Bond for such Interest Accrual Period (i) by applying the Rate of Interest to the Principal Amount Outstanding of such Covered Bond and multiplying the product by the relevant Day Count Fraction or (ii) if so specified in the applicable Final Terms, by applying the Rate of Interest to the Principal Amount Outstanding of such Covered Bond, multiplying such product by the product of the Accrual Feature and the relevant Day Count Fraction and, in the case of (i) or (ii) above, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a sub-unit means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.

(f) (**Publication**) The Calculation Agent (or the Issuer or the Independent Adviser (as applicable)) will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents, the Issuer, the CB Guarantor, the Bond Trustee, the Registrar and each Stock Exchange (if any) on or by which the Covered Bonds are then listed, quoted and/or traded as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Covered Bondholders. The Calculation Agent (or the Issuer or the Independent Adviser (as applicable)) will be

entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

(g) (**Notifications etc.**) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent (or the Issuer or the Independent Adviser (as applicable)) or the Bond Trustee will (in the absence of proven or manifest error) be binding on the Issuer, the CB Guarantor, the Principal Paying Agent, the other Paying Agents, the Registrar, all Covered Bondholders and Couponholders.

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Interest Amount in accordance with this Condition 5.3 (*Fixed Rate Reset Covered Bond provisions*) or as otherwise specified in the applicable Final Terms, as the case may be, the Bond Trustee shall determine or cause to be determined the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 5.3 (*Fixed Rate Reset Covered Bond provisions*), but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances and/or, as the case may be, the Bond Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Bond Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Calculation Agent.

The Bond Trustee shall have no liability to any person in connection with any determination or calculation made by it or its agent pursuant to this Condition or any failure to make such determination or calculation or any failure to appoint such an agent willing or able to make such determination or calculation, and the Bond Trustee shall not be in any way responsible for any liabilities incurred by reason of any misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent.

5.4 Floating Rate Covered Bond provisions

(a) (**Application**) This Condition 5.4 (*Floating Rate Covered Bond provisions*) is applicable to the Covered Bonds only if the Floating Rate Covered Bond provisions are specified in the applicable Final Terms as being applicable.

(b) (**Accrual of interest**) The Covered Bonds bear interest from the Interest Commencement Date at the Rate of Interest and such interest is payable in arrear on each Interest Payment Date, subject as provided in Condition 7 (*Payments*). Each Covered Bond will cease to bear interest from the due date for final redemption unless payment is not made in accordance with the Australian Agency Agreement and these Conditions, in which case it will continue to bear interest in accordance with this Condition (after as well as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (ii) the day which is seven days after the Australian Agent has given notice to the effect to holders of Covered Bonds in accordance with Condition 14 (*Notices*) or individually, that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) (**Screen Rate Determination**) If Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Accrual Period will be the sum of the Margin and the rate determined by the Calculation Agent on the following basis:

(i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

(iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, except as provided in paragraphs (v) and (vi) below, the Calculation Agent will:

(A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

(B) determine the arithmetic mean of such quotations; and

(iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (rounded, if necessary, to the nearest one hundred thousandth of a percentage point, 0.000005%, being rounded up to 0.00001%) quoted by major banks in the Principal Financial Centre of the Specified Currency, requested by the Calculation Agent, upon selection of the Issuer at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Accrual Period for loans in the Specified Currency to leading European banks for a period equal to the relevant Interest Accrual Period and in an amount that is representative for a single transaction in that market at that time, and the Rate of Interest for such Interest Accrual Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Accrual Period, the Rate of Interest applicable to the Covered Bonds during such Interest Accrual Period will be the sum of the Margin and the rate (or as the case may be the arithmetic mean of the rates) last determined in relation to the Covered Bonds in respect of the last preceding Interest Accrual Period;

(d) (**ISDA Determination**) If ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Accrual Period will be the sum of the Margin and the relevant ISDA Rate where **ISDA Rate** in relation to any Interest Accrual Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

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

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

(iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on LIBOR for a currency, the first day of that Interest Accrual Period or (b) in any other case, as specified in the applicable Final Terms.

(e) (**BBSW Rate Determination**) If BBSW Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Covered Bonds for each Interest Accrual Period will be the sum of the Margin and the BBSW Rate where **BBSW Rate** in relation to any Interest Accrual Period means the rate for prime bank eligible securities having a tenor closest to the Interest Accrual Period as displayed as the "AVG MID" on the Thomson Reuters Screen BBSW page (or any designation which replaces that designation on that page, or any page that replaces that page) by 12 p.m. (Sydney time) on the first day of that Interest Accrual Period. However, if such rate does not appear on the Thomson Reuters Screen BBSW Page (or any designation which replaces that designation on that page, or any page that replaces that page) by 12 p.m. (Sydney time) on that day, or it does appear but the Issuer or an Independent Adviser appointed by the Issuer determines that there is an obvious error in that rate, **BBSW Rate** means the rate determined by the Issuer or the Independent Adviser (as applicable) in good faith having regard to comparable indices in customary market usage. The rate calculated or determined by the Issuer or the Independent Adviser (as applicable) will be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001%).

Notwithstanding the above, if the Issuer or the Independent Adviser (as applicable) determines that the BBSW Rate has been permanently discontinued, BBSW Rate means the rate which the Calculation Agent is directed by the Issuer or the Independent Adviser (as applicable) to substitute for the BBSW Rate (Alternative Rate), which will be the rate specified by ISDA to be the relevant fallback rate for the BBSW Rate, or such successor or substitute rate which is consistent with accepted market practice. As part of such substitution, the Issuer or the Independent Adviser (as applicable) shall direct the Calculation Agent to make such adjustments to the Alternative Rate or the spread thereon, as well as 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 Alternative Rate for debt obligations such as the Floating Rate Covered Bonds, and the Calculation Agent shall have no liability to any person for acting on the directions of the Issuer or the Independent Adviser (as applicable). The Calculation Agent may rely fully on the directions of and rate provided by the Issuer or the Independent Adviser (as applicable) for the purposes of this Condition 5.3(e).

The rate must be expressed as a percentage per annum.

(f) (**Maximum or Minimum Rate of Interest**) If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the applicable Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified. The Maximum Rate of Interest or Minimum Rate of Interest may be determined by reference to an index and/or formula or, as the case may be, an exchange rate or exchange cross rate or such other variables, factors or circumstances as shall be determined in the manner specified in the applicable Final Terms.

(g) (**Calculation of Interest Amount**) The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Accrual Period, calculate the Interest Amount payable in respect of each Covered Bond for such Interest Accrual Period. The Interest Amount will be calculated (i) by applying the Rate of Interest for such Interest Accrual Period to the Principal Amount Outstanding of

such Covered Bond during such Interest Accrual Period and multiplying the product by the relevant Day Count Fraction or (ii) if so specified in the applicable Final Terms, by applying the Rate of Interest for such Interest Accrual Period to the Principal Amount Outstanding of such Covered Bonds, and multiplying such product by the product of the Accrual Feature and the relevant Day Count Fraction, and, in the case of (i) or (ii) above rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a **sub-unit** means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(h) (**Calculation of other amounts**) If the applicable Final Terms specifies that any other amount is to be calculated by the Calculation Agent (including, in respect of the Interest Period beginning on the Interest Commencement Date or the Interest Period ending on the Maturity Date, the Broken Amount, if so specified in the applicable Final Terms), the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the applicable Final Terms.

(i) (**Linear Interpolation**) If the applicable Final Terms specifies that "Linear Interpolation" applies to an Interest Accrual Period, the Rate of Interest for that Interest Accrual Period will be determined through the use of straight-line interpolation by reference to two ISDA Rates, screen rates or BBSW Rates specified in the applicable Final Terms, one of which shall be determined as if the Interest Accrual Period were the period of time for which rates are available next shorter than the length of the Interest Accrual Period (or any alternative Interest Accrual Period specified in the applicable Final Terms) and the other of which shall be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Accrual Period (or any alternative Interest Accrual Period specified in the applicable Final Terms).

(j) (**Publication**) The Calculation Agent (or the Issuer or the Independent Adviser (as applicable)) will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Australian Agent, the Registrar, the Issuer, the CB Guarantor, the Bond Trustee and each Stock Exchange (if any) on or by which the Covered Bonds are then listed, quoted and/or traded as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. The Calculation Agent (or the Issuer or the Independent Adviser (as applicable)) will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

(k) (**Notifications etc.**) All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the Calculation Agent (or the Issuer or the Independent Adviser (as applicable)) or the Bond Trustee will (in the absence of proven or manifest error) be binding on the Issuer, the CB Guarantor, the Australian Agent and Registrar and all Covered Bondholders.

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Interest Amount in accordance with this Condition 5.4 (*Floating Rate Covered Bond provisions*) or as otherwise specified in the applicable Final Terms, as the case may be, the Bond Trustee

shall determine or cause to be determined the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 5.4 (*Floating Rate Covered Bond provisions*), but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances and/or, as the case may be, the Bond Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Bond Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Calculation Agent.

The Bond Trustee shall have no liability to any person in connection with any determination or calculation made by it or its agent pursuant to this Condition or any failure to make such determination or calculation or any failure to appoint such an agent willing or able to make such determination or calculation, and the Bond Trustee shall not be in any way responsible for any liabilities incurred by reason of any misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent.

5.5 Zero Coupon Covered Bond provisions

(a) (**Application**) This Condition 5.5 (*Zero Coupon Covered Bond provisions*) is applicable to the Covered Bonds only if the Zero Coupon Covered Bond provisions are specified in the applicable Final Terms as being applicable.

(b) (**Late payment on Zero Coupon Covered Bonds**) If the Redemption Amount payable in respect of any Zero Coupon Covered Bond is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (A) the day on which all sums due in respect of such Covered Bond up to that day are received by or on behalf of the relevant Covered Bondholder and (B) the day which is seven days after the Australian Agent has notified the Covered Bondholder that it has received all sums due in respect of the Covered Bonds up to such seventh day (except to the extent that there is any subsequent default in payment).

5.6 Coupon Switch Option provisions

(a) (**Application**) This Condition 5.6 (*Coupon Switch Option provisions*) is applicable to the Covered Bonds only if the Coupon Switch Option is specified in the applicable Final Terms as being applicable and each Covered Bond shall bear interest on the following basis (unless otherwise specified in the applicable Final Terms).

(b) The applicable Final Terms shall specify whether the Fixed Rate Covered Bond provisions or, as the case may be, the Floating Rate Covered Bond provisions are applicable to the Covered Bonds from (and including) the Issue Date to (but excluding) the Coupon Switch Option Date. Upon the Issuer giving the requisite notice (which, for the purposes of this Condition 5.6 (*Coupon Switch Option provisions*) only, shall be five Business Days prior to the Coupon Switch Option Date or such other notice period as may be specified in the applicable Final Terms) to exercise its Coupon Switch Option, from (and including) the Coupon Switch Option Date, interest shall accrue on a different basis from the basis which was applicable prior to such Coupon Switch Option Date. The applicable Final Terms shall specify whether the Fixed Rate Covered Bond provisions or, as the case may be, the Floating Rate Covered Bond provisions are applicable, upon the exercise by the Issuer of

the Coupon Switch Option, from (and including) such Coupon Switch Option Date to (but excluding) the Maturity Date.

5.7 Benchmark Replacement

Notwithstanding the provisions above in this Condition 5, if the Issuer determines that a Benchmark Event has occurred in respect of a Reference Rate where any Rate of Interest (or any component thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply to the relevant Covered Bonds:

(a) the Issuer shall use reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense, to determine a Successor Reference Rate or, if such Independent Adviser is unable so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Covered Bonds for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5.7);

(b) If:

(i) the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the Interest Determination Date relating to the next Interest Accrual Period (the **IA Determination Cut-off Date**) determines a Successor Reference Rate or, if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Covered Bonds for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5.7 during any other future Interest Accrual Period(s)); or

(ii) the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 5.7 fails to determine a Successor Reference Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner), no later than three Business Days prior to the interest Determination Date relating to the next Interest Accrual Period (the **Issuer Determination Cut-off Date**), determines a Successor Reference Rate or, if the Issuer fails to determine a Successor Reference Rate, an Alternative Reference Rate (as applicable) and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Covered Bonds for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5.7 during any other future Interest Accrual Period(s));

then:

(iii) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Reference Rate for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5.7 during any other future Interest Accrual Period(s)).

Without prejudice to the definitions thereof, for the purposes of determining a Successor Reference Rate or Alternative Reference Rate, the Issuer will take into account relevant and applicable market precedents as well as any published

guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate; and

(iv) if the relevant Independent Adviser or the Issuer (as applicable):

(A) determines that an Adjustment Spread is required to be applied to the Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5.7); or

(B) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, or determines that no such Adjustment Spread is required, then such Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Accrual Periods (subject to the subsequent operation of this Condition 5.7).

Without prejudice to the definition thereof, for the purposes of determining an Adjustment Spread (if any), the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate.

(C) Notwithstanding paragraph (B) above, if:

I. the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 5.7 notifies the Issuer prior to the IA Determination Cut-off Date that it has determined that no Successor Reference Rate or Alternative Reference Rate exists;

II. the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 5.7 fails to determine a Successor Reference Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, without notifying the Issuer as contemplated in sub-paragraph (c)(I) of this Condition 5.7, and the Issuer (acting in good faith and in a commercially reasonable manner) determines prior to the IA Determination Cut-off Date that no Successor Reference Rate or Alternative Reference Rate exists; or

III. neither a Successor Reference Rate nor an Alternative Reference Rate is otherwise determined in accordance with paragraph (B) above prior to the Issuer Determination Cut-off Date,

the Rate of Interest applicable to the Covered Bonds shall be (in respect of Floating Rate Covered Bonds) the Rate of Interest as at the last preceding Interest Determination Date or (in respect of a reset of the Rate of Interest for Fixed Rate Covered Bonds) the Rate of Interest as at the last preceding reset date, or, if none, as at the Interest Commencement Date.

This paragraph (C) shall apply to the relevant Interest Accrual Period or reset date only. Any subsequent Interest Accrual Period(s) or reset dates shall be subject to the operation of this Condition 5.7.

(D) An Independent Adviser appointed pursuant to this Condition 5.7 will act in good faith and in a commercially reasonable manner, and (in the absence of bad faith, gross negligence or wilful misconduct) shall have no liability whatsoever to the Issuer, the Calculation Agent, any Paying Agent or the holders of a Series of Covered Bonds 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 5.7.

(E) The Bond Trustee and the Paying Agents shall, at the direction and expense of the Issuer, and with no liability to any person for acting on such direction, effect such waivers and consequential amendments to the Trust Deed, the Agency Agreement, these Terms and Conditions and any other document as may be required to give effect to any application of this Condition 5.7, including, but not limited to:

I. changes to these Terms and Conditions which the relevant Independent Adviser or the Issuer (as applicable) acting in good faith and in a commercially reasonable manner determines may be required in order to follow market practice (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (1) the relevant Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre, Relevant Screen Page and/or Relevant Time applicable to the Covered Bonds and (2) the method for determining the fallback to the Rate of Interest in relation to the Covered Bonds if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

II. any other changes which the relevant Independent Adviser or the Issuer (as applicable) acting in good faith and in a commercially reasonable manner determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable).

Neither the Bond Trustee nor any Agent shall be obliged to agree to any modification if, in the sole opinion of the Bond Trustee or such Agent doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce rights and/or the protective provisions afforded to the Bond Trustee or such Agent in these Terms and Conditions, the Agency Agreement or the Trust Deed.

No consent of the Covered Bondholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate as described in this Condition 5.7 or such other relevant adjustments pursuant to this Condition 5.7, or any Adjustment Spread, including for the execution of, or amendment to, any documents or the

taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

5.8 Interest following a Notice to Pay

If a Notice to Pay is served on the CB Guarantor, the CB Guarantor shall, in accordance with the terms of the Guarantee Deed Poll, pay Guaranteed Amounts corresponding to the amounts of interest described under this Condition 5 (*Interest*) (as the case may be) under the Covered Bond Guarantee in respect of the Covered Bonds on the Original Due for Payment Dates and, if applicable, the Extended Due for Payment Date.

6. REDEMPTION AND PURCHASE

6.1 Scheduled redemption

Unless previously redeemed, or purchased and cancelled, or unless such Covered Bond is stated in the applicable Final Terms as having no fixed maturity date, the Covered Bonds will be redeemed at their Final Redemption Amount, together with interest accrued (if any), on the Maturity Date, subject as provided in Condition 7 (*Payments*).

6.2 Extended Due for Payment Date

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

(a) the date which falls two Business Days after service of a Notice to Pay on the CB Guarantor or, if later, the Maturity Date (in each case after the expiry of the grace period set out in the provisions of the Bond Trust Deed as described in Condition 9.1(a) (*Issuer Events of Default*)); and

(b) the Extension Determination Date,

then (subject as provided below) payment of the unpaid portion of the Final Redemption Amount by the CB Guarantor under the Covered Bond Guarantee shall be deferred until the Extended Due for Payment Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the earlier of (a) above and (b) above will be paid by the CB Guarantor to the extent that it has sufficient monies available under the Guarantee Priority of Payments on any Interest Payment Date thereafter up to (and including) the relevant Extended Due for Payment Date.

The Administrative Agent, on behalf of the CB Guarantor, shall notify the relevant Covered Bondholders (in accordance with Condition 15 (*Notices*) below), the Rating Agencies, the Bond Trustee, the Security Trustee, the Australian Agent, the Registrar as soon as reasonably practicable and in any event at least one Business Day prior to the date specified in paragraph (a) or (b) above (as appropriate) of any inability of the CB 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 CB Guarantor to notify such parties shall not

affect the validity or effectiveness of the extension nor shall any rights accrue to any of them by virtue thereof.

In the circumstances outlined above, the CB Guarantor shall, on the earlier of:

(i) the date falling two Business Days after service of a Notice to Pay or, if later, the Maturity Date; and

(ii) the Extension Determination Date,

under the Covered Bond Guarantee, apply the monies (if any) available (after paying or providing for payment of higher ranking or *pari passu* amounts in accordance with the Guarantee Priority of Payments) *pro rata* in part payment of an amount equal to the Final Redemption Amount of each Covered Bond of the relevant Series of Covered Bonds and shall pay Guaranteed Amounts constituting the corresponding part of Scheduled Interest in respect of each such Covered Bond on such date. The obligation of the CB Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above. Such failure to pay by the CB Guarantor shall not constitute a CBG Event of Default.

Any discharge of the obligations of the Issuer as the result of the receipt of Excess Proceeds by the Bond Trustee shall be disregarded for the purposes of determining the liabilities of the CB Guarantor under the Covered Bond Guarantee in connection with this Condition 6.2 (*Extended Due for Payment Date*).

6.3 Redemption for tax reasons

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part:

(a) at any time (if the Floating Rate Covered Bond provisions are not specified in the applicable Final Terms as being applicable); or

(b) on any Interest Payment Date (if the Floating Rate Covered Bond provisions are specified in the applicable Final Terms as being applicable),

on giving not less than 30 or more than 60 days' notice to the Bond Trustee and, in accordance with Condition 14 (*Notices*), to the Covered Bondholders (in each case, which notice shall be irrevocable) or as otherwise specified in the applicable Final Terms, at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, any applicable Laws, or any change in the application or official interpretation of such Laws (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date of issue of the first Tranche of the Covered Bonds or any other date specified in the applicable Final Terms; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Bond Trustee (and the Bond Trustee shall be entitled to rely without further enquiry upon):

(A) a certificate signed by two authorised signatories 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

(B) an opinion of independent legal advisers of recognised standing to the effect that the issuer has or will become obliged to pay such additional amounts and that the relevant obligation arises as a result of any such change or amendment as is specified in subparagraph (i) above and cannot be avoided by the issuer taking reasonable measures available to it.

Upon the expiry of any such notice as is referred to in this Condition 6.3 (*Redemption for tax reasons*), the Issuer shall be bound to redeem the Covered Bonds in accordance with this Condition 6.3 (*Redemption for tax reasons*). The Issuer may not exercise such option in respect of any Covered Bond which is the subject of the prior exercise by the Covered Bondholder thereof of its option to require the redemption of such Covered Bond under Condition 6.6 (*Redemption at the option of the Covered Bondholders*).

6.4 Redemption at the option of the Issuer

If redemption at the option of the Issuer (Call) is specified in the applicable Final Terms as being applicable, the Covered Bonds may be redeemed at the option of the Issuer in whole or, if so specified in the applicable Final Terms, in part on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than five or more than 60 days' notice, or such other notice period as may be specified in the applicable Final Terms to the Bond Trustee, the Australian Agent and the Registrar and the Covered Bondholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall oblige the Issuer to redeem all of the Covered Bonds of the relevant Series or, as the case may be, the Covered Bonds specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date). In the case of a partial redemption of the Covered Bonds, the Covered Bonds to be redeemed (Redeemed Covered Bonds) will be selected in accordance with the rules and procedures of the relevant clearing system (to be reflected in the records of the relevant clearing system as either a pool factor or a reduction in nominal amount, at their discretion) or, if none, in the manner determined by the Issuer (a) to be fair and reasonable under the circumstances of the proposed redemption having regard to prevailing market practice, and (b) in compliance with applicable Laws and the rules of each Stock Exchange on or by which the Covered Bonds are then listed quoted and/or traded, as specified in the relevant notice of redemption, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the Selection Date). The Issuer may not exercise such option in respect of any Covered Bond which is the subject of the prior exercise by the Covered Bondholder thereof of its option to require the redemption of such Covered Bond under Condition 6.6 (*Redemption at the option of the Covered Bondholders*).

6.5 Partial Redemption

If the Covered Bonds are to be redeemed in part only on any date in accordance with Condition 6.4 (*Redemption at the option of the Issuer*) the Covered Bonds shall be redeemed (so far as may be practicable) *pro rata* to their principal amounts, provided always that the amount redeemed in respect of each Covered Bond shall be equal to the minimum denomination thereof or an integral multiple thereof subject always to compliance with applicable Laws and the rules of each Stock Exchange on or by which the Covered Bonds are then listed, quoted and/or traded and the notice to Covered Bondholders referred to in Condition 6.4 (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Covered Bonds to be so redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the applicable Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

6.6 Redemption at the option of the Covered Bondholders

If redemption at the option of the Covered Bondholders (Put) is specified in the applicable Final Terms as being applicable, the Issuer shall, at the option of the holder of any Covered Bond, redeem such Covered Bond on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 6.6 (*Redemption at the option of the Covered Bondholders*), the holder of a Covered Bond must, not less than 45 days before the relevant Optional Redemption Date (Put), deposit with the Australian Agent a duly completed irrevocable Put Option Notice in the form obtainable from the Australian Agent, together with any evidence the Australian Agent may require to establish title of the holder to the Covered Bond, specifying the aggregate principal amount in respect of which such option is exercised (which must be the denomination specified in the applicable Final Terms or an integral multiple thereof) and the manner in which the payment is to be made in accordance with Condition 7.1 (*Payments of principal and interest and other amounts*).

The holder of a Covered Bond may not exercise such option in respect of any Covered Bond which is the subject of an exercise by the Issuer of its option to redeem such Covered Bond under either Condition 6.3 (*Redemption for tax reasons*) or Condition 6.4 (*Redemption at the option of the Issuer*).

6.7 Early redemption of Zero Coupon Covered Bonds

Unless otherwise specified in the applicable Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Covered Bond at any time before the Maturity Date shall be an 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 to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Covered Bond becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the applicable Final Terms for the purposes of this Condition 6.7 (*Early redemption of Zero Coupon Covered Bonds*) or, if none is so specified, a Day Count Fraction of 30/360.

6.8 Purchase

The Issuer, the CB Guarantor or any of their respective Related Entities may at any time purchase Covered Bonds in the open market or otherwise and at any price.

6.9 Cancellation

All Covered Bonds redeemed by the Issuer, or any of its Subsidiaries, shall be cancelled and may not be reissued or resold. All Covered Bonds purchased by the Issuer, the CB Guarantor or any of their respective Related Entities may, at the option of the Issuer, the CB Guarantor or relevant Related Entity (as the case may be), be cancelled, held, reissued or resold.

7. PAYMENTS

7.1 Payments of principal and interest and other amounts

(a) The Australian Agent will act as principal paying agent for Covered Bonds pursuant to the Australian Agency Agreement. Payments of principal and interest will be made in Australian Dollars to the persons registered at the close of business on the relevant Record Date (as defined below) as the holders of such Covered Bonds, subject in all cases to normal banking practice and all applicable Laws. Payment will be made:

(i) if the Covered Bond is held in the Austraclear System, by crediting on the payment date, the amount due to:

(A) the account of Austraclear (as the holder) in Australia previously notified to the Australian Agent; or

(B) if requested by Austraclear, the accounts of the persons in whose "Security Record" (as defined in the Austraclear Regulations) the Covered Bond is recorded as previously notified by Austraclear to the Australian Agent and Registrar in accordance with Austraclear Regulations;

(ii) if the Covered Bond is not held in the Austraclear System, by crediting on the payment date, the amount then due under each Covered Bond to an account in Australia previously notified by the holder to the Australian Agent; and

(iii) if a holder has not notified the Australian Agent of an account to which payments to it must be made by the close of business on the applicable Record Date, by cheque drawn on an Australian bank dispatched by post on the relevant payment date, at the risk of the holder, to the holder (or, in the case of joint holders, to the first named) at its address appearing in the Register at the close of business on the Record Date or in any other manner in Sydney which the Australian Agent and the holder agree.

(b) In the case of payments made by electronic transfer, payments will for all purposes be taken to be made when the Australian Agent gives irrevocable instructions in Sydney for the making of the relevant payment by electronic transfer, being instructions which would be reasonably expected to result, in the ordinary course of banking business, in the funds transferred reaching the account of the holder of Covered Bonds and, in the case of accounts maintained in Australia, reaching the account on the same day as the day on which the instructions are given.

(c) If a cheque posted or an electronic transfer for which irrevocable instructions have been given by the Australian Agent is shown, to the satisfaction of the Australian Agent, not to have reached the holder of Covered Bonds and the Australian Agent is able to recover the relevant funds, the Australian Agent may make such other arrangements as it thinks fit for the effecting of the payment.

(d) In this Condition 7.1 (Payments of principal and interest and other amounts), **Record Date** means:

(i) in the case of payments of principal, 10.00 a.m. on the due date of the relevant payment of principal; and

(ii) in the case of payments of interest, the close of business in Sydney on the date which is the eighth calendar day before the due date of the relevant payment of interest.

7.2 General provisions applicable to payments

(a) Payments will, without prejudice to the provisions of Condition 8 (*Taxation*), be subject in all cases to any applicable fiscal or other Laws and any other directives, agreements and administrative practices and procedures of fiscal and other authorities in relation to Tax, anti-money laundering and other requirements which may apply to payments of amounts due (whether principal, Redemption Amount, interest or otherwise) in respect of Covered Bonds (including, without limitation, any withholding or deduction arising under or in connection with FATCA). No commissions or expenses shall be charged to the holders of Covered Bonds in respect of such payments.

(b) If any withholding or deduction arises under or in connection with FATCA, the Issuer will not be required to pay any additional amounts under Condition 8 (*Taxation*) on account of such withholding or deduction and, accordingly, the Issuer shall be acquitted and discharged of so much money as is represented by any such withholding or deduction as if such sum had been actually paid to the holders of the Covered Bonds.

(c) Except to the extent that the Issuer is required to pay any additional amounts under Condition 8 (*Taxation*) on account of a withholding or deduction, the Issuer will not be required to pay any additional amounts on account of a withholding or deduction for, or on account of, any present or future Taxes required by any Law. If any such withholding or deduction is required, then the Issuer shall pay the amounts payable net of, and after deducting the applicable amount of, such withholding or deduction and shall account to the appropriate Tax authority for the amount required to be withheld or deducted and, accordingly, the Issuer shall be acquitted and discharged of so much money as is represented by any such withholding or deduction as if such sum had been actually paid to the holders of the Covered Bonds.

8. TAXATION

8.1 Gross up by Issuer

All payments of principal and interest in respect of the Covered Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future Taxes imposed, levied, collected, withheld or assessed by or on behalf of Australia or any political subdivision or any authority or any agency thereof or therein having power to tax or, in the case of Covered Bonds issued by a branch of the Issuer located outside Australia, any present or future Taxes imposed, levied, collected, withheld or assessed by or on behalf of the jurisdiction, country or territory in which such branch is located or any political subdivision or any authority or any agency thereof or therein having power to tax, unless, in each case, such withholding or deduction is required by any Law. In that event, the Issuer shall pay such additional amounts as will result in the receipt by the holders of the Covered Bonds, after any withholding or deduction for or on account of such Taxes, of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any Covered Bond:

(a) to a holder of, or any beneficial owner of any interest in, or rights in respect of, such Covered Bond where such withholding or deduction is required by reason of the holder or beneficial owner having some connection (whether past or present) with Australia and/or the jurisdiction, country or territory in which the branch by which the Covered Bonds are

issued is located other than (i) the mere holding of such Covered Bond, or (ii) the receipt of principal, interest or any other amount in respect of such Covered Bond;

(b) to a holder of, or any beneficial owner of any interest in, or rights in respect of, such Covered Bond, who could lawfully avoid (but has not so avoided) such withholding or deduction by (i) providing (or procuring that a third party provides) the holder's Australian tax file number (**TFN**) and/or Australian Business Number (**ABN**) or evidence that the holder is not required to provide a TFN and/or ABN to the Issuer or to an applicable revenue authority (with a copy to the Issuer) or, in the case of Covered Bonds issued by a branch of the Issuer located outside Australia, by satisfying (or procuring that a third party satisfies) similar requirements or otherwise providing (or procuring that a third party provides) details of the holder's name and address to the Issuer or to an applicable revenue authority (with a copy to the Issuer), and/or (ii) complying (or procuring that a third party complies) with any statutory requirements in force at the present time or in the future or by making (or procuring that a third party makes) a declaration of non-residence or other claim or filing for exemption;

(c) for or on account of Taxes which are payable by reason of the holder of such Covered Bond or beneficial owner of any interest therein or rights in respect thereof being an associate of the Issuer for the purposes of section 128F(6) of the Income Tax Assessment Act 1936 of the Commonwealth of Australia (the **Australian Tax Act**);

(d) for or on account of any amounts paid or deducted in compliance with a notice or direction which is received by the Issuer under section 260-5 of Schedule I to the Taxation Administration Act 1953, section 255 of the Income Tax Assessment Act 1936 or any analogous provisions;

(e) for or on account of Australian interest withholding tax imposed as a result of a determination by the Commissioner of Taxation of the Commonwealth of Australia that such Tax is payable under the Australian Tax Act in circumstances where the Covered Bondholder, or a third person on behalf of the Covered Bondholder, is party to or participated in a scheme to avoid such Tax which the Issuer was neither a party to nor participated in; or

(f) for or on account of any withholding or deduction arising under or in connection with FATCA.

8.2 No gross up by CB Guarantor

(a) The CB Guarantor will not be obliged to pay any amount under the Covered Bond Guarantee in respect of amounts due from the Issuer pursuant to Condition 8 (*Taxation*).

(b) All payments of Guaranteed Amounts by or on behalf of the CB Guarantor shall be made without withholding or deduction for, or on account of, any present or future Taxes, unless such withholding or deduction is required by any Law.

(c) If any such withholding or deduction is required, then the CB Guarantor shall pay the Guaranteed Amounts net of, and after deducting the applicable amount of, such withholding or deduction and shall account to the appropriate Tax authority for the amount required to be withheld or deducted.

(d) The CB Guarantor will not be obliged to pay any additional amount under the Covered Bond Guarantee in respect of the amount of any such withholding or deduction which it may be required to make as mentioned in paragraph (c) above.

(e) If any withholding or deduction arises under or in connection with FATCA, the CB Guarantor will not be required to pay any additional amount under the Covered Bond Guarantee on account of such withholding or deduction.

9. EVENTS OF DEFAULT

In the provisions of the Bond Trust Deed described in this Condition 9 (*Events of Default*):

(a) references to Covered Bonds shall be interpreted so as to include Covered Bonds which are not Australian Domestic Covered Bonds;

(b) references to a Tranche shall be interpreted so as to include tranches of Covered Bonds (which are not Australian Domestic Covered Bonds) which are identical in all respects (including as to listing and, if applicable, admission to trading) (each, an **International Tranche**); and

(c) references to a Series shall be interpreted so as to include an International Tranche together with any further International Tranche or International 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 and, if applicable, admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices (as such terms are defined in the International Terms and Conditions of the Covered Bonds (which are not Australian Domestic Covered Bonds)).

9.1 Issuer Events of Default

The Bond Trust Deed sets out the conditions pursuant to which the Bond Trustee may, and shall be required to, give notice to that as against the Issuer the Covered Bonds of each Series shall immediately become due and payable. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

The Bond Trustee at its sole and absolute discretion may, and if so requested in writing by the holders of at least 25% of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose or the purpose of any Extraordinary Resolution referred to in the provisions of the Bond Trust Deed as described in this Condition 9.1 (*Issuer Events of Default*) means the Covered Bonds of all Series then outstanding as if they were a single Series (with the nominal amount of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate)) or if so directed by an Extraordinary Resolution of the Covered Bondholders of all Series, shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice (an **Issuer Acceleration Notice**) in writing to the Issuer that as against the Issuer (but not, for the avoidance of doubt, against the CB Guarantor under the Covered Bond Guarantee) each Covered Bond of each Series is, and each such Covered Bond shall thereupon immediately become, due and repayable at its Early Redemption Amount together with (to the extent not included in the Early Redemption Amount) accrued interest as provided in the Bond Trust Deed if any of the following events (each an **Issuer Event of Default**) shall occur and be continuing:

(a) the Issuer fails to pay any amount of principal in respect of the Covered Bonds of any Series or any of them within seven days of the due date for payment thereof or fails to pay any amount of interest in respect of the Covered Bonds of any Series or any of them within 14 days of the due date for payment thereof;

(b) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of any of the Covered Bonds of any Series, the Bond Trust Deed, the Australian

Domestic Covered Bond Deed Poll or any other Transaction Document to which the Issuer is a party (other than the Programme Agreement or any Subscription Agreement), but excluding any obligation of the Issuer to comply with the Asset Coverage Test or any Representations and Warranties given by the Issuer, and (except where the Bond Trustee considers such default is incapable of remedy when no such continuation or notice, as is hereinafter mentioned, will be required) such default remains unremedied for 30 days (or such longer period as the Bond Trustee may permit) following the service by the Bond Trustee on the Issuer of notice requiring the same to be remedied;

(c) an order is made or an effective resolution is passed for the Winding-Up of the Issuer;

(d) the Issuer ceases to carry on all, or substantially all, of its business other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of it in relation to the outstanding Covered Bonds are assumed by the successor entity to which all, or substantially all, of the property, assets and undertaking of it are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented;

(e) an encumbrancer takes possession or a receiver is appointed of the whole or any substantial part of the assets or undertaking of, or an administrator, liquidator, receiver, receiving and manager or other Controller is appointed to, the Issuer or a distress or execution is levied or enforced upon any substantial part of the assets or undertaking of the Issuer and is not removed, paid out or otherwise discharged within 30 days unless the same is being contested in good faith;

(f) the Issuer shall be unable to pay its debts as they fall due;

(g) if an Asset Coverage Test Breach Notice has been served and is not revoked (in accordance with the terms of the applicable Transaction Documents) on or before the first Test Date following the service of such Asset Coverage Test Breach Notice, unless such Asset Coverage Test Breach Notice has not been revoked as a result of a failure, for any reason whatsoever, of the Bond Trustee to do so where permitted in accordance with the terms of the Transaction Documents; or

(h) if the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached and the CB Guarantor has not funded the Pre-Maturity Liquidity Ledger in accordance with the Participation Agreement by the later of:

(i) six months prior to the Maturity Date of the relevant Series of Hard Bullet Covered Bonds; and

(ii) the earlier to occur of:

(A) 20 Sydney Business Days from the date that the Seller and the Issuer are notified by the CB Guarantor (or the Cash Manager on its behalf) of the breach of the Pre-Maturity Test; and

(B) the Maturity Date of that Series of Hard Bullet Covered Bonds,

provided that any condition, event or act described in paragraph (b) shall only constitute an Issuer Event of Default if the Bond Trustee shall have certified in writing to the Issuer and the CB Guarantor that such condition, event or act is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

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, the suspension of any payments on 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 the Australian Prudential Regulation Authority from time to time).

Upon the Covered Bonds becoming immediately due and payable against the Issuer following service of an Issuer Acceleration Notice, the Bond Trustee shall forthwith serve a notice to pay (**Notice to Pay**) on the CB Guarantor pursuant to the Covered Bond Guarantee. If a Notice to Pay has been served, the CB Guarantor shall be required to make payments of Guaranteed Amounts when the same shall become Due for Payment in accordance with the terms of the Covered Bond Guarantee.

The Bond Trust Deed provides that all monies received by the Bond Trustee from the Issuer or any administrator, liquidator, trustee in sequestration, receiver or other similar official appointed in relation to the Issuer following service of an Issuer Acceleration Notice (**Excess Proceeds**), shall be paid by the Bond Trustee on behalf of the holders of the relevant Series of Covered Bonds to the CB Guarantor for its own account, as soon as practicable, and shall be held by the CB Guarantor in the GI Account and the Excess Proceeds shall thereafter form part of the Charge and shall be used by the CB Guarantor in the same manner as all other monies from time to time standing to the credit of the GI Account pursuant to the Security Trust Deed and the Bond Trust Deed. Any Excess Proceeds received by the Bond Trustee shall discharge *pro tanto* the obligations of the Issuer in respect of the payment of the amount of such Excess Proceeds under the Covered Bonds. However, the obligations of the CB Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, following the service of a CBG Acceleration Notice) unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds shall not reduce or discharge any of such obligations. By subscribing for Covered Bonds, each Covered Bondholder shall be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the CB Guarantor in the manner as described above.

9.2 CBG Events of Default

The Bond Trust Deed sets out the conditions pursuant to which the Bond Trustee may, and shall be required to, give notice that (i) as against the Issuer the Covered Bonds of each Series immediately shall become due and payable and (ii) all amounts payable by the CB Guarantor under the Covered Bond Guarantee shall immediately become due and payable. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

Pursuant to the terms of the Bond Trust Deed, the Bond Trustee at its sole and absolute discretion may, and if so requested in writing by the holders of at least 25% of the aggregate Principal Amount Outstanding of the Covered Bonds (which for this purpose and the purpose of any Extraordinary Resolution referred to in the provisions of the Bond Trust Deed as described in Condition 9.2 (*CBG Events of Default*) means the Covered Bonds of all Series then outstanding as if they were a single Series (with the nominal amount of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate)) or if so directed by an Extraordinary Resolution of the Covered Bondholders of all Series, shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction) give notice (a **CBG Acceleration Notice**) in writing to the Issuer, the CB Guarantor and the Security Trustee that (i) each Covered Bond of each Series is, and each Covered Bond of each Series shall as against the Issuer (if not already due and payable against the Issuer following service of an Issuer Acceleration Notice) thereupon immediately become, due and repayable at its Early Redemption Amount together with (to the extent not already included in the Early Redemption Amount) accrued interest, and (ii) all amounts payable by the CB Guarantor under the Covered Bond Guarantee shall 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 (to the extent not already included in the Early Redemption Amount) accrued interest, in each case as provided in the Bond Trust Deed, and at the time of giving the CBG Acceleration Notice, the Charge granted by the CB Guarantor under the Security Trust Deed shall become enforceable, if any of the following events (each a **CBG Event of Default**) shall occur and be continuing:

(a) the CB Guarantor fails to pay any Guaranteed Amounts which are Due for Payment on the day on which the Guaranteed Amounts are otherwise Due for Payment (**Guaranteed Amounts Due Date**) for a period of seven days or more (in respect of Guaranteed Amounts that constitute Scheduled Principal) or 14 days or more (in respect of Guaranteed Amounts that constitute Scheduled Interest) in respect of the Covered Bonds of any Series;

(b) the CB Guarantor defaults in the performance or observance of any of its obligations (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 Guarantee Deed Poll, the Security Trust Deed or any other Transaction Document (other than the obligation to satisfy the Asset Coverage Test in accordance with the Participation Agreement and to pay amounts due under the Intercompany Loan Agreement or the Subordinated Loan Agreement) to which the CB Guarantor is a party and (except where the Bond Trustee considers such default is incapable of remedy when no such continuation or notice, as is hereinafter mentioned, will be required) such default remains unremedied for 30 days (or such longer period as the Bond Trustee may permit) following the service by the Bond Trustee on the CB Guarantor of notice requiring the same to be remedied;

(c) an Insolvency Event has occurred in respect of the CB Guarantor;

(d) an encumbrancer takes possession of or a receiver is appointed over the whole or any substantial part of the assets or undertaking of, or an official manager is appointed to, the CB Guarantor or a distress or execution is levied or enforced upon any substantial part of the assets or undertaking of the CB Guarantor and is not removed, paid out or otherwise discharged within 30 days unless the same is being contested in good faith;

(e) the Covered Bond Guarantee ceases to be, or is claimed by the CB Guarantor not to be, in full force and effect other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of it in relation to the Covered Bond Guarantee are assumed by the successor entity to which all, or substantially all of the property, assets and undertaking of it are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented; or

(f) there is a failure to satisfy the Amortisation Test (as set out in the Participation Agreement) on any Test Date following service of a Notice to Pay,

provided that any condition, event or act described in paragraph (b) above shall only constitute a CBG Event of Default if the Bond Trustee shall have certified in writing to the Issuer and the CB Guarantor that such condition, event or act is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series.

Following delivery by the Bond Trustee of a CBG Acceleration Notice to the Security Trustee, the Charge will become enforceable in accordance with the terms of the applicable Transaction Documents as described in Condition 9.3 (*Enforcement*).

Upon service of a CBG Acceleration Notice, the Bond Trustee (on behalf of the Covered Bondholders) shall have a claim against the CB Guarantor, under the Covered Bond Guarantee, for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with

(to the extent not included in the Early Redemption Amount) accrued interest and any other amount due under such Covered Bonds (other than additional amounts payable under Condition 8 (*Taxation*)) as provided in the Bond Trust Deed and the Guarantee Deed Poll.

9.3 Enforcement

The Bond Trust Deed sets out the conditions pursuant to which the Bond Trustee may, and shall be required to, give notice (i) as against the Issuer the Covered Bonds of each Series immediately shall become due and payable and (ii) all amounts payable by the CB Guarantor under the Covered Bond Guarantee shall immediately become due and payable. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

The Bond Trustee may, in accordance with the terms of the applicable Transaction Documents, at any time, at its sole and absolute discretion and without notice:

(a) take such steps or proceedings against the Issuer or the CB 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 Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll, the Covered Bonds or any other Transaction Document, but it shall not be bound to take any such steps or proceedings in relation to the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll, the Covered Bonds or any other Transaction Document unless (i) it shall have been so directed by an Extraordinary Resolution of the Covered Bondholders of all Series (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 aforesaid) or so requested in writing by the holders of not less than 25% of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (taken together as a single Series and converted into Australian Dollars at the relevant Covered Bond Swap Rate as aforesaid) and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction; and

(b) subject to the terms of the Security Trust Deed, direct the Security Trustee to take such steps or proceedings against the CB Guarantor and/or any other person as it may think fit to enforce the provisions of the Security Trust Deed or any other Transaction Document in accordance with its terms and may, at any time after the Charge has become enforceable, direct the Security Trustee to take such proceedings or steps as it may think fit to enforce the Charge, but it shall not be bound to give any such direction, and the Security Trustee shall not be bound to take any such proceedings or steps, unless (i) the Bond Trustee shall have been so directed by an Extraordinary Resolution of the Covered Bondholders of all Series (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 aforesaid) or so requested in writing by the holders of not less than 25% of the aggregate Principal Amount Outstanding of the Covered Bonds of all Series then outstanding (taken together as a single Series and converted into Australian Dollars at the relevant Covered Bond Swap Rate as aforesaid) and (ii) each of the Bond Trustee and the Security Trustee shall have been indemnified and/or secured and/or pre-funded to their satisfaction.

No Covered Bondholder shall be entitled to proceed directly against the Issuer or the CB Guarantor or to take any action with respect to the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll, any other Transaction Document, the Covered Bonds or the Charge unless the Bond Trustee or the Security Trustee, as applicable, having become bound so to proceed, fails so to do within a reasonable period and such failure shall be continuing (in which case each of such Covered Bondholder shall be entitled to take any such steps or proceedings as it shall deem necessary other than the presentation of a petition for the winding-up of, or for an administration order in respect of, the Issuer or the CB Guarantor).

Notwithstanding any other Condition or any provision of any Transaction Document, the CB Guarantor's liability in connection with the Transaction Documents (including all obligations of the CB Guarantor to the Bond Trustee under the Covered Bond Guarantee) are limited in recourse to the property, assets and undertakings of the CB Guarantor the subject of the Charge created under the Security Trust Deed (the **Secured Property**). Upon the Security Trustee giving written notice to the Covered Bondholders that:

(a) it has determined in its sole opinion that there is no reasonable likelihood of there being any further realisations in respect of the Secured Property (whether arising from enforcement of the Charge or otherwise) which would be available to pay amounts outstanding under the Transaction Documents; and

(b) all amounts available to be applied to pay amounts owing under the Transaction Documents have been so applied in accordance with the Transaction Documents,

the Covered Bondholders shall have no further claim against the CB Guarantor in respect of any amounts owing to them which remain unpaid and such unpaid amounts shall be deemed to be discharged in full.

Pursuant to the terms of the Security Trust Deed, only the Security Trustee can enforce the Charge granted by the CB Guarantor over the Secured Property.

10. PRESCRIPTION

Claims against the Issuer for payment of principal and interest in respect of Covered Bonds will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date for payment thereof.

11. AGENTS

11.1 Appointments

(a) The name of the initial Australian Agent and the Registrar and their respective initial specified offices are specified in the Australian Agency Agreement. The Calculation Agent in respect of any Covered Bonds shall be specified in the applicable Final Terms.

(b) The Issuer reserves the right at any time, with the prior written approval of the Bond Trustee, to vary or terminate the appointment of the Australian Agent, the Registrar or the Calculation Agent and/or to appoint additional or other agents provided that it will at all times maintain:

(i) an Australian Agent and a Registrar;

(ii) so long as the Covered Bonds are admitted to listing, quotation and/or trading on or by any Stock Exchange, a Paying Agent with a specified office in such place as may be required by such Stock Exchange; and

(iii) a Calculation Agent where required by these Terms and Conditions applicable to any Covered Bonds (with a specified office located in such place (if any) as may be required by these Terms and Conditions).

(c) The Australian Agent, the Registrar, the Calculation Agent and each other agent reserves the right at any time to change its respective specified offices to some other specified office in the same city.

(d) Notice of all changes in the identities or specified offices of the Australian Agent, the Registrar or the Calculation Agent will be given promptly by the Issuer to the Bond Trustee and the Covered Bondholders in accordance with Condition 14 (*Notices*).

11.2 Relationships

Each of the Australian Agent, the Registrar, the Calculation Agent and any other agent acts solely as an agent of the Issuer and the CB Guarantor and, in certain circumstances as specified in the Australian Agency Agreement, the Bond Trustee and does not assume any obligations towards or relationship of agency or trust for any Covered Bondholders and each of them shall only be responsible for the performance of the duties and obligations expressly imposed upon it in the Australian Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

12. REPLACEMENT OF COVERED BONDS

If any certificate is issued in respect of a Covered Bond and such certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar, subject to all applicable Laws and the requirements of any Stock Exchange on or by which the Covered Bonds are listed, quoted and/or traded upon payment by the claimant of all expenses incurred in connection with such replacement and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Registrar may require. Mutilated or defaced certificates must be surrendered before replacements will be delivered therefor.

13. MEETINGS OF COVERED BONDHOLDERS, WAIVER, AUTHORISATION, DETERMINATION AND CONSENT

In the provisions of the Bond Trust Deed described in this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*):

(a) references to Covered Bonds shall be interpreted so as to include Covered Bonds which are not Australian Domestic Covered Bonds;

(b) references to a Tranche shall be interpreted so as to include tranches of Covered Bonds (which are not Australian Domestic Covered Bonds) which are identical in all respects (including as to listing and, if applicable, admission to trading) (each, an **International Tranche**); and

(c) references to a Series shall be interpreted so as to include an International Tranche together with any further International Tranche or International 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 and, if applicable, admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices (as such terms are defined in the International Terms and Conditions of the Covered Bonds (which are not Australian Domestic Covered Bonds)).

The Bond Trust Deed contains provisions for convening meetings of the Covered Bondholders of one or more Series to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Terms and Conditions or the provisions of the Bond Trust Deed. Set out below is a description of these provisions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

A meeting of the Covered Bondholders of one or more Series as determined in accordance with the provisions summarised in the third paragraph of this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*), to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Terms and Conditions or the provisions of the Bond Trust Deed may be convened by the Issuer, the CB Guarantor or the Bond Trustee and shall be convened by the Issuer at the request in writing of Covered Bondholders holding not less than 10% of the Principal Amount Outstanding of the Covered Bonds of the relevant Series or of more than one Series, as determined in accordance with the provisions summarised in the third paragraph of this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*) for the time being outstanding. The quorum at any such meeting in respect of any Covered Bonds of one or more Series for passing an Extraordinary Resolution is one or more persons holding or representing more than 50% 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 Covered Bondholders of such Series whatever the aggregate 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 shall 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 such meeting 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. An Extraordinary Resolution passed at any meeting of the Covered Bondholders of one or more Series shall, subject as provided below, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting and whether or not voting, and on all Couponholders in respect of such Series of Covered Bonds.

The Bond Trust Deed provides that:

(i) subject to (iv) below, a resolution which, in the opinion of the Bond Trustee, affects the interests of the Covered Bondholders of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the Covered Bondholders of such Series;

(ii) subject to (iv) below, a resolution which, in the opinion of the Bond Trustee, affects the interests of the Covered Bondholders of more than one Series but does not give rise to a conflict of interest between the Covered Bondholders of any of the affected Series shall be deemed to have been duly passed at a single meeting of the Covered Bondholders of the affected Series;

(iii) subject to (iv) below, a resolution which, in the opinion of the Bond Trustee, affects the interests of the Covered Bondholders of more than one Series and gives or may give rise to a conflict of interest between the Covered Bondholders of any of the affected Series shall be deemed to have been duly passed only if passed at separate meetings of the Covered Bondholders of the affected Series; and

(iv) a Programme Resolution shall be deemed to have been duly passed only if passed at a single meeting of the Covered Bondholders of all Series.

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 nominal amount of the Covered Bonds of any Series not denominated in Australian Dollars shall be converted into Australian Dollars at the relevant Covered Bond Swap Rate.

The Bond Trust Deed contains similar provisions to those in the preceding two paragraphs in relation to requests to the Bond Trustee from holders of not less than 25% of the aggregate Principal Amount Outstanding of the Covered Bonds as regards which Series is or are relevant and, if more than one Series is relevant, whether they are to be treated separately or as if a single Series.

Notwithstanding the provisions of the above paragraphs, the Bond Trustee shall be bound to waive or authorise, or to direct the Security Trustee to waive or authorise, any breach or proposed breach by the Issuer or the CB Guarantor or any other party of any of the covenants or provisions contained in the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll or the other Transaction Documents or determine that any Servicer Termination Event, Issuer Event of Default, Potential Issuer Event of Default, CBG Event of Default or Potential CBG Event of Default shall not be treated as such for the purposes of the Bond Trust Deed if it is (a) so directed by an Extraordinary Resolution of the Covered Bondholders of the relevant Series or of more than one relevant Series, as determined in accordance with the provisions summarised in the third paragraph of this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*) or (b) requested in writing to do so by holders of not less than 25% of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding of the relevant Series or of more than one relevant Series as determined in accordance with the provisions summarised in the third paragraph of this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*), provided that the Bond Trustee shall not be obliged to agree to, or to direct the Security Trustee to agree to, any such waiver, authorisation or determination which, in the sole opinion of the Bond Trustee, would have the effect of (i) exposing the Bond Trustee and/or the Security Trustee to any Costs against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (ii) imposing any material obligations or duties on the Bond Trustee and/or the Security Trustee or materially increasing the obligations or duties, or materially decreasing the protections, of the Bond Trustee and/or the Security Trustee under the Bond Trust Deed or the other Transaction Documents.

The Bond Trustee may, without the consent of the Covered Bondholders of any Series, the related Couponholders and without prejudice to its rights in respect of any subsequent breach, Servicer Termination Event, Issuer Event of Default, Potential Issuer Event of Default, CBG Event of Default or Potential CBG Event of Default, from time to time, but only in so far as in its opinion the interests of the Covered Bondholders of any Series shall 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 CB Guarantor or any other party of any of the provisions of the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll or the other Transaction Documents, or determine that any Servicer Termination Event, Issuer Event of Default, Potential Issuer Event of Default, CBG Event of Default or Potential CBG Event of Default shall not be treated as such, provided that the Bond Trustee shall not exercise any such powers conferred on it in contravention of any express direction given by Extraordinary Resolution of the Covered Bondholders of all Series or by a request by the Covered Bondholders of all Series in each case under the provisions of the Bond Trust Deed as described in Condition 9 (*Events of Default*) but no such direction or request shall 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, shall be binding on the Covered Bondholders, the related Couponholders of all Series and, if, but only if, the Bond Trustee shall so require, shall be notified by the Issuer to the Covered Bondholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

The Bond Trustee may without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders at any time and from time to time concur with the Issuer and the CB Guarantor and any other party, or direct the Security Trustee to concur with the Issuer and the CB Guarantor and any other party, in making any modification (and for this purpose the Bond Trustee may disregard whether any such modification relates to a Series Reserved Matter) to the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll and/or the other Transaction Documents provided that the Bond Trustee is of the opinion that such modification (i) will not be materially prejudicial to the interests of the Covered Bondholders of any Series, (ii) is of a formal, minor, technical or administrative nature or is necessary to correct a manifest error, or (iii) is necessary or advisable to comply with mandatory provisions of any Law or any requirements of any Government Agency. Any such modification may be made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, shall be binding upon the Covered Bondholders, the related Couponholders of all Series and, unless the Bond Trustee otherwise agrees, shall be notified by the Issuer to the Covered Bondholders in accordance with Condition 14 (*Notices*) as soon as practicable thereafter.

In establishing whether an error is manifest, the Bond Trustee may have regard to any evidence on which the Bond Trustee considers it reasonable to rely, and may, but shall not be obliged to, have regard to a certificate from the Arrangers or a Ratings Notification from the Administrative Agent (or the Cash Manager) confirming that it has notified the Rating Agencies of the correction and that it is satisfied that the correction will not result in an Adverse Rating Effect and/or an opinion of counsel.

At the written request of the Issuer, the Bond Trustee shall, without the consent or sanction of any of the Covered Bondholders of any Series, the related Couponholders, at any time and from time to time, concur with the Issuer and the CB Guarantor and any other party, or direct the Security Trustee to concur with the Issuer and the CB Guarantor and any other party, in making any modification (for this purpose the Bond Trustee may disregard whether any such modification relates to a matter as specified in paragraph (d) of the definition of a Series Reserved Matter) to the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll and/or any other Transaction Document that is certified by the Issuer to the Bond Trustee to be necessary or advisable in order to implement or comply with, or to enable the Issuer, the CB Guarantor, any Series or the Programme to receive the benefit of, any legislation, rules or guidance issued by the Australian Government or any governmental authority in or of Australia (including, without limitation, the RBA or APRA) coming into force after the Programme Date and which relates to the issuance of covered bonds provided that the Bond Trustee shall not be obliged to agree to, or to direct the Security Trustee to agree to, any such modification which, in the sole opinion of the Bond Trustee, would have the effect of (a) exposing the Bond Trustee and/or the Security Trustee to any Costs against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) imposing any material obligations or duties on the Bond Trustee and/or the Security Trustee or materially increasing the obligations or duties, or materially decreasing the protections, of the Bond Trustee and/or the Security Trustee under the Bond Trust Deed or the other Transaction Documents.

Notwithstanding the provisions of the three immediately preceding paragraphs, the Bond Trustee shall be bound to concur with the Issuer and the CB Guarantor and any other party, or to direct the Security Trustee to concur with the Issuer and the CB Guarantor and any other party, in making any of the above-mentioned modifications if it is (i) so directed by an Extraordinary Resolution of the Covered Bondholders of the relevant Series or of more than one relevant Series, as determined in accordance with the provisions summarised in the third paragraph of this Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*) or (b) requested in writing to do so by holders of not less than 25% of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding of the relevant Series or of each of more than one relevant Series as determined in accordance with the provisions summarised in the third paragraph of this

Condition 13 (*Meetings of Covered Bondholders, Waiver, Authorisation, Determination and Consent*) provided that the Bond Trustee shall not be obliged to concur with, or to direct the Security Trustee to concur with, any such party in making any such modification which, in the sole opinion of the Bond Trustee, would have the effect of (a) exposing the Bond Trustee and/or the Security Trustee to any Costs against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) imposing any material obligations or duties on the Bond Trustee and/or the Security Trustee or materially increasing the obligations or duties, or materially decreasing the protections, of the Bond Trustee and/or the Security Trustee under the Bond Trust Deed or the other Transaction Documents.

The prior consent of the Bond Trustee, the Security Trustee and the other Secured Creditors will not be required and will not be obtained in relation to the accession of any New Seller to the Programme provided that the relevant conditions precedent in the Transaction Documents are satisfied at the time of the intended accession.

The Bond Trustee may give, or direct the Security Trustee to give, any consent or approval for the purposes of the Bond Trust Deed or any other Transaction Document if, in its opinion, the interests of the Covered Bondholders of any Series will not be materially prejudiced thereby. For the avoidance of doubt, the Bond Trustee shall not have any duty to the Covered Bondholders in relation to such matters other than that which is contained in this Condition. Any such consent or approval may be given on such terms and subject to such conditions (if any) as the Bond Trustee thinks fit.

In exercising any of its powers, trusts, authorities and discretions or giving any direction to the Security Trustee, the Bond Trustee shall have regard to (i) the interests of the Covered Bondholders of each Series equally and (ii) the interests of the Covered Bondholders of each Series as a class and shall not have regard to the interests of any individual Covered Bondholder or any other Secured Creditor.

The Bond Trustee is also obliged and/or obliged to direct the Security Trustee to agree to changes in the Transaction Documents to give effect to changes in the methodologies of the Rating Agencies in accordance with the terms of the Bond Trust Deed, as described in Condition 21.1 (*Amendments to take into account changes to the methodologies of the Rating Agencies*).

14. NOTICES

14.1 Notices regarding Covered Bonds will be deemed to be validly given if:

(a) sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day; or

(b) published in a leading daily newspaper of general circulation in Australia (expected to be the *Australian Financial Review*) and any such notice will be deemed to have been given on the date of such publication.

If the giving of notice as provided above is not practicable, notice will be given in such other manner, and will be deemed to be given on such date, as the Bond Trustee shall approve.

15. FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bond Trustee or the holders of any Covered Bonds, create and issue further instruments, bonds or debentures having the same terms

and conditions as the Covered Bonds of any Series in all respects (or in all respects except for the issue date, the first payment of interest, if any, on them and/or the denomination or the Issue Price thereof) so as to be consolidated to form a single series with the Covered Bonds of such Series.

16. SUBSTITUTION OF THE ISSUER

In the provisions of the Bond Trust Deed described in this Condition 16:

(a) references to Covered Bonds shall be interpreted so as to include Covered Bonds which are not Australian Domestic Covered Bonds;

(b) references to a Tranche shall be interpreted so as to include tranches of Covered Bonds (which are not Australian Domestic Covered Bonds) which are identical in all respects (including as to listing and, if applicable, admission to trading) (each, an **International Tranche**); and

(c) references to a Series shall be interpreted so as to include an International Tranche together with any further International Tranche or International 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 and, if applicable, admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices (as such terms are defined in the International Terms and Conditions of the Covered Bonds (which are not Australian Domestic Covered Bonds)).

16.1 Substitution of the Issuer at the request of the Issuer

The Bond Trust Deed sets out the conditions under which the Issuer may be substituted by another entity. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

If so requested by the Issuer, the Bond Trustee shall (and shall direct the Security Trustee to), without the consent of the Covered Bondholders or Couponholders or any other Secured Creditor, agree with the Issuer and the CB Guarantor to the substitution in place of the Issuer (or of the previous substitute under the provisions of the Bond Trust Deed as described in this Condition 16 (*Substitution of the Issuer*)) as the principal debtor under the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll and the Covered Bonds (and all other Transaction Documents) of any body corporate incorporated in any country in the world that is permitted to be an issuer under the Banking Act (such substituted issuer being hereinafter called the New Company) provided that in each case a trust deed is executed and other forms of undertaking are given by the New Company in the form and manner satisfactory to the Bond Trustee, agreeing to be bound by the provisions of the Covered Bonds, the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll and the other Transaction Documents to which the Issuer is a party and with any consequential amendments which the Bond Trustee may deem appropriate as fully as if the New Company had been named in the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll and the Covered Bonds and the other Transaction Documents as the principal debtor in place of the Issuer (or of the previous substitute under the provisions of the Bond Trust Deed as described in this Condition 16 (*Substitution of the Issuer*)), and provided further that:

(a) the Issuer and the CB Guarantor shall deliver to the Bond Trustee a certificate of two authorised officers of the Issuer and the CB Guarantor stating that immediately after giving effect to such transaction no Issuer Event of Default (in respect of the Issuer) or CBG Event of Default (in respect of the CB Guarantor), respectively, and no Potential Issuer Event of Default (in respect of the Issuer) or Potential CBG Event of Default (in respect of the CB Guarantor), respectively, shall have occurred and be continuing;

(b) the Issuer and the New Company have entered into such documents (**Substitution Documents**) as are necessary to give effect to the substitution and in which the New Company has undertaken in favour of the Bond Trustee and each holder of the Covered Bonds to be bound by the Terms and Conditions, the provisions of the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll and any other relevant Transaction Document as the debtor in respect of such Covered Bonds in place of the Issuer (or of the previous substitute under this Condition 16 (*Substitution of the Issuer*));

(c) if the New Company is resident for Tax purposes in a territory (**New Residence**) other than that in which the Issuer prior to such substitution was resident for Tax purposes (**Former Residence**), the Substitution Documents will contain an undertaking and/or such other provisions as may be necessary to ensure that the Bond Trustee and each holder of the Covered Bonds has the benefit of an undertaking in terms corresponding to the provisions of Condition 8 (*Taxation*) and is subject to the terms of Condition 6.3 (*Redemption for tax reasons*), in each case with, where appropriate, the substitution of references to the Former Residence with references to the New Residence;

(d) the CB Guarantor guarantees the obligations of the New Company in relation to the outstanding Covered Bonds on terms in all material respects similar to the Covered Bond Guarantee;

(e) the New Company and the Issuer have obtained all necessary governmental approvals and consents for such substitution and for the performance by the New Company of its obligations under the Substitution Documents and for the performance by the CB Guarantor of its obligations under the Covered Bond Guarantee referred to above as they relate to the obligations of the New Company under the Substitution Documents;

(f) each Stock Exchange on or by which the Covered Bonds are admitted to listing, quotation and/or trading shall have confirmed that, following the proposed substitution of the New Company, the Covered Bonds will continue to be admitted to listing, quotation and/or trading by the relevant Stock Exchange; and

(g) if applicable, the New Company has appointed a process agent as its agent in England and Wales to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Covered Bonds and any Coupons.

16.2 Issuer and New Company to give notice to the Covered Bondholders and to the Rating Agencies

The Bond Trust Deed sets out the conditions under which notifications must be made about a new company substituting the Issuer. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

Not later than 14 days after the execution of the Substitution Documents and compliance with all necessary governmental approvals and consents, the Issuer and the New Company shall give notice thereof in a form previously approved by the Bond Trustee to the Covered Bondholders in the manner provided in Condition 14 (*Notices*) with a copy to the Rating Agencies.

Upon such substitution the New Company shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Covered Bonds, the Australian Domestic Covered Bond Deed Poll and the Bond Trust Deed with the same effect as if the New Company had been named as the Issuer therein, and the Issuer shall be released from its obligations under the relevant Covered Bonds, the Australian Domestic Covered Bond Deed Poll and under the Bond Trust Deed.

16.3 Further substitution

The Bond Trust Deed sets out the conditions under which a new Issuer may be substituted by another entity. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

After a substitution pursuant to the provisions of the Bond Trust Deed as described in this Condition 16 (*Substitution of the Issuer*), the New Company may, without the consent of any Covered Bondholder, effect a further substitution. All the provisions described in this Condition 16 (*Substitution of the Issuer*) shall apply *mutatis mutandis*, and references in these Terms and Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further New Company.

17. MERGER, CONSOLIDATION AND AMALGAMATION

In the provisions of the Bond Trust Deed described in this Condition 17 (*Merger, Consolidation and Amalgamation*):

(a) references to Covered Bonds shall be interpreted so as to include Covered Bonds which are not Australian Domestic Covered Bonds;

(b) references to a Tranche shall be interpreted so as to include tranches of Covered Bonds (which are not Australian Domestic Covered Bonds) which are identical in all respects (including as to listing and, if applicable, admission to trading) (each, an **International Tranche**); and

(c) references to a Series shall be interpreted so as to include an International Tranche together with any further International Tranche or International 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 and, if applicable, admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices (as such terms are defined in the International Terms and Conditions of the Covered Bonds (which are not Australian Domestic Covered Bonds)).

The Bond Trust Deed sets out the conditions under which the Issuer may merge, consolidate or amalgamate with another entity. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

17.2 Merger, Consolidation and Amalgamation of the Issuer

The Issuer may, without the consent of the Covered Bondholders or Couponholders of any Series or any other Secured Creditor (including the Bond Trustee and the Security Trustee), consolidate with, merge or amalgamate into or transfer its assets substantially as an entirety to, any body corporate incorporated in any country in the world that is permitted to be an issuer under the Banking Act (where the surviving entity or transferee company is not the Issuer, such surviving entity or transferee company shall be referred to as the **New Entity**).

17.3 Further conditions

The following further conditions shall apply in addition to the provisions of the Bond Trust Deed as described in Condition 17.2 (*Merger, Consolidation and Amalgamation of the Issuer*) above:

(a) the Issuer and the CB Guarantor shall deliver to the Bond Trustee a certificate of two authorised officers of the Issuer and the CB Guarantor stating that immediately after giving effect to such transaction no Issuer Event of Default (in respect of the Issuer) or CBG Event of Default (in respect of the CB Guarantor), respectively, and no Potential Issuer Event of Default (in respect of the Issuer) or Potential CBG Event of Default (in respect of the CB Guarantor), respectively, shall have occurred and be continuing;

(b) the Issuer and the New Entity have entered into such documents (**Reconstruction Documents**) as are necessary to give effect to the merger, consolidation or amalgamation and in which the New Entity has undertaken in favour of the Bond Trustee and each holder of the Covered Bonds to be bound by the Terms and Conditions, the provisions of the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll and any other relevant Transaction Document as the debtor (in the case of the Issuer) in respect of such Covered Bonds in place of the Issuer (or of any previous new entity under this Condition 17 (*Merger, Consolidation and Amalgamation*);

(c) if the surviving entity is not the Issuer, where the New Entity is resident for Tax purposes in a territory (**New Residence**) other than that in which the Issuer prior to such merger, consolidation or amalgamation was resident for Tax purposes (**Former Residence**), the Reconstruction Documents will contain an undertaking and/or such other provisions as may be necessary to ensure that the Bond Trustee and each holder of the Covered Bonds has the benefit of an undertaking in terms corresponding to the provisions of Condition 8 (*Taxation*) and is subject to the terms of Condition 6.3 (*Redemption for tax reasons*), in each case with, where appropriate, the substitution of references to the Former Residence with references to the New Residence;

(d) the assumption by the New Entity of the rights and obligations of the Issuer under the Transaction Documents would not cause an Adverse Rating Effect;

(e) the CB Guarantor guarantees the obligations of the New Entity in relation to the outstanding Covered Bonds on terms in all material respects similar to the Covered Bond Guarantee; and

(f) the Issuer and the CB Guarantor shall deliver to the Bond Trustee legal opinions obtained from lawyers approved by the Bond Trustee in (i) Australia, and (ii) the jurisdiction of incorporation of the New Entity, in each case in form and substance satisfactory to the Bond Trustee.

17.4 Notice to Covered Bondholders

Not later than 14 days after such consolidation, merger and/or transfer, the New Entity shall give notice thereof in a form previously approved by the Bond Trustee to the Covered Bondholders in the manner provided in Condition 14 (*Notices*).

17.5 Substitution of New Entity

Upon such substitution, the New Entity shall succeed to, and be substituted for, and may exercise every right and power of, the Issuer under the Covered Bonds, the Australian Domestic Covered Bond Deed Poll and the Bond Trust Deed with the same effect as if the New Entity had been named

as the Issuer therein, and the Issuer shall be released from its obligations under the Covered Bonds, the Australian Domestic Covered Bond Deed Poll and under the Bond Trust Deed.

17.6 Further mergers, consolidations and amalgamations

After a merger, consolidation or amalgamation pursuant to this Condition 17 (*Merger, Consolidation and Amalgamation*), the New Entity may, without the consent of any holder, effect a further merger, consolidation or amalgamation. All the provisions described in this Condition 17 (*Merger, Consolidation and Amalgamation*) shall apply, *mutatis mutandis*, and references in the Terms and Conditions to the Issuer shall, where the context so requires, be deemed to be or include references to any such further New Entity.

18. CURRENCY INDEMNITY

The currency or currencies in which the Covered Bonds are payable from time to time, as specified in these Terms and Conditions or the applicable Final Terms (each a Contractual Currency and together the Contractual Currencies), is the only currency or are the only currencies of account and payment for applicable sums payable by the Issuer in respect of the Covered Bonds, including damages. Any amount received or recovered in a currency other than the Contractual Currency applicable to the payment to which such amount is referable (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any holder of a Covered Bond in respect of any sum expressed to be due to it from the Issuer in such Contractual Currency shall only constitute a discharge to the Issuer to the extent of the amount in such Contractual Currency which such holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the applicable Contractual Currency expressed to be due to any holder of a Covered Bond in respect of such Covered Bond, the Issuer shall indemnify such holder against any loss sustained by such holder as a result. In any event, the Issuer shall indemnify each such holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute separate and independent obligations from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder of a Covered Bond and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Covered Bonds or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant holder of a Covered Bond and no proof or evidence of any actual loss will be required by the Issuer.

19. WAIVER AND REMEDIES

No failure to exercise, and no delay in exercising, on the part of the Bond Trustee, the Security Trustee or the holder of any Covered Bond, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by Law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

20. INDEMNIFICATION OF THE BOND TRUSTEE AND/OR SECURITY TRUSTEE AND BOND TRUSTEE AND/OR SECURITY TRUSTEE CONTRACTING WITH THE ISSUER AND/OR THE CB GUARANTOR AND LIMITED RECOURSE AGAINST THE CB GUARANTOR

20.1 Indemnification of the Bond Trustee and/or the Security Trustee

The Bond Trust Deed contains provisions for the indemnification of the Bond Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified and/or secured to its satisfaction.

The Security Trust Deed contains provisions obliging the Security Trustee to exercise certain of its powers, trusts, authorities and discretions at the direction of the Bond Trustee (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) for so long as any Covered Bonds are outstanding. The Security Trust Deed further contains provisions for the indemnification of the Security Trustee and for its relief from responsibility, including provisions relieving it from taking any action (whether at the direction of the Bond Trustee or otherwise) unless indemnified and/or secured and/or pre-funded to its satisfaction.

20.2 The Bond Trustee and/or Security Trustee may contract with the Issuer and/or the CB Guarantor

The Bond Trust Deed and the Security Trust Deed also contain provisions pursuant to which each of the Bond Trustee and Security Trustee, respectively, may contract with the Issuer and/or the CB Guarantor. Set out below is a description of those provisions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

The Bond Trustee and the Security Trustee may, in accordance with the terms of the Bond Trust Deed and the Security Trust Deed, inter alia, (i) engage in any kind of banking, trust or other business with the CB Guarantor or the Secured Creditors or any of their Related Entities, (ii) accept fees and other consideration from the CB Guarantor or the Secured Creditors or any of their Related Entities for services in connection with the Transaction Documents or any other arrangement, in each case as if the Bond Trustee and the Security Trustee were not the Bond Trustee and the Security Trustee, respectively, and without having to account to the Secured Creditors for any income they derive in doing so. The Bond Trustee and the Security Trustee and their respective Related Entities are released from any obligation they might otherwise have to the Secured Creditors in relation to these matters.

Neither the Bond Trustee nor the Security Trustee will be responsible for any loss, expense or liability, which may be suffered as a result of any Loans or Related Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Bond Trustee and/or the Security Trustee. Neither the Bond Trustee nor the Security Trustee will be responsible for (i) supervising the performance by the Issuer, the CB Guarantor or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Bond Trustee and the Security Trustee will be entitled to assume, until they each have written notice to the contrary, that all such persons are properly performing their duties, (ii) considering the basis on which approvals or consents are granted by the Issuer, the CB Guarantor or any other party to the Transaction Documents under the Transaction Documents, (iii) monitoring the Portfolio, including, without limitation, whether the Portfolio is in compliance with the Asset Coverage Test, the Amortisation Test or the Pre-Maturity Test, or (iv) monitoring whether Loans and Related Security satisfy the Eligibility Criteria. Neither the Bond Trustee nor the Security Trustee will be liable to any Covered Bondholder or other Secured Creditor for any failure to make or to cause to be made on their behalf the searches,

investigations and enquiries which would normally be made by a prudent chargee in relation to the Security and have no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

20.3 Limited Recourse against the CB Guarantor and Limited Liability of the CB Guarantor

As noted in Condition 9.3 (Enforcement), the Security Trust Deed and the Trust Deed contain provisions pursuant to which the liability of the CB Guarantor in connection with the Guaranteed Amounts (including any transaction in connection with them) may be discharged from, and the recourse of the Bond Trustee and Covered Bondholders is limited to, the Secured Property only. Set out below is a description of those provisions. In the event of any inconsistency between the provisions of the Bond Trust Deed and the Security Trust Deed and this description, the provisions of the Bond Trust Deed and the Security Trust Deed prevail.

Only the Security Trustee (acting on the directions of (for so long as there are any Covered Bonds outstanding) the Bond Trustee or (where no Covered Bonds are outstanding) an Extraordinary Resolution of the Secured Creditors) may pursue the remedies available under the general law or under the Security Trust Deed to enforce the Charge and no Secured Creditor will be entitled to proceed directly against the CB Guarantor to enforce the Charge. In particular, each Secured Creditor (other than the Security Trustee, and in respect of certain rights, the Bond Trustee) has agreed with the CB Guarantor and the Security Trustee that, except to the extent provided for in the Transaction Documents, it will not: (i) take any steps for the purpose of recovering any Secured Property; or (ii) enforce any rights arising out of the Transaction Documents against the CB Guarantor or procure the winding-up of the Westpac Covered Bond Trust. The Secured Creditors are, however, permitted to (a) do anything necessary to enforce their rights in connection with the Secured Property, (b) take proceedings to obtain an injunction or other order to restrain any breach of the Transaction Documents by the CB Guarantor or declaratory relief or other similar judgment or order as to the obligations of the CB Guarantor under the Transaction Documents.

The CB Guarantor enters into the Transaction Documents only in respect of the Westpac Covered Bond Trust and in no other capacity, person or otherwise. A liability arising under or in connection with the Transaction Documents is limited to and can be enforced against the CB Guarantor only to the extent to which it can be satisfied out of the property of the Westpac Covered Bond Trust, out of which the CB Guarantor is actually indemnified for the liability. This limitation of the CB Guarantor's liability applies despite any other provision of the Transaction Documents and extends to all liabilities and obligations of the CB Guarantor in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Transaction Documents, except for any liabilities, losses or Costs to the extent that they are due to the CB Guarantor's fraud, negligence or wilful misconduct.

The parties other than the CB Guarantor may not sue the CB Guarantor in any capacity other than as trustee of the Westpac Covered Bond Trust, including seeking the appointment of a receiver (except in relation to property of the Westpac Covered Bond Trust), a liquidator, an administrator or any similar person to the CB Guarantor or prove in any liquidation, administration or arrangement of or affecting the CB Guarantor (except in relation to property of the Westpac Covered Bond Trust). Except in the case of and to the extent of fraud, negligence or wilful misconduct on the part of the CB Guarantor, the parties other than the CB Guarantor waive their rights and release the CB Guarantor from any personal liability whatsoever, in respect of any loss or damage (i) which they may suffer as a result of any (A) breach by the CB Guarantor of any of its Obligations; or (B) non-performance by the CB Guarantor of the Obligations and (ii) which cannot be paid or satisfied out of the Trust Assets out of which the CB Guarantor is entitled to be indemnified in respect of any liability incurred by it as trustee of the Westpac Covered Bond Trust.

The provisions of this Condition 20 (Indemnification of the Bond Trustee and/or Security Trustee and Bond Trustee and/or Security Trustee Contracting with the Issuer and/or the CB Guarantor

and Limited Recourse against the CB Guarantor) will not apply to any obligation or liability of the CB Guarantor to the extent that it is not satisfied because under the Transaction Documents or by operation of law there is a reduction in the extent of the CB Guarantor's indemnification out of the assets of the Westpac Covered Bond Trust, as a result of the CB Guarantor's fraud, negligence or wilful misconduct.

It is acknowledged that certain parties are each responsible under the Transaction Documents for performing a variety of obligations relating to the Westpac Covered Bond Trust. No act or omission of the CB Guarantor (including any related failure to satisfy its obligations or breach of representation or warranty under the Transaction Documents) will be considered fraud, negligence or wilful misconduct of the CB Guarantor for the purpose of the preceding paragraphs 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 Westpac Covered Bond Trust or under any Transaction Document or by any other act or omission of any party or any other person.

21. RATING AGENCY CONFIRMATIONS

21.1 Rating Agency Confirmations and Ratings Notifications

The Bond Trust Deed sets out the provisions for making and receiving Rating Agency Confirmations (as defined below) and Ratings Notifications. Set out below is a description of those provisions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

By subscribing for or purchasing Covered Bonds, each Covered Bondholder shall be deemed to have acknowledged and agreed that a credit rating of a Series of Covered Bonds is an assessment of credit risk and does not address other matters that may be of relevance to Covered Bondholders, including, without limitation, in the case of a confirmation by a Rating Agency that any action proposed to be taken by some, or all, of the Issuer, the Subordinated Loan Provider, the CB Guarantor, the Seller, the Servicer, the Cash Manager, the Administrative Agent, the Bond Trustee, the Security Trustee or any other party to a Transaction Document would not cause the then current ratings of the Covered Bonds to be adversely affected (a **Rating Agency Confirmation**), whether such action is either (i) permitted by the terms of the relevant Transaction Document or (ii) in the best interests of, or not prejudicial to, some or all of the Covered Bondholders.

In being entitled to have regard to the fact that either (i) a Rating Agency has confirmed that the then current ratings of the relevant Series of Covered Bonds would not be adversely affected by any particular action or (ii) a Rating Agency has not taken any action (which includes the Rating Agency not providing a Rating Agency Confirmation) where it has been notified by the Cash Manager or the Administrative Agent, as the case may be, of a particular action, each of the Issuer, the Subordinated Loan Provider, the CB Guarantor, the Seller, the Servicer, the Cash Manager, the Administrative Agent, the Bond Trustee, the Security Trustee and the Secured Creditors (including the Covered Bondholders) is deemed to have acknowledged and agreed that either (i) a Rating Agency Confirmation or (ii) the inaction taken by a Rating Agency following the making by the Cash Manager or the Administrative Agent, as the case may be, of a Ratings Notification, does not impose or extend any actual or contingent liability on the Rating Agencies to the Issuer, the Subordinated Loan Provider, the CB Guarantor, the Seller, the Servicer, the Cash Manager, the Administrative Agent, 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 Subordinated Loan Provider, the CB Guarantor, the Seller, the Servicer, the Cash Manager, the Administrative Agent, the Bond Trustee, the Security Trustee, the Secured Creditors (including the Covered Bondholders) or any other person whether by way of contract or otherwise.

By subscribing for or purchasing Covered Bonds each Covered Bondholder shall be deemed to have acknowledged and agreed that:

(a) a Rating Agency Confirmation may, or may not, be given at the sole discretion of each Rating Agency;

(b) 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 Rating Agency Confirmation in the time available, or at all, and the Rating Agency shall not be responsible for the consequences thereof;

(c) a Rating Agency Confirmation (if, and when, 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 Covered Bonds form a part;

(d) a Rating Agency Confirmation (if, and when, given), represents only a restatement of the opinions given, and shall not be construed as advice for the benefit of any Covered Bondholder or any other party; and

(e) a Rating Agency may not provide a Rating Agency Confirmation if a Ratings Notification has been properly made by the Cash Manager or Administrative Agent, as the case may be.

21.2 Amendments to take into account changes to the methodologies of the Rating Agencies

In the provisions of the Bond Trust Deed described in this Condition 21.2 (*Amendments to take into account changes to the methodologies of the Rating Agencies*):

(a) references to Covered Bonds shall be interpreted so as to include Covered Bonds which are not Australian Domestic Covered Bonds;

(b) references to a Tranche shall be interpreted so as to include tranches of Covered Bonds (which are not Australian Domestic Covered Bonds) which are identical in all respects (including as to listing and, if applicable, admission to trading) (each, an **International Tranche**); and

(c) references to a Series shall be interpreted so as to include an International Tranche together with any further International Tranche or International 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 and, if applicable, admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices (as such terms are defined in the International Terms and Conditions of the Covered Bonds (which are not Australian Domestic Covered Bonds)).

The Bond Trust Deed sets out conditions where the Bond Trustee will be obliged, and/or obliged to direct the Security Trustee, to agree to amendments to the Transaction Documents to give effect to changes in the methodologies of the Rating Agencies. Set out below is a description of those conditions. In the event of any inconsistency between the provisions of the Bond Trust Deed and this description, the provisions of the Bond Trust Deed prevail.

At the written request of the Issuer, the Bond Trustee shall, and shall direct the Security Trustee to, without the consent or sanction of any of the Covered Bondholders or the Couponholders, in the case of an update in the published Rating Agency criteria applicable to the Programme, concur with the Issuer, the CB Guarantor and any other party in making modifications to the Transaction Documents (other than any modification which would constitute a Series Reserved Matter) subject

to receipt by the Bond Trustee of written notice from the Administrative Agent certifying to the Bond Trustee that:

(a) the updated Rating Agency criteria have been published and the relevant modifications to the Transaction Documents, as determined by the Administrative Agent, are being made solely to implement and reflect such updated, published Rating Agency criteria; and

(b) the then current ratings of the Covered Bonds will not be downgraded or withdrawn by the Rating Agencies as a result of such modifications.

Such notice, determination and certification shall be conclusive and binding on the Bond Trustee, the Covered Bondholders and the Couponholders, provided that the Bond Trustee shall not be obliged to concur in, and/or direct the Security Trustee to concur in, any modifications which, in the sole opinion of the Bond Trustee and/or the Security Trustee, would have the effect of (a) exposing the Bond Trustee and/or Security Trustee to any Costs against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (b) imposing any obligations or duties on the Bond Trustee and/or the Security Trustee or increasing the obligations or duties, or decreasing the protections, of the Bond Trustee and/or Security Trustee under the Transaction Documents. Such modifications, once implemented, shall be conclusive and binding on all parties (including the Covered Bondholders).

22. GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS

22.1 Governing Law and jurisdiction

The Covered Bonds are and shall be governed by the laws of New South Wales and Australia.

The courts of New South Wales, Australia have non-exclusive jurisdiction to settle any dispute arising from or connected with Covered Bonds governed by the laws of New South Wales, Australia.

The Issuer waives any right it has to object to an action being brought in those courts including, without limitation, by claiming that the action has been brought in an inconvenient forum or that those courts do not have jurisdiction.

22.2 Service of process

Without preventing any other method of service any document in an action in the courts of New South Wales, Australia may be served on the Issuer by being delivered or left at the Issuer's registered office.

23. THIRD PARTIES

No Person shall have any right to enforce any term or condition of any Covered Bond under the Contracts (Rights of Third Parties) Act 1999 (UK), but this shall not affect any right or remedy of a third party which exists or is available apart from that Act.

USE OF PROCEEDS

The net proceeds from each issue of Covered Bonds will be used by the Issuer for general funding purposes or such other purposes as may be specified in the relevant Final Terms.

WESTPAC BANKING CORPORATION

Overview

WBC is one of the four major banking organisations in Australia and one of the largest banking organisations in New Zealand. WBC provides a broad range of banking and financial services in these markets, including consumer,[1] business and institutional banking and wealth management services.

WBC has branches, affiliates and controlled entities[2] (the **Westpac Group**) throughout Australia, New Zealand and in the Pacific region, and maintains branches and offices in some of the key financial centres around the world.

WBC was founded in 1817 and was the first bank established in Australia. In 1850, WBC was incorporated as the Bank of New South Wales by an Act of the New South Wales Parliament. In 1982 WBC changed its name to Westpac Banking Corporation following its merger with the Commercial Bank of Australia. On 23 August 2002, WBC was registered as a public company limited by shares under the Corporations Act.

WBC's principal office is located at 275 Kent Street, Sydney, New South Wales, 2000, Australia and its telephone number is (+61) (2) 9293 9270.

The registered business number of WBC is A.B.N. 33 007 457 141.

As at 30 September 2019, WBC's market capitalisation was A$103 billion[3] and it had total assets of A$907 billion.

WBC's operations comprise the following key customer-facing business divisions operating under multiple brands:

Consumer is responsible for sales and service to consumer customers in Australia. Consumer is also responsible for the Westpac Group's insurance business which covers the manufacture and distribution of life, general and lenders mortgage insurances. The division also uses a third party to manufacture certain general insurance products. Banking products are provided under the Westpac, St.George, BankSA, Bank of Melbourne, and RAMS brands, while insurance products are provided under the Westpac and BT brands. Consumer works with Business and Westpac Institutional Bank (**WIB**) in the sales, service, and referral of certain financial services and products including superannuation, platforms, auto lending and foreign exchange. The revenue from these products is mostly retained by the product originators.

Business provides business banking and wealth facilities and products for customers across Australia. Business is responsible for manufacturing and distributing facilities to small to medium sized enterprises (**SME**) and commercial business customers (including Agribusiness) generally for up to A$150 million in exposure. SME customers include relationship managed and non-relationship managed SME customers (generally between A$100,000 -A$250,000 facilities). The division offers a wide range of banking products and services to support their borrowing, payments and transaction needs. In addition, specialist services are provided for cash flow finance, trade finance, automotive and equipment finance and property finance. The division is also responsible for Private Wealth and the manufacture and distribution of investments (including margin lending and equities broking), superannuation and retirement products as well as wealth administration platforms. Business operates under the Westpac, St.George, BankSA, Bank of Melbourne, and BT brands. Business works with Consumer and WIB in the sale, referral and service of select financial services and risk management products (including corporate superannuation, foreign

[1] A consumer is defined as a person who uses products and services. It does not include business entities.
[2] Refer to note 31 of WBC's 2019 audited consolidated financial statements (which are incorporated by reference in this Prospectus) for a list of WBC's material controlled entities as at 30 September 2019.
[3] Market capitalisation is based on the closing share price of WBC's ordinary shares on the ASX as at 30 September 2019.

exchange and interest rate hedging). The revenue from these products is mostly retained by the product originators.

WIB delivers a broad range of financial products and services to commercial, corporate, institutional and government customers operating in, or with connections to Australia and New Zealand. WIB operates through dedicated industry relationship and specialist product teams, with expert knowledge in transactional banking, and financial and debt capital markets. Customers are supported throughout Australia and via branches and subsidiaries located in New Zealand, the United States, United Kingdom and Asia. WIB is also responsible for Westpac Pacific providing a full range of banking services in Fiji and Papua New Guinea. WIB works with all the Westpac Group's divisions in the provision of markets related financial needs including foreign exchange and fixed interest solutions.

Westpac New Zealand is responsible for sales and service of banking, wealth and insurance products for consumer, business and institutional customers in New Zealand. WBC conducts its New Zealand banking business through two banks: Westpac New Zealand Limited (**WNZL**), which is incorporated in New Zealand and Westpac Banking Corporation (New Zealand Branch), which is incorporated in Australia. Westpac New Zealand operates via an extensive network of branches and ATMs across both the North and South Islands. Business and institutional customers are also served through relationship and specialist product teams. Banking products are provided under the Westpac brand while insurance and wealth products are provided under Westpac Life and BT brands, respectively. Westpac New Zealand also maintains its own infrastructure, including technology, operations and treasury.

Group Businesses include:

- Treasury, which is responsible for the management of the Westpac Group's balance sheet including wholesale funding, capital and the management of liquidity. Treasury also manages the interest rate risk and foreign exchange risks inherent in the balance sheet, including managing the mismatch between the Westpac Group's assets and liabilities. Treasury's earnings are primarily sourced from managing the Westpac Group's balance sheet and interest rate risk, (excluding Westpac New Zealand) within set risk limits;

- Group Technology, which is responsible for technology strategy and architecture, infrastructure and operations, applications development and business integration in Australia;

- Core Support, which comprises functions performed centrally, including Australian banking operations, property services, strategy, finance, risk, compliance, legal, human resources, and customer and corporate relations; and

- Following the Westpac Group's decision to restructure its wealth operations and exit its Advice business in March 2019, the residual Advice operations (including associated remediation) and certain support functions of BT Financial Group (Australia) have been transferred to Group Businesses.

Group Technology costs are fully allocated to other divisions in the Westpac Group. Core Support costs are partially allocated to other divisions, while Group Head Office costs are retained in Group Businesses.

Group Businesses also includes earnings on capital not allocated to divisions, certain intra-group transactions that facilitate the presentation of the performance of the Westpac Group's divisions, gains/losses from most asset sales, earnings and costs associated with the Westpac Group's Fintech investments, and certain other head office items such as centrally raised provisions.

Trends

The Australian economy had a below-trend year with annual growth to the June quarter 2019 at only 1.4 per cent. which was below population growth of 1.6 per cent.

Growth has been uneven as private spending contracted over the year while government spending and exports accounted for all of Australia's growth. Weakness in the private sector largely reflects a contraction in building activity, particularly centred around residential property, and continuing weakness in wages which is constraining consumer spending. The softer Australian growth combined with the slowdown in the world economy is also impacting business confidence and investment plans.

Progress in dealing with the shocks to the global outlook from the trade disputes, particularly between the United States and China, will be important for the outlook for the global economy and the flow-on effect on business confidence and investment plans in Australia.

Looking ahead, the Westpac Group expects GDP growth to lift somewhat through the remainder of 2019 and into 2020. This scenario is expected to be supported by interest rate cuts, the lower Australian dollar, targeted income tax cuts, and a recovery in housing sentiment.

Nevertheless, GDP growth is likely to remain below longer term averages (of closer to 2.75 per cent.) at 2.3 per cent. for calendar year 2019 and 2.4 per cent. for calendar year 2020. Weakness in wage growth is likely to persist while the contraction in the residential construction cycle will extend well into 2020. The Group expects the recent recovery in house prices, particularly in Sydney and Melbourne, to extend into 2020, providing some boost to households who, nevertheless, are likely to remain cautious on further increasing debt levels.

With the Commonwealth budget expected to return to surplus in 2019/20, the Commonwealth government may initiate additional stimulus in 2020 to assist the recovery as further stimulus from monetary policy appears to be limited.

With the RBA cash rate having been reduced from 1.5 per cent. to 0.75 per cent. over the course of 2019, one more rate cut is expected in early 2020 to 0.5 per cent.. Following that move, if further stimulus is required, the RBA may adopt unconventional monetary policies which may include asset purchases or long term funding for financial institutions.

Credit growth for the Australian financial system slowed to 2.7 per cent. in the year to September 2019, down from 4.5 per cent. a year earlier. That included a slowdown in housing credit to 3.1 per cent. from 5.4 per cent. and business to 3.3 per cent. from 3.8 per cent. with personal credit contracting by 4.4 per cent. after declining by 1 per cent. a year earlier.

For the year ending 30 September 2020, total system credit growth is expected to lift to 3 per cent., with housing credit growth rising to 3.5 per cent.. The lift in housing credit growth is expected to reflect the improving conditions in major housing markets, particularly following the more recent rise in lending approvals. Business credit growth is likely to expand by 3 per cent. in the year to 30 September 2020 while other personal credit is expected to contract by a further 2 per cent..

Economic conditions in New Zealand have also softened over the year; in part due to the deterioration in the global back drop which has dampened conditions in export sectors. Domestic New Zealand conditions have also softened with sluggish consumer spending and weak business confidence. Conditions in New Zealand are likely to remain muted for the remainder of 2019 followed by an expected improvement in 2020 supported by lower interest rates, some fiscal stimulus, and the competitive (lower) New Zealand dollar.

The environment for financial services companies is expected to continue to be impacted by the actions flowing from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry that released its final report in February 2019. The sector will remain focused on implementing the recommendations of the Royal Commission and other company specific reviews. At the same time, regulators have indicated that they will be taking a more active position in prosecuting cases of misconduct as well as stepping up supervisory actions. This will likely see associated costs remain high for the sector in the period ahead.

In addition, regulators in Australia and New Zealand have a number of reviews underway, in many areas including mortgage pricing, remuneration, and capital/ risk weighted asset methodologies across the sector. Further clarity on these reviews is expected in the year ahead.

The Westpac Group remains focused on executing its vision of being one of the world's great service companies, with three strategic priorities assisting this transformation. These are:

- Customer franchise - continuing to build the Westpac Group's customer base while also increasing the depth of customer relationships. The Westpac Group seeks to do this via superior service, as measured by Net Promoter Scores, and by expanding its share of customers that call it their main financial institution. The priority will be supported by WBC's strong portfolio of brands and also recognises that leading in services requires a high quality, diverse and engaged workforce;

- Digital transformation - utilising technology to materially improve efficiency and reduce Westpac's Group's cost to income ratio to below 40 per cent. in the medium term. This will include completing the modernisation of the Westpac Group's technology platforms, and migrating more activity to digital that will assist in the continued restructuring of the Westpac Group's distribution network and create new experiences for customers. At the same time WBC has developed some unique financial technology partnerships that will provide new services and close capability gaps; and

- Performance discipline – continuing to be prudent in the management of capital, funding and liquidity; managing returns effectively seeking to achieve a superior Return on Equity to the peer average and remaining disciplined and targeted on asset growth. At the same time the Westpac Group is focused on improving its ability to execute on its plans with a focus on leadership.

In the period ahead, a key focus will be to resolve outstanding issues, including WBC's response to the findings of the Royal Commission and WBC's own Culture Governance and Accountability self-assessment. At the same time WBC is looking to enhance its processes and controls in areas such as financial crime, end-to-end lending, compliance, and risk management. As a result, investment across these areas is expected to lead to higher costs in 2020.

At the same time, WBC has already provided for customer payments and refunds where it may not have, or has not been able to sufficiently demonstrate it has done the right thing for customers. The Westpac Group's review of historical practices will continue into 2020 and further provisions may be required. WBC will also focus on refunding customers as quickly as practical where needed.

The low interest rate environment also has an impact on bank earnings and should interest rates be reduced further it is likely to place additional pressure on earnings and returns, as the ability to fully reprice lending and deposits to account for even lower interest rates is limited.

WBC's lending growth is expected to be modest in the year ahead, partly reflecting the low system growth but also due to its decision to remain disciplined on margins and from low mortgage growth. Mortgage volume declined late in the 2019 financial year and is expected to ease further in the early part of the 2020 financial year. Growth should then recover through the year as the resolution of some process issues gradually sees new applications improve and outflows slow.

Wealth management income is also expected to be lower over the year, from WBC's decisions to exit financial planning, eliminate grandfathered commission payments and change pricing on its wealth administration platforms. The impact of regulatory change may also reduce wealth and insurance income in the year ahead.

On capital, WBC's current capital raising will further lift the Westpac Group's common equity Tier 1 (**CET**

1) capital ratio and, based on the current outlook and WBC's capital settings, the Westpac Group will increase its buffer over APRA's unquestionably strong benchmark for CET1 capital ratio of over 10.5 per cent.

Given the strength of WBC's customer franchise, and its balance sheet, WBC believes it is well placed to respond to any changes in the operating environment or regulatory requirements.

Looking ahead, with WBC's strong positioning, disciplined growth, solid portfolio of businesses, and good progress on WBC's strategic priorities, WBC believes it is well positioned to continue delivering sound outcomes for shareholders and customers.

Significant Developments

Corporate significant developments

Royal Commission into the banking, superannuation and financial services industries

On 14 December 2017, the Australian Government established a Royal Commission into potential misconduct in Australia's banks and other financial services entities. The Royal Commission's Final Report was released on 4 February 2019 and contained 76 express recommendations. In light of WBC's wealth strategy reset and the Government's signalled approach to implementation, 49 of those recommendations presently apply to WBC. Of these 49 recommendations, 11 recommendations have now been implemented, with WBC either establishing new practices and procedures to meet the recommendations or having existing practices consistent with the recommendation, and a further 11 recommendations are in the process of being implemented. Some of these recommendations will require legislative or regulatory action before implementation can be completed.

The remaining 27 recommendations require legislative or regulatory action before implementation work can commence. WBC is undertaking preparatory work where possible, including through participation in Government consultation.

The recommendations are broadly aimed at protecting consumers against misconduct, providing adequate redress and addressing asymmetries of power and information between financial services entities and their customers. Implementation of the recommendations is likely to continue to have a significant impact on banking and financial services entities and their regulators. Some of the most significant recommendations include those concerning the regulation of mortgage brokers, the prohibition of unsolicited sales of insurance and superannuation products and removal of grandfathered commissions.

The Government has stated that it will take action on all of the recommendations contained within the Final Report. On 19 August 2019, the Government released its Royal Commission implementation roadmap which sets out a timeline for consultation and the introduction of legislation which will implement the recommendations. The implementation roadmap foreshadows that a large number of legislative changes will be enacted into law or introduced before Parliament by mid-2020.

Other impacts arising from the Royal Commission include a number of claims being brought against financial institutions in relation to certain matters considered during the Royal Commission, and the referral of several cases of misconduct to the financial regulators by Commissioner Hayne.

Responsible lending class action proceedings

On 21 February 2019, a class action against WBC was filed in the Federal Court of Australia. As directed by the court, the plaintiffs filed a statement of claim on 22 May 2019 and an amended statement of claim on 18 October 2019. The claims allege that WBC did not comply with its responsible lending obligations and entered into certain home loans that it should otherwise have assessed as unsuitable. The allegations include that, during the period from 1 January 2011 to 17 February 2018, WBC failed to: conduct reasonable

inquiries about the customers' financial situation, requirements and objectives; verify the customers' financial situation; conduct assessments of suitability; and act efficiently and fairly. Westpac is defending the proceedings.

Update on provisions for customer payments and related costs expected to be incurred

Provisions in respect of compliance, regulation and remediation at 30 September 2019 include:

- customer refunds associated with certain ongoing advice service fees charged by the Westpac Group's salaried financial planners;
- customer refunds associated with certain ongoing advice service fees charged by authorised representatives of the Westpac Group's wholly owned subsidiaries, Securitor Financial Group Limited (Securitor) and Magnitude Group Pty Ltd (Magnitude);
- refunds for certain consumer and business customers that had interest only loans that did not automatically switch, when required, to principal and interest loans; and
- refunds to certain business customers who were provided with business loans where they should have been provided with loans covered by the National Consumer Credit Protection Act.

The provisions for certain ongoing advice service fees charged by the Westpac Group's salaried financial planners and by authorised representatives of Securitor and Magnitude require significant judgement and are summarised as follows:

Customer refunds associated with certain ongoing advice service fees charged by the Group's salaried financial planners

WBC has raised a provision for customer refunds associated with certain ongoing advice service fees charged by the Westpac Group's salaried financial planners during the period 2008 to 2018, including instances where records of financial advice are insufficient.

A number of estimates have been used and judgements have been applied in determining the provision of A$276 million as at 30 September 2019. These include:

- total fees received by the Westpac Group in respect of salaried financial planners in the period 2008 to 2018 were approximately A$594 million;
- the proportion of total fees that are estimated to be refunded is 26 per cent.. The key assumption in this estimate relates to the nature and extent of records to evidence that services were provided; and
- the time value of money including the forecast timing over which payments are likely to be made. The provision also includes estimated costs associated with running the remediation program.

Ongoing advice service fees charged by authorised representatives of Securitor and Magnitude

The Westpac Group has estimated customer remediation costs (including interest on refunded fees and additional costs to implement the remediation program) where customers of authorised representatives of the Westpac Group's wholly owned subsidiaries Securitor and Magnitude paid ongoing advice service fees to those representatives and where it is not clear that the services were provided. The ongoing advice service fees were charged during the period from 2008 to 2018.

There are challenges involved in determining the extent of the services provided by authorised representatives who are no longer operating under the Magnitude and Securitor licences because, amongst other things, many of the former authorised representatives' files have been difficult to access particularly

where authorised representatives have ceased operating under the Westpac Group's licences or have left the industry.

As a result, WBC has conducted sample based reviews in order to develop an estimate of fees that may need to be refunded. The insights from these reviews have informed a number of the estimates that have been used and the judgements which have been applied in estimating the provision of A$606 million at 30 September 2019. They include:

- total fees received by authorised representatives from their customers in the period 2008 to 2018 were approximately A$936 million; and
- the proportion of fees that are estimated to be refundable under the current proposed remediation methodology is 32 per cent.. The key assumptions in this estimate include:
    - the basis for refunding customers of the authorised representatives; and
    - the nature, extent and availability of records to evidence that service was provided; and
- the time value of money including the forecast timing over which payments are likely to be made. The provision also includes estimated costs associated with running the remediation programme.

The provision is necessarily based on a number of assumptions and incomplete information. WBC is also yet to finalise its remediation approach which may change following industry and regulator discussions. It is possible that the final outcome could be below or above the provision, if the actual outcome differs to the assumptions used in estimating the provision. Remediation processes may change over time as further facts emerge and such changes could result in a change to the final exposure.

Provision of credit - reviews by and engagement with regulators

The provision and availability of credit for residential mortgage holders, property investors and businesses has continued to be a key area of Government, regulator and industry focus throughout the financial year ended 30 September 2019. Regulatory focus on credit from APRA has primarily been related to serviceability at an industry level, while ASIC has continued to consult on proposed changes to its regulatory guide on responsible lending. Judicial guidance on the extent of responsible lending obligations was also obtained from the Federal Court in its judgment in ASIC's responsible lending test case against Westpac (with the judgment currently under appeal). More information on these proceedings is set out in this section below.

APRA has also been engaging with WBC on the adequacy of its credit risk management framework including its controls, policies and operating systems. Following feedback from APRA, the Westpac Group is making a number of changes to its systems and controls to improve its end-to-end approach in relation to its mortgage and business lending portfolios, as well as other key processes. This includes enhancing portfolio management practices, systems upgrades (including data collection and rationalisation), strengthening collateral management processes and improving assurance and oversight over WBC's credit management frameworks. This programme of work also addresses issues identified by WBC's internal assurance and audit teams.

WBC will continue its work to improve its end to end credit processes and expects engagement with APRA in this regard to continue throughout the 2020 financial year.

APRA self-assessment

On 29 November 2018, Westpac submitted to APRA its self-assessment on its frameworks and practices in relation to governance, culture and accountability. A copy of WBC's self-assessment is available on its website.

On 22 May 2019, APRA released a report analysing self-assessments carried out by 36 banks, insurers and superannuation licensees. APRA noted a wide variation in the quality of the self-assessments, however consistent findings in the self-assessments included:

- non-financial risk management requires improvement;
- accountabilities are not always clear, cascaded and effectively enforced;
- acknowledged weaknesses are well-known and some have been long-standing; and
- risk culture is not well understood, and therefore may not be reinforcing the desired behaviours.

WBC has a programme of work underway to address the recommendations identified in the self-assessment report which has oversight of the board of directors of WBC. WBC has implemented 40 per cent. of the recommendations identified in the self-assessment and expects to complete its program of work by March 2021.

*Australian Competition and Consumer Commission (**ACCC**) inquiry into home loan pricing*

On 14 October 2019, the ACCC was directed by the Treasurer of Australia to conduct an inquiry into home loan pricing since 1 January 2019. The inquiry has been established to:

- investigate the prices charged for home loans across the sector;
- consider how banks make pricing decisions, including their approach to passing on movements in the official cash rate;
- examine differences in the prices paid by new and existing customers;
- examine differences between the interest rates published by suppliers and the interest rates paid by customers; and
- investigate barriers that may prevent consumers from switching lenders.

An interim report is due by 30 March 2020 and a final report is due by 30 September 2020.

ACCC residential mortgage products price inquiry in relation to the Bank Levy

The ACCC undertook a specific inquiry into the pricing of residential mortgages by those banks affected by the ACCC residential mortgage products price inquiry in relation to the a new levy on ADIs with liabilities of at least A$100 billion (**Bank Levy**) (including WBC), which included monitoring the extent to which the Bank Levy was passed on to customers. The final report was published in December 2018 and made a number of findings about the pricing of residential mortgages, including that the banks that were the subject of the inquiry did not change residential mortgage prices specifically to recover the costs of the Bank Levy.

AFCA look back review

On 4 February 2019, the Australian Government announced that, in response to the recommendations contained in the Royal Commission's Final Report, it would expand the remit of the Australian Financial Complaints Authority (**AFCA**) for 12 months so that it can consider customer claims dating back to 1 January 2008 and award compensation where appropriate.

AFCA has expanded its jurisdiction to consider these legacy complaints for an additional 12 month period to 30 June 2020.

Anti-Money laundering and counter-terrorism financing reforms and initiatives

In an environment of ongoing legislative reform, regulatory change and increased industry focus, WBC continues to progress a program of work to improve its management of financial crime risks (including AML/CTF, sanctions, Anti-Bribery and Corruption, FATCA and Common Reporting Standards). This work includes a review of WBC's AML/ CTF policies, the completeness of data feeding into WBC's AML/CTF systems and WBC's AML/CTF processes and controls. WBC has been regularly updating AUSTRAC on progress and continues to implement a number of improvements to its AML/CTF Programme, governance, policies, systems and controls together with related remediation work in respect of certain controls and reporting practices. These efforts relate to matters such as customer on-boarding, customer and payment screening; ongoing customer due diligence, transaction monitoring and regulatory reporting (including in relation to IFTIs, Suspicious Matter Reports and Threshold Transaction Reports).

As reported in the Issuer's 2018 Annual Report, the Westpac Group self-reported to AUSTRAC a failure to report a large number of IFTIs (as required under Australia's AML/CTF Act). Under the Act, the 'sender' financial institution of an IFTI transmitted out of Australia, or the 'recipient' financial institution of an IFTI transmitted into Australia, is required to report the IFTI to AUSTRAC within 10 business days of the instruction being sent or received. The majority of the IFTIs which are the subject of the Group's engagement with AUSTRAC, concern batch instructions received by WBC through one WIB product between 2009 and 2018 from a small number of correspondent banks for payments made predominantly to beneficiaries living in Australia in Australian dollars, on behalf of clients of those correspondent banks. The majority of the payments were low value, recurring and made by foreign government pension funds and corporates.

AUSTRAC has issued a number of detailed statutory notices over the last year requiring information relating to the Westpac Group's processes, procedures and oversight.

These notices relate to a range of matters including these IFTI reporting failures and associated potential failings related to record keeping and obligations to obtain and pass on certain data in funds transfer instructions, as well as correspondent banking due diligence, risk assessments and transaction monitoring. WBC has not yet received an indication from AUSTRAC about the nature of any enforcement action it may take. The Group is continuing to work with AUSTRAC in relation to these matters.

Any enforcement action against WBC may include civil penalty proceedings and result in the payment of a significant financial penalty, which WBC is currently unable to reliably estimate. Previous enforcement action by AUSTRAC against other institutions has resulted in a range of outcomes, depending on the nature and severity of the relevant conduct and its consequences.

ASIC Enforcement Review Taskforce

On 16 April 2018, the Australian Government agreed to implement all of the recommendations made by the ASIC Enforcement Review Taskforce in its review of the suitability of ASIC's existing regulatory tools.

Progress continues to be made in implementing these recommendations, including:

- the Australian Treasury releasing five draft Bills on 11 September 2019 for consultation which, if enacted, would further strengthen ASIC's enforcement and supervision powers by implementing certain recommendations relating to search warrants, access to telecommunications interception information, licensing and banning orders; and

- the Taskforce releasing a report on 2 October 2019. The report sets out ASIC's observations on director and officer oversight of non-financial risk, how directors and officers of large and complex financial services companies are discharging their duties in relation to oversight and monitoring of non-financial risk, and ways that governance practices could be improved.

Enhanced penalties for corporate and financial sector misconduct

On 12 March 2019, the Treasury Laws Amendment (*Strengthening Corporate and Financial Sector Penalties) Act 2019* (**Treasury Laws Amendment Act**) received royal assent. The Treasury Laws Amendment Act strengthens penalties for corporate and financial sector misconduct consistent with the ASIC Enforcement Review Taskforce recommendations.

Key aspects of the Treasury Laws Amendment Act are to:

- update the penalties for certain criminal offences in legislation administered by ASIC, including tripling the maximum imprisonment penalties for certain criminal offences (from 5 to 15 years), introducing a formula to calculate financial penalties for contraventions of civil penalty provisions by individuals and companies, and removing imprisonment as a penalty but increasing the financial penalties for all strict and absolute liability offences;

- introduce ordinary criminal offences that sit alongside strict and absolute liability offences;

- expand the civil penalty regime by making a wider range of offences subject to civil penalties, such as failures by Australian financial services licensees to act efficiently, fairly and honestly, and failures to report significant breaches within 10 days of becoming aware of the breach or of circumstances where they are likely to breach;

- introduce a new test that applies to all dishonesty offences under the Corporations Act; and

- ensure the Courts prioritise compensating victims over ordering the payment of financial penalties.

ASIC's close and continuous monitoring programme

ASIC has continued to use a supervisory approach in which ASIC officers are embedded in major financial institutions, including WBC, in order to actively limit future financial harm to consumers, investors and markets and to catalyse positive, consumer oriented, behavioural change.

To date, the model adopted by ASIC is for officers to make extended onsite visits to major financial institutions. ASIC's program is examining culture and processes in major financial institutions through three streams: Breach Reporting, Corporate Governance and Internal Dispute Resolution (**IDR**). ASIC's onsite on Breach Reporting and engagement on Corporate Governance is now complete. The IDR onsite for Westpac commenced on 15 October 2019.

Product design and distribution obligations and product intervention power

On 5 April 2019, the Treasury Laws Amendment (Design and Distribution Obligations and Product Intervention Powers) Act 2019 received royal assent. The act amends the Corporations Act and the National Consumer Credit Protection Act 2009 and grants ASIC a product intervention power and introduces a new 'principles-based' product design and distribution obligation on issuers and distributors.

Banking Code of Practice

On 31 July 2018, ASIC approved the Banking Code of Practice (the **Banking Code**) with an implementation date of 1 July 2019 for each bank that has adopted the Banking Code (including WBC). The Banking Code introduces a range of new measures including a commitment to take extra care with vulnerable customers and train staff to help, simplified loan contracts for small business written in plain English, better protection for guarantors and stronger enforcement of the Banking Code.

The Banking Code will be further updated with key amendments in response to the recommendations contained in the Royal Commission's Final Report, which recommended changes in relation to the

protection of small businesses and having a greater focus on customers in remote areas and those with limited English. These changes include banning informal overdrafts on basic accounts without prior express agreement with the customer, abolishing dishonour fees on basic bank accounts and following AUSTRAC's guidance on the identification and verification of persons of Aboriginal or Torres Strait Islander heritage. Subject to regulatory approvals, it is expected that these updates will be effective from 1 March 2020.

Open banking regime

The Treasury Laws Amendment (Consumer Data Right) Act 2019 (**CDR Act**) received royal assent on 12 August 2019. The CDR Act amends the Competition and Consumer Act 2010, the Privacy Act 1988 and the Australian Information Commissioner Act 2010 to introduce a consumer data right. The banking sector is the first sector to which the consumer data right will apply.

The introduction of a consumer data right in the Australian economy signifies a shift in how data is regulated. It will give customers in Australia a right to direct that their data (starting with banking data) be shared with accredited third parties and follows a growing global trend to give consumers control over their data. Data sharing is expected to facilitate competition through easier product comparison and switching. This will have significant implications for consumers and banks.

On 2 September 2019, the ACCC released the final Competition and Consumer (Consumer Data Right) Rules 2019 (**CDR Rules**). The CDR Rules outline how the consumer data right is to be implemented in the banking sector. A revised timetable for the introduction of open banking was included as part of the CDR Rules.

Both the CDR Act and CDR Rules contain new, detailed privacy protections under 13 Privacy Safeguards. The Privacy Safeguards deal with the disclosure, collection, use, accuracy, storage, security and deletion of consumer data right data. There are also 58 civil penalty provisions under the CDR Rules. A breach of the Privacy Safeguards or the CDR Rules could attract civil penalties of up to the greater of A$10 million, 3 times any benefit obtained or 10 per cent. of 12 month annual turnover for corporations.

*Comprehensive Credit Reporting (**CCR**)*

On 15 August 2019, an updated version of the National Consumer Credit Protection Amendment (Mandatory Comprehensive Credit Reporting) Bill 2018 was released for consultation by the Australian Treasury, following the prior introduction of the Bill into the House of Representatives in March 2018. It is expected that this updated Bill will be introduced into Parliament in late 2019.

Capital raising

On 4 November 2019, WBC announced that it would undertake an underwritten placement of fully paid ordinary shares in WBC to institutional investors to raise A$2 billion. Approximately 79 million new fully paid ordinary shares in WBC at the price of $25.32 per share were issued on 8 November 2019. As further announced, following the placement, WBC will make a share purchase plan available to shareholders to raise approximately A$500 million, subject to scaleback, and with the ability to raise less or more.

Issue of Westpac Capital Notes 6

On 18 December 2018, WBC issued approximately A$1.42 billion of securities known as Westpac Capital Notes 6 which qualify as Additional Tier 1 capital under APRA's capital adequacy framework.

Transfer and redemption of Westpac Capital Notes

On 18 December 2018, approximately A$722 million of Westpac Capital Notes were transferred to the Westpac Capital Notes nominated party for A$100 each pursuant to the Westpac Capital Notes 6 reinvestment offer. Those Westpac Capital Notes were subsequently redeemed by WBC.

On 8 March 2019, being the optional redemption/ transfer date of the Westpac Capital Notes, the remaining A$662 million of Westpac Capital Notes were transferred to the Westpac Capital Notes nominated party for A$100 each. Those Westpac Capital Notes were subsequently redeemed by WBC.

ASIC's responsible lending litigation against WBC

On 1 March 2017, ASIC commenced Federal Court proceedings against WBC in relation to certain home loans entered into between December 2011 and March 2015, which were automatically approved by WBC's systems as part of its broader processes. The proceedings were heard in May 2019. On 13 August 2019, the Court handed down its judgment in the proceedings, and dismissed ASIC's case. On 10 September 2019 ASIC filed an appeal in relation to the decision.

Outbound scaled advice division proceedings

On 22 December 2016, ASIC commenced Federal Court proceedings against BT Funds Management Limited (**BTFM**) and Westpac Securities Administration Limited (**WSAL**) in relation to a number of superannuation account consolidation campaigns conducted between 2013 and 2016. ASIC has alleged that in the course of some of these campaigns, customers were provided with personal advice in contravention of a number of Corporations Act provisions, and selected 15 specific customers as the focus of their claim. In December 2018 the primary court handed down a judgment in which it held that no personal advice had been provided and that BTFM and WSAL did not contravene the relevant personal advice provisions although it did make a finding that BTFM and WSAL had each contravened section 912A(1)(a) of the Corporations Act. In February 2019, ASIC filed an appeal against this decision. On 28 October 2019, the Full Federal Court handed down its decision in ASIC's favour and made findings that BTFM and WSAL each provided personal advice on the relevant calls. Once formal declarations of contravention are made, the matter will be remitted for penalty.

ASIC's proceedings against WBC for poor financial advice by a financial planner

On 14 June 2018, ASIC commenced proceedings in the Federal Court against WBC in relation to alleged poor financial advice provided by a former financial planner, Mr Sudhir Sinha. Mr Sinha was dismissed by WBC in November 2014 and subsequently banned by ASIC. WBC has proactively initiated remediation to identify and compensate affected customers and has completed remediation activities. ASIC's proceedings relate to advice provided by Mr Sinha in respect of four specific customer files. The matter was heard by the court on 15 April 2019 and judgment has been reserved.

Class action against WBC and Westpac Life Insurance Services Limited

On 12 October 2017, a class action was filed in the Federal Court of Australia on behalf of customers who, since February 2011, obtained insurance issued by Westpac Life Insurance Services Limited (**WLIS**) on the recommendation of financial advisers employed within the Westpac Group. The plaintiffs have alleged that aspects of the financial advice provided by those advisers breached fiduciary and statutory duties owed to the advisers' clients, including the duty to act in the best interests of the client, and that WLIS was knowingly involved in those alleged breaches. WBC and WLIS are defending the proceedings.

These proceedings are currently stayed by order of the Court, pending the outcome of an appeal concerning a procedural issue unrelated to the substantive claims made in the class action.

BBSW proceedings

Following ASIC's investigations into the interbank short-term money market and its impact on the setting of the BBSW, on 5 April 2016, ASIC commenced civil proceedings against WBC in the Federal Court of Australia, alleging certain misconduct, including market manipulation and unconscionable conduct. On 24 May 2018, Justice Beach found that WBC had not engaged in market manipulation or misleading or deceptive conduct under the Corporations Act. His Honour also found that there was no 'trading practice'

of manipulating the BBSW rate. However, the Court found that WBC engaged in unconscionable conduct on 4 occasions and that WBC breached certain of its duties as a financial services licensee. On 9 November 2018, the Court ordered WBC to pay a penalty of A$3.3 million and 50 per cent. of ASIC's costs, and have an independent expert review particular aspects of WBC's compliance arrangements. Westpac has complied with these orders. The amount of costs recoverable by ASIC is still in the process of being determined.

In August 2016, a class action was filed in the United States District Court for the Southern District of New York against WBC and a large number of other Australian and international banks alleging misconduct in relation to the bank bill swap reference rate. In April 2019, an amended claim was filed by the plaintiffs. WBC is defending the proceedings with a motion to dismiss filed in May 2019.

Responsible lending class action

On 21 February 2019, a class action against WBC was filed in the Federal Court of Australia. As directed by the court, the plaintiffs filed a statement of claim on 22 May 2019 and an amended statement of claim on 18 October 2019. The claims allege that WBC did not comply with its responsible lending obligations and entered into certain home loans that it should otherwise have assessed as unsuitable. The allegations include that, during the period from 1 January 2011 to 17 February 2018, WBC failed to: conduct reasonable inquiries about the customers' financial situation, requirements and objectives; verify customer's financial situation; conduct assessments of suitability; and act efficiently and fairly. WBC is defending the proceedings.

Cash in super class action

On 5 September 2019, a class action against BTFM and WLIS was commenced in relation to aspects of BTFM's BT Super for Life cash investment option. The claim follows other industry class actions as part of Slater and Gordon's 'Get your super back' campaign.

It is alleged in the proceedings that BTFM failed to adhere to a number of obligations under the general law, the relevant trust deed and the Superannuation Industry (Supervision) Act 1993, and that WLIS was knowingly concerned with BTFM's alleged contraventions. The damages sought by the claim are unspecified. BTFM and WLIS are defending the proceedings.

Adoption of AASB 9 and AASB 15

The Westpac Group adopted the classification and measurement, and impairment requirements of AASB 9: Financial Instruments (AASB 9) on 1 October 2018. AASB 9 includes a forward looking 'expected credit loss' impairment model, revised classification and measurement model and modifies the approach to hedge accounting.

The adoption of AASB 9 reduced the Westpac Group's retained earnings at 1 October 2018 by A$722 million (net of tax) primarily due to the increase in impairment provisions under the new standard.

The Westpac Group also adopted AASB 15: Revenue from Contracts with Customers (AASB 15) on 1 October 2018. AASB 15 provides a systematic approach to revenue recognition by introducing a five-step model governing revenue measurement and recognition. The adoption of AASB 15 reduced the Westpac Group's retained earnings at 1 October 2018 by A$5 million (net of tax).

Transition to AASB 16

AASB 16: Leases (AASB 16) replaced AASB 117: Leases from 1 October 2019. AASB 16 requires all leases of greater than 12 months duration to be presented on balance sheet by the lessee as a right-of-use asset and a lease liability. The application of AASB 16 is expected to result in the recognition of a right-of-use asset of A$3.4 billion with a corresponding lease liability, with no impact on retained earnings.

APRA's proposed changes to capital standards

On 19 July 2017, APRA released an Information Paper titled 'Strengthening Banking System Resilience - Establishing Unquestionably Strong Capital Ratios'. In its release, APRA concluded that the four major Australian banks, including WBC, need to have a CET1 capital ratio of at least 10.5 per cent., as measured under the existing capital framework, to be considered 'unquestionably strong'. Banks are expected to meet this new benchmark by 1 January 2020.

APRA has commenced consultation on revisions to the capital framework which includes proposals on changes to risk weighted assets, including in relation to residential mortgages as well as improving the transparency, comparability and flexibility of the framework.

As part of the proposals, APRA has proposed a minimum Leverage Ratio requirement of 3.5 per cent. for ADIs, such as WBC, that use the internal ratings-based approach to determine capital adequacy.

APRA has indicated that it expects to finalise the suite of prudential standards to give effect to the 'unquestionably strong' benchmark in 2020-21, with the revised prudential standards likely to come into effect from 1 January 2022. In regards to the proposed revisions to the capital treatment of operational risk, APRA has proposed an earlier implementation date of 1 January 2021 for advanced IRB banks, such as WBC.

APRA has announced that its revisions to the capital framework are not intended to necessitate further capital increases for the industry above the 10.5 per cent. benchmark. However, given the proposals include higher risk weights for certain mortgage products, such as interest only loans and loans for investment purposes, the impact on individual banks may vary. The proposals are currently under consultation and final details remain unclear, and it is therefore too soon to determine the impact on WBC.

APRA's additional capital requirements

On 11 July 2019, WBC received APRA's response to its self-assessment. In its response, APRA decided to apply an additional A$500 million to WBC's operational risk capital requirement. This follows APRA concluding that WBC was required to improve its management and oversight of non-financial risk. The additional capital requirement will remain in place until APRA is satisfied that WBC has completed its action plan.

The A$500 million requirement, applied through an increase in risk weighted assets, took effect from 30 September 2019. The change reduced WBC's Level 2 CET1 capital ratio by 16 basis points. WBC's CET1 capital ratio at 30 September 2019 was 10.67 per cent..

APRA's proposed revisions to subsidiary capital investment treatment

On 15 October 2019, APRA released a discussion paper on proposed changes to APS 111 Capital Adequacy: Measurement of Capital. The key proposal is in relation to a parent ADI's treatment of its equity investments in banking and insurance subsidiaries (Level 1). WBC's largest investment in banking and insurance subsidiaries is WNZL. There is no impact from this proposal on the calculation of the Westpac Group's reported regulatory capital ratios on a Level 2 basis. On a Level 1 basis, on a proforma basis as at 30 September 2019, it is estimated that applying APRA's proposed approach would reduce WBC's Level 1 CET1 ratio by approximately 40bps (A$1.6 billion). APRA has indicated that the updated standard will come into effect from 1 January 2021.

Associations with Related Entities

On 20 August 2019, APRA released the finalised prudential standard APS 222: Associations with Related Entities. The revised standard is intended to strengthen the ability of ADIs to monitor, limit and control risks arising from transactions and other associations with related entities. Key changes include revisions to

the limit for exposure to ADIs from 50 per cent. of Total Capital to 25 per cent. of Tier 1 capital. The revised standard is effective from 1 January 2021.

WBC's largest exposure to a related entity is WNZL. As at 30 September 2019, WBC would remain within the revised limits based on the current level of exposure to WNZL.

Additional loss absorbing capacity

In response to the Financial System Inquiry recommendations, the Australian Government agreed to further reforms regarding crisis management and establishing a framework for minimum loss-absorbing and recapitalisation capacity.

On 9 July 2019, APRA announced a requirement for the Australian major banks (including WBC) to increase their total capital requirements by three percentage points of risk weighted assets (**RWA**) as measured under the current capital adequacy framework. This increase in total capital will take full effect from 1 January 2024.

Based on WBC's RWA of A$429 billion at 30 September 2019, this represents around A$13 billion of additional capital over the four year transition period. The additional capital is expected to be raised through Tier 2 Capital and is likely to be offset by a decrease in other forms of long term wholesale funding. WBC has commenced progress towards the new requirements and in the financial year ended 30 September 2019 issued a total of A$4.2 billion in Tier 2 capital.

APRA is still targeting an additional four to five percentage points of loss-absorbing capacity. Over the next four years, APRA will consider feasible alternative methods for raising the remaining 1-2 percentage points.

APRA intends to consult on a prudential framework covering both recovery and resolution planning in 2020.

APRA's proposed amendment to guidance on mortgage lending

On 5 July 2019, APRA announced that it no longer required ADIs to assess home loan applications using a minimum interest rate of at least 7 per cent. Instead, ADIs are permitted to review and set their own minimum interest rate floor for use in serviceability assessments and utilise a revised interest rate buffer of at least 2.5 per cent. over the loan's interest rate. Also on 5 July 2019, APRA released its final version of Prudential Practice Guide APG 223 – Residential Mortgage Lending.

APRA Prudential Standard CPS 234: Information Security Management

On 1 July 2019, APRA's Prudential Standard CPS 234: Information Security came into effect, except for information assets managed by a third party which will come into effect from the earlier of the next contract renewal date or 1 July 2020. The standard is aimed at improving the ability of APRA-regulated entities to detect cyber adversaries, ensure appropriate security capabilities are in place commensurate to the risk of the information assets including responding swiftly and effectively in the event of an information security incident. WBC continues to enhance its systems and processes to further mitigate cybersecurity risks.

APRA Prudential Standard CPS 511: Remuneration

On 23 July 2019, APRA released for consultation a new draft prudential standard and supporting discussion paper on remuneration. It is aimed at clarifying and strengthening remuneration arrangements in APRA-regulated entities. The new standard will replace existing remuneration requirements under CPS/SPS 510 Governance with a proposed implementation date of 1 July 2021.

Brexit

There continues to be uncertainty on the timing and process for the United Kingdom's (UK) withdrawal from the EU.

As WBC's business and operations are based predominantly in Australia and New Zealand, WBC expects that the direct impact of the UK's departure from the EU is unlikely to be material to WBC.

However, it remains difficult to predict the impact that Brexit may have on financial markets, the global economy and the global financial services industry. WBC has contingency planning in place and has been active in dialogue with affected customers.

OTC derivatives reform

International regulatory reforms relating to over-the- counter (OTC) derivatives continue to be implemented across the globe, with a current focus on initial margin and risk mitigation practices for non-centrally cleared derivatives.

As of 1 September 2019, WBC is required to post and collect collateral on a gross basis, held at third party custodians. Global initial margin requirements will continue to be introduced in phases until 1 September 2021.

New Zealand

Regulatory reforms and significant developments in New Zealand include:

*Reserve Bank of New Zealand (**RBNZ**) - Revised Outsourcing Policy*

As at 30 September 2019, WNZL is compliant with the requirement in the RBNZ's revised Outsourcing Policy (BS11) (Revised Outsourcing Policy) to maintain a compendium of outsourcing arrangements and work is underway to comply with the other aspects of the Revised Outsourcing Policy by 30 September 2022 in line with the regulatory timeline.

As a result of complying with the Revised Outsourcing Policy, the ongoing cost of operating the WNZL business will increase, in addition to the costs of implementing the changes.

RBNZ Capital Review

On 14 December 2018, the RBNZ released a consultation paper to seek the public's view on a proposal to set a Tier 1 capital requirement equal to 16 per cent. of risk weighted assets for banks deemed systemically important, such as WNZL. The proposal of a Tier 1 ratio of 6 per cent. of risk weighted assets as a regulatory minimum is unchanged, and of this no more than 1.5 per cent. of risk weighted assets can be contributed by Additional Tier 1 capital or redeemable preference shares. The RBNZ have also proposed changes to risk weighted asset measurements. The RBNZ have proposed a five year transition period.

The proposed changes aim to further strengthen the New Zealand banking system to protect the economy and depositors from bank failure. WNZL would be required to hold a further estimated NZ$2.3 – 2.9 billion of Tier 1 capital (assuming a WNZL Tier 1 capital ratio of 16-17 per cent.) if the proposals were applied at 30 September 2019. WNZL is already strongly capitalised with a Tier 1 capital ratio of 13.9 per cent. at 30 September 2019.

On a pro-forma basis this change would also increase WBC's Level 1 capital requirements by NZ$1.2-$1.8 billion if the proposals were applied at 30 September 2019, assuming that some of WNZL's supplementary capital can be issued externally over time and that APRA's proposed revisions to subsidiary capital investment treatment are implemented (more information on these proposed revisions is set out above).

Further clarity on the proposals is expected from the RBNZ in December 2019 with implementation of any new rules starting from April 2020.

RBNZ - Review under section 95 of the Reserve Bank of New Zealand Act 1989

In June 2019, in response to a review under section 95 of the Reserve Bank of New Zealand Act 1989 of WNZL's compliance with advanced internal rating based aspects of the RBNZ's 'Capital Adequacy Framework (Internal Models Based Approach)' (**BS2B**), WNZL presented the RBNZ with a submission providing an overview of its credit risk rating system and activities undertaken to address compliance issues and enhance risk management practices.

On 30 October 2019, the RBNZ informed WNZL that it had accepted the submission and measures undertaken by WNZL to achieve satisfactory compliance with BS2B, and that WNZL would retain its accreditation to use internal models for credit risk in the calculation of its regulatory capital requirements. It also advised WNZL that, with effect from 31 December 2019, the RBNZ will remove the requirement imposed on WNZL since 31 December 2017 to maintain minimum regulatory capital ratios which are two percentage points higher than the ratios applying to other locally incorporated banks.

Review of the Reserve Bank of New Zealand Act

In November 2017, the New Zealand Government announced it would undertake a review of the Reserve Bank of New Zealand Act 1989 (**RBNZ Review**). The RBNZ Review will consist of two phases. The legislation for the recommended Phase 1 related changes to New Zealand's monetary policy framework received royal assent on 20 December 2018, and came into force on 1 April 2019.

The terms of reference for Phase 2 were released in June 2018 and will consider the overarching objectives of the RBNZ's institutional governance and decision-making, the macro-prudential framework, the current prudential supervision model, trans-Tasman coordination, supervision and enforcement and resolution and crisis management. Final policy decisions on all components of the review are expected to be made in 2020.

*RBNZ/Financial Markets Authority (**FMA**) - Financial Services Conduct and Culture Review*

In May 2018, the RBNZ and FMA commenced a review in respect of New Zealand's 10 major banks and 15 life insurers, including WNZL and Westpac Life-NZ-Limited, to explain why conduct issues highlighted by the Australian Royal Commission are not present in New Zealand. An industry thematic review report for the banks was released on 5 November 2018. WNZL submitted a plan responding to recommendations in the review report and in WNZL's individual feedback letters to the regulators on 29 March 2019.

The industry thematic review report into life insurers, including Westpac Life-NZ-Limited, was released on 29 January 2019. The report identified extensive weaknesses in life insurers' systems and controls, governance and management of conduct risks. Westpac Life-NZ-Limited provided its plan to address the findings to the regulators in June 2019.

Conduct of Financial Institutions Review

Following the developments and findings of the Financial Services Conduct and Culture Review and the Australian Royal Commission, the Minister of Commerce announced a proposal to introduce a conduct licensing regime for banks, insurers and non-bank deposit takers in respect of their conduct in relation to retail customers. The regime will require licensed institutions to meet a fair treatment standard, and implement effective policies, processes, systems and controls to meet this standard. The regime will also create obligations relating to remuneration and sales incentives. Legislation is expected to be introduced to parliament by the end of 2019.

Reform of Credit Contracts and Consumer Finance Legislation

In April 2019, the Credit Contracts Legislation Amendment Bill was introduced to parliament and is currently before the select committee. The Bill introduces a number of changes to the Credit Contracts and Consumer Finance Act, including new duties for directors and senior managers and increased penalties and statutory damages. The Bill also introduces stricter requirements around suitability and affordability assessments as well as a cap for interest and fees of 'high cost' loans (being loans with annualised interest exceeding 50 per cent.). The intention is that the Bill will come into effect in March 2020.

Supervision and regulation

Australia

Within Australia, WBC is subject to supervision and regulation by six principal agencies: APRA; the RBA; ASIC; the Australian Securities Exchange (**ASX**); the ACCC; and AUSTRAC.

APRA is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance, re-insurance, life insurance and private health insurance companies, friendly societies and most of the superannuation (pension) industry. APRA's role includes establishing and enforcing prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by the institutions it supervises are met within a stable, efficient and competitive financial system. APRA recently received new and strengthened powers under the crisis management reforms and the BEAR.

As an ADI, WBC reports prudential information to APRA, including information in relation to capital adequacy, large exposures, credit quality and liquidity. WBC's controlled entities in Australia that are authorised insurers and trustees of superannuation funds are also subject to the APRA regulatory regime. Reporting is supplemented by consultations, on-site inspections and targeted reviews. WBC's external auditor also has an obligation to report on compliance with certain statutory and regulatory banking requirements and on any matters that in their opinion may have the potential to materially prejudice the interests of depositors and other stakeholders.

Australia's risk-based capital adequacy guidelines are based on the approach agreed upon by the BCBS. National discretion is then applied to that approach, which results in Australia's capital requirements being more stringent.

The RBA is responsible for monetary policy, maintaining financial system stability and promoting the safety and efficiency of the payments system. The RBA is an active participant in the financial markets, manages Australia's foreign reserves, issues Australian currency notes and serves as banker to the Australian Government.

ASIC is the national regulator of Australian companies and consumer protection within the financial sector. Its primary responsibility is to regulate and enforce company, consumer credit, financial markets and financial products and services laws that protect consumers, investors and creditors. With respect to financial services, it promotes fairness and transparency by providing consumer protection, using regulatory powers to enforce laws relating to deposit-taking activities, general insurance, life insurance, superannuation, retirement savings accounts, securities (such as shares, debentures and managed investments) and futures contracts and financial advice. ASIC has responsibility for supervising trading on Australia's domestic licensed markets and of trading participants. ASIC has recently had its existing powers strengthened to provide ASIC with a product intervention power.

The ASX operates Australia's primary national market for trading of securities issued by listed companies. Some of WBC's securities (including WBC's ordinary shares) are listed on the ASX and WBC therefore has obligations to comply with the ASX Listing Rules, which have statutory backing under the Corporations Act. The ASX has responsibility for the oversight of listed entities under the ASX Listing

Rules and for monitoring and enforcing compliance with the ASX Operating Rules by its market, clearing and settlement participants. ASX is also now the benchmark administrator of BBSW.

The ACCC is the regulator responsible for the regulation and prohibition of anti-competitive and unfair market practices and mergers and acquisitions in Australia. Its broad objective is to administer the Competition and Consumer Act 2010 of Australia and related legislation to bring greater competitiveness, fair trading, consumer protection and product safety to the Australian economy. The ACCC's role in consumer protection complements that of ASIC (for financial services) and Australian state and territory consumer affairs agencies that administer the unfair trading legislation of their jurisdictions.

The Australian Government's present policy, known as the 'four pillars policy', is that there should be no fewer than four major banks to maintain appropriate levels of competition in the banking sector. Under the Financial Sector (Shareholdings) Act 1998 of Australia, the Australian Government's Treasurer must approve an entity acquiring a stake of more than 15 per cent. in a particular financial sector company.

Proposals for foreign acquisitions of a stake in Australian banks are subject to the Australian Government's foreign investment policy and, where required, approval by the Australian Government under the Australian Foreign Acquisitions and Takeovers Act 1975 of Australia.

AUSTRAC oversees the compliance of Australian reporting entities (including WBC), with the requirements under the AML/CFT Act and the Financial Transaction Reports Act 1988 of Australia. These requirements include:

- implementing programmes for identifying and monitoring customers, and for managing the risks of money laundering and terrorism financing;
- reporting suspicious matters, threshold transactions and international funds transfer instructions; and
- submitting an annual compliance report.

AUSTRAC provides financial information to Australian federal law enforcement, national security, human services and revenue agencies, and certain international counterparts.

New Zealand

The RBNZ is responsible for supervising New Zealand registered banks and protects the financial stability of New Zealand through the application of minimum prudential obligations. The New Zealand prudential supervision regime requires that registered banks publish disclosure statements, which contain information on financial performance and risk positions as well as attestations by the directors about WBC's compliance with its conditions of registration and certain other matters.

The FMA and the New Zealand Commerce Commission (**NZCC**) are the two primary conduct and enforcement regulators. The FMA and NZCC are responsible for ensuring that markets are fair and transparent and are supported by confident and informed investors and consumers. Regulation of markets and their participants is undertaken through a combination of market supervision, corporate governance and licensing approvals.

In New Zealand, other relevant regulator mandates include those relating to taxation, privacy and foreign affairs and trade.

Banks in New Zealand are also subject to a number of self- regulatory regimes. Examples include Payments NZ, the New Zealand Bankers' Association and the Financial Services Council (**FSC**). Examples of industry agreed codes include the New Zealand Bankers' Association's Code of Banking Practice and FSC's Code of Conduct.

United States

WBC's New York branch is a U.S. federally licensed branch and therefore is subject to supervision, examination and regulation by the U.S. Office of the Comptroller of the Currency and the Board of Governors of the Federal Reserve System (the **U.S. Federal Reserve**) under the U.S. International Banking Act of 1978 (**IBA**) and related regulations.

A U.S. federal branch must maintain, with a U.S. Federal Reserve member bank, a capital equivalency deposit as prescribed by the U.S. Comptroller of the Currency, which is at least equal to 5 per cent. of its total liabilities (including acceptances, but excluding accrued expenses, and amounts due and other liabilities to other branches, agencies and subsidiaries of the foreign bank).

In addition, a U.S. federal branch is subject to periodic onsite examination by the U.S. Comptroller of the Currency. Such examination may address risk management, operations, asset quality, compliance with the record-keeping and reporting, and any additional requirements prescribed by the U.S. Comptroller of the Currency from time to time.

A U.S. federal branch of a foreign bank is, by virtue of the IBA, subject to the receivership powers exercisable by the U.S. Comptroller of the Currency.

As of 22 June 2016, WBC elected to be treated as a financial holding company in the U.S. pursuant to the Bank Holding Company Act of 1956 and Federal Reserve Board Regulation Y. WBC's election will remain effective so long as it meets certain capital and management standards prescribed by the U.S. Federal Reserve.

WBC and some of its affiliates are engaged in various activities that are subject to regulation by other U.S. federal regulatory agencies, including the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission and the National Futures Association.

Anti-money laundering regulation and related requirements

Australia

WBC has a group-wide programme to manage its obligations under the AML/CFT Act. WBC continues to actively engage with the regulator, AUSTRAC, on its activities.

WBC's AML/CTF Policy sets out how the Westpac Group complies with its legislative obligations.

The AML/CTF Policy applies to all business divisions and employees (permanent, temporary and third party providers) working in Australia, New Zealand and overseas.

United States

The USA PATRIOT Act of 2001 requires U.S. financial institutions, including the U.S. branches of foreign banks, to take certain steps to prevent, detect and report individuals and entities involved in international money laundering and the financing of terrorism. The required actions include verifying the identity of financial institutions and other customers and counterparties, terminating correspondent accounts for foreign 'shell banks' and obtaining information about the owners of foreign bank clients and the identity of the foreign bank's agent for service of process in the U.S. The anti-money laundering compliance requirements of the USA PATRIOT Act of 2001 include requirements to adopt and implement an effective anti-money laundering programme, report suspicious transactions or activities, and implement due diligence procedures for correspondent and other customer accounts. WBC's New York branch and Westpac Capital Markets LLC maintain an anti-money laundering compliance programme designed to address U.S. legal requirements.

U.S. economic and trade sanctions, as administered by the Office of Foreign Assets Control (**OFAC**), prohibit or significantly restrict U.S. financial institutions, including the U.S. branches and operations of foreign banks, and other U.S. persons from doing business with certain persons, entities and jurisdictions. WBC's New York branch and Westpac Capital Markets LLC maintain compliance programmes designed to comply with OFAC sanctions programmes, and WBC has a group-wide programme to ensure adequate compliance.

Legal proceedings

WBC's entities are defendants from time to time in legal proceedings arising from the conduct of its business. Material legal proceedings, if any, are described in Note 27 to the financial statements and under 'Significant developments' above. Where appropriate, as required by the accounting standards, a provision has been raised in respect of these proceedings and disclosed in the financial statements.

Competition

The Westpac Group operates in a highly competitive environment.

The Westpac Group serves the banking, wealth and risk management needs of customer segments from consumers and small businesses through to large corporate and institutional clients. The Westpac Group competes with other financial services providers in every segment and every product or service. Its competitors include financial services and advisory companies such as banks (both domestic and global), investment banks, credit unions, building societies, mortgage originators, credit card issuers, brokerage firms, fund and asset management companies, insurance companies, online financial services providers and technology companies large and small.

Like other financial services providers, the Westpac Group's competitive position across customer segments, products and geographies is determined by a variety of factors. These include:

- the quality, range and pricing of products and services offered;
- digital and technology solutions;
- customer service quality and convenience;
- the effectiveness of, and access to, distribution channels;
- brand reputation and preference;
- the types of customer served; and
- the talent and experience of Westpac Group's employees.

The Westpac Group operates in an environment where digital innovation is changing the competitive landscape. It competes on its ability to offer new products and services that align to evolving customer preferences.

The competitive nature of the industry means that if WBC is not successful in developing or introducing new products and services, or in responding or adapting to changes in customer preferences and habits, the Westpac Group could lose customers to its competitors.

Competition within Australia's financial system is evidenced by both the significant number of providers and the range of products and services available to customers. In Australia, competition for both deposits and lending continues to be fierce, both from established banks as well as new entrants, including

technology firms. Slowing growth in some sectors has heightened competitive intensity as financial institutions work to win new customers and retain existing ones.

In its wealth business, WBC expects the broader competitive landscape to continue to undergo significant change with ongoing consolidation in life insurance, increased overseas interest and participation in superannuation.

In New Zealand the Westpac Group is experiencing strong competition as banks vie for new customers and seek to retain existing ones. Competition for deposits and lending remains intense.

Majority Shareholders and Share Capital

As at 30 September 2019, the number of WBC ordinary shares on issue was 3,489,928,773. WBC has no partly paid share capital.

WBC is not directly or indirectly owned or controlled by any other corporation(s) or by any foreign government.

There is no provision in WBC's constitution that requires a shareholder to disclose the extent of their ownership of WBC's ordinary shares.

Under the Corporations Act, however, any person who begins or ceases to have a substantial holding of WBC's shares must notify ASX and WBC and relevant persons within two business days after they become aware of that information. A further notice must be given to ASX and WBC if there is an increase or decrease of 1 per cent in a person's substantial holding. Formal notices must be lodged with the ASX within 2 business days. A person has a substantial holding of WBC's shares if the total votes attached to WBC's voting shares in which they or their associates have relevant interests is 5 per cent. or more of the total number of votes attached to all of WBC's voting shares.

WBC has a statutory right under the Corporations Act to trace the beneficial ownership of WBC's shares, by giving a direction to a shareholder or certain other persons, requiring disclosure to WBC of, among other things, their own relevant interest in WBC's shares, the nature and extent of that interest and the circumstances that gave rise to that other person's interest. Such disclosure must, except in certain limited circumstances, be provided within two business days after the direction is received.

The Board of Directors

The Board Charter outlines the roles and responsibilities of the Board. Key responsibilities are:

- approving, and overseeing management's implementation of, the strategic direction of Westpac Group, its business plan and significant corporate strategic initiatives;
- evaluating Board performance and determining Board size and composition;
- approving the Westpac Board Renewal Policy and the Westpac Group Remuneration Policy;
- selecting, appointing and determining the duration, remuneration and other terms of appointment of the CEO and Chief Financial Officer (CFO);
- approving individual remuneration levels for Group Executives, other executives who report directly to the CEO, any other accountable persons under the Banking Executive Accountability Regime, and any other person the Board determines;
- evaluating the performance of the CEO;

- succession planning for the CEO and Group Executives;
- approving the appointment of Group Executives and the General Manager Group Audit and monitoring the performance of Group Executives;
- approving the annual targets and financial statements and monitoring performance against forecast and prior periods;
- determining WBC's dividend policy;
- considering and approving WBC's overall risk management framework, approving WBC's Group Risk Management Strategy and Group Risk Appetite Statement and monitoring the effectiveness of risk management by the Westpac Group;
- forming a view of WBC's risk culture and identifying any desirable changes;
- considering the social, ethical and environmental impact of WBC's activities and monitoring compliance with WBC's sustainability policies and practices;
- overseeing and monitoring Workplace Health and Safety (**WHS**) issues in the Westpac Group and considering appropriate WHS reports and information;
- maintaining an ongoing dialogue with WBC's external auditor and, where appropriate, principal regulators;
- overseeing internal governance, including delegated authorities, and approving policies for appointments to WBC's controlled entity boards; and
- overseeing and monitoring customer complaints.

Directors

The Directors of WBC, the business address of each of whom should be regarded for the purposes of this Prospectus as Level 18, 275 Kent Street, Sydney, New South Wales 2000, Australia, and their respective principal outside activities, where significant, are at the date of this Prospectus as follows:

Lindsay Maxsted, DipBus (Gordon), FCA, FAICD. Age 65. Director since March 2008 and Chairman since December 2011. Lindsay was formerly a partner at KPMG and was the CEO of that firm from 2001 to 2007. His principal area of practice prior to his becoming CEO was in the corporate recovery field managing a number of Australia's largest insolvency/workout/turnaround engagements including Linter Textiles (companies associated with Abraham Goldberg), Bell Publishing Group, Bond Brewing, McEwans Hardware and Brashs. He is also a former Director and Chairman of the Victorian Public Transport Corporation. He is Chairman of Transurban Group, Managing Director of Align Capital Pty Ltd and a director of BHP Group Limited, BHP Group plc and Baker Heart and Diabetes Institute.

Brian Hartzer, BA, CFA. Age 52. Brian was appointed Managing Director & Chief Executive Officer in February 2015. Brian joined Westpac as Chief Executive, Australian Financial Services in June 2012 encompassing Westpac Retail & Business Banking, St.George Banking Group and BT Financial Group. Prior to joining WBC, Brian spent three years in the UK as CEO for Retail, Wealth and Ulster Bank at the Royal Bank of Scotland Group. Prior to that, he spent ten years with Australia and New Zealand Banking Group Limited (**ANZ**) in Australia in a variety of roles, including his final role as CEO, Australia and Global Segment Lead for Retail and Wealth. Before joining ANZ, Brian spent ten years as a financial services consultant in New York, San Francisco and Melbourne. He is Chairman of The Australian National University Business and Industry Advisory Board and a director of the Financial Markets Foundation for Children and Australian Banking Association Incorporated.

Nerida Ceasar, BCom, MBA, GAICD. Age 55. Director since September 2017. Nerida has over 30 years of broad-ranging commercial and business management experience. She was Group Managing Director and Chief Executive Officer, Australia and New Zealand of Equifax (formerly Veda Group Limited) from February 2011 to June 2017. Nerida is also a former director of Genome.One Pty Ltd and Stone and Chalk Limited. Ms Ceasar was formerly Group Managing Director, Telstra Enterprise and Government, responsible for Telstra's corporate, government and large business customers in Australia as well as the international sales division. Nerida also worked as Group Managing Director, Telstra Wholesale, and prior to that, held the position of Executive Director Enterprise & Government, where she was responsible for managing products, services and customer relationships throughout Australia. Nerida also held several senior management and sales positions with IBM within Australia and internationally over a 20-year period, including as Vice President of IBM's Intel Server Division for the Asia Pacific region. Nerida is a director of Workplace Giving Australia Limited (Chairman since June 2019) and Spark Investment Holdco Pty Ltd. Nerida is a member of the Advisory Board of IXUP Limited and an advisor to Equifax Australia and New Zealand.

Ewen Crouch AM, BEc (Hons.), LLB, FAICD. Age 63. Director since February 2013. Ewen was a partner at Allens from 1988 to 2013, where he was one of Australia's most accomplished mergers and acquisitions lawyers. He served as a member of the firm's board for 11 years including four years as Chairman of Partners. His other roles at Allens included: Co-Head Mergers and Acquisitions and Equity Capital Markets, Executive Partner, Asian offices and Deputy Managing Partner. Ewen served as a director of Mission Australia from 1995 and as Chairman from 2009, before retiring in November 2016. From 2010 to 2015, Ewen was a member of the Takeovers Panel. In 2013, Ewen was awarded an Order of Australia in recognition of his significant service to the law as a contributor to legal professional organisations and to the community. Ewen is currently a director of Corporate Travel Management Limited (Chairman since March 2019), BlueScope Steel Limited, Sydney Symphony Orchestra Holdings Pty Limited and Jawun. He is also a member of the Commonwealth Remuneration Tribunal, the Law Committee of the Australian Institute of Company Directors and Corporations Committee of the Law Council of Australia and ASIC's Director Advisory Panel.

Alison Deans, BA, MBA, GAICD. Age 51. Director since April 2014. Alison has more than 20 years' experience in senior executive roles focused on building digital businesses and digital transformation across e-commerce, media and financial services. During this time, Alison served as the CEO of eCorp Limited, CEO of Hoyts Cinemas and CEO of eBay, Australia and New Zealand. She was the CEO of a technology-based investment company netus Pty Ltd. Alison was an Independent Director of Social Ventures Australia from September 2007 to April 2013 and a director of kikki.K Holdings Pty Ltd from October 2014 to June 2018. Alison is a director of Cochlear Limited, Ramsay Health Care Limited, The Observership Program Limited, SCEGGS Darlinghurst Limited and Deputy Group Pty Ltd. Alison is also a Senior Advisor at McKinsey & Company and an Investment Committee Member of the CSIRO Innovation Fund (Main Sequence Ventures).

Craig Dunn, BCom, FCA. Age 56. Director since June 2015. Craig has more than 20 years' experience in financial services, including as CEO of AMP Limited from 2008 to 2013. Craig was previously a director of Financial Literacy Australia Limited, a Board member of each of the Australian Japanese Business Cooperation Committee, Jobs for New South Wales, and the New South Wales Government's Financial Services Knowledge Hub. He is the former Chairman of the Investment and Financial Services Association (now the Financial Services Council). Craig was also a member of the Financial Services Advisory Committee, the Australian Financial Centre Forum, the Consumer and Financial Literacy Taskforce and a Panel member of the Australian Government's Financial System Inquiry. Craig is currently Chairman of the International Standards Technical Committee on Blockchain and Distributed Ledger Technologies (ISO/TC 307). He is also a consultant to King & Wood Mallesons. Craig is currently the Chairman of The Australian Ballet and a director of Telstra Corporation Limited.

Anita Fung, BSocSc, MAppFin. Age 58. Director since October 2018. Anita's career in the banking industry spans over 30 years, including 19 years at HSBC. During her time at HSBC, Anita held a number of senior management roles including Group General Manager, HSBC Group and most recently as Chief

Executive Officer, Hong Kong from 2011 to 2015. Prior to joining HSBC, Anita held various positions at Standard Chartered Bank in its Treasury and Capital markets business. Anita is a member of WBC's Asia Advisory Board and the Hong Kong Museum Advisory Committee. Anita is currently a director of Hong Kong Exchanges and Clearing Limited, China Construction Bank Corporation and Hang Lung Properties Limited. Anita is also a board member of the Airport Authority Hong Kong.

Steven Harker, BEc (Hons.), LLB. Age 64. Director since March 2019. Steve has over 35 years of experience in investment banking. Steve was formerly Managing Director and Chief Executive Officer of Morgan Stanley Australia from 1998 to 2016 and then Vice Chairman until February 2019. Prior to joining Morgan Stanley, he spent fifteen years with Barclays de Zoete Wedd (BZW, now Barclays Investment Bank). Steve is a former Chairman and director of Australian Financial Markets Association Limited and a former director of Investa Property Group. Steve also previously served on the board of the Centre for International Finance and Regulation. He is also a former Guardian of the Future Fund of Australia. Steve currently serves as Honorary Treasurer of Ascham School, and is a director of The Banking and Finance Oath Limited, The Hunger Project Australia, ASX Refinitiv Charity Foundation, New South Wales Golf Club Foundation Limited and Ascham School Ltd.

Peter Marriott, BEc (Hons.), FCA. Age 62. Director since June 2013. Peter has over 30 years' experience in senior management roles in the finance industry encompassing international banking, finance and auditing. Peter joined ANZ in 1993 and held the role of Chief Financial Officer from July 1997 to May 2012. Prior to his career at ANZ, Peter was a banking and finance, audit and consulting partner at KPMG Peat Marwick. Peter was formerly a Director of ANZ National Bank Limited in New Zealand and various ANZ subsidiaries. Peter is currently a director of ASX Limited. He is also a director of Austraclear Limited, ASX Clearing Corporation Limited and ASX Settlement Corporation Limited. He is also a member of the Monash University Council and Chairman of the Monash University Council's Resources and Finance Committee.

Peter Nash, BCom, FCA, F Fin. Age 57. Director since March 2018. Peter was formerly a Senior Partner with KPMG until September 2017, having been admitted to the partnership of KPMG Australia in 1993. He most recently served as the National Chairman of KPMG Australia from 2011 until August 2017, where he was responsible for the overall governance and strategic positioning of KPMG in Australia. In this role, Peter also served as a member of KPMG's Global and Regional Boards. Peter has experience providing advice on a range of topics including business strategy, risk management, internal controls, business processes and regulatory change. He has also provided both financial and commercial advice to many government businesses at both a Federal and State level. Peter is a former member of the Business Council of Australia and its Economic and Regulatory Committee. Peter is Chairman of Johns Lyng Group Limited, and is also director of ASX Limited, Mirvac Group, Reconciliation Australia Limited and Golf Victoria Limited. Peter is a Board member of the Koorie Heritage Trust and Migration Council Australia. He is an Advisory Board member of the University of Melbourne Centre for Contemporary Chinese Studies.

Margaret (Margie) Seale, BA, FAICD. Age 59. Director since March 2019. Margie has more than 25 years' experience in senior executive roles in Australia and overseas, including in consumer goods, global publishing, sales and marketing, and the successful transition of traditional business models to digital environments. Prior to her non-executive career, Margie was Managing Director of Random House Australia and New Zealand and President, Asia Development for Random House Inc. Margie is a former Director and then Chair of Penguin Random House Australia Pty Limited, and a former Director of Ramsay Health Care Limited, Bank of Queensland Limited and the Australian Publishers' Association. She also previously served on the boards of Chief Executive Women (chairing its Scholarship Committee), the Powerhouse Museum, and the Sydney Writers Festival. Margie is currently a director of Scentre Group Limited and Telstra Corporation Limited. Margie is also a member of the Australian Public Service Commission Centre for Learning and Leadership Advisory Board.

Independence

Together, the Board members have a broad range of relevant financial and other skills and knowledge, combined with the extensive experience necessary to guide WBC's business.

All of WBC's Non-executive Directors satisfy its criteria for independence, which align with the guidance provided in the ASXCGC Recommendations and the criteria applied by the New York Stock Exchange (**NYSE**) and the U.S. Securities and Exchange Commission (**SEC**).

The Board assesses the independence of its Directors on appointment and annually. Each Director provides an annual attestation of his or her interests and independence.

Directors are considered independent if they are independent of management and free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgment. Materiality is assessed on a case by case basis by reference to each Director's individual circumstances rather than by applying general materiality thresholds.

Each Director is expected to disclose any business or other relationship that he or she has directly, or as a partner, shareholder or officer of a company or other entity that has an interest in WBC or a related entity. The Board considers information about any such interests or relationships, including any related financial or other details, when it assesses the Director's independence.

Any Director with a material personal interest in a matter being considered by the Board must declare their interest and, unless the Board resolves otherwise, they may not be present during the boardroom discussions or vote on the relevant matter.

As at the date of this Prospectus, taking into account the above criteria and relationships, there are no existing or potential conflicts of interest between any duties owed to WBC by its directors and the private interests or duties of those directors. In respect of potential conflicts of interest that may arise in the future, WBC will manage such conflicts in accordance with the requirements of the Corporations Act and other principles referred to above such that it does not expect that any actual conflicts of interest would arise.

WBC's Corporate Governance

Framework and approach

WBC's approach to corporate governance is based on a set of values and behaviours that underpin day to day activities, provide transparency and fair dealing and seek to protect stakeholder interests.

This approach includes a commitment to maintaining the highest standards of corporate governance, which WBC sees as fundamental to the sustainability of its business and performance. It includes regularly reviewing local and global developments in corporate governance and assessing their implications and responding to changes in the operating environment.

WBC has equity securities quoted on securities exchanges in Australia, New Zealand and the United States.

Australia

The principal listing of WBC's ordinary shares is on the ASX, trading under the code WBC. WBC also has hybrid securities, preference shares, capital notes, senior notes and subordinated notes listed on the ASX.

WBC complies with the ASX Corporate Governance Principles and Recommendations (third edition) (**ASXCGC Recommendations**) published by the ASX Limited's Corporate Governance Council (**ASXCGC**). WBC must also comply, with the Corporations Act, the Banking Act, including Part IIAA – The Banking Executive Accountability Regime amongst other laws, and as an ADI, with governance requirements prescribed by APRA under Prudential Standard CPS 510 (Governance).

WBC's Corporate Governance Statement addresses each of the ASXCGC Recommendations with an explanation of WBC's corporate governance practices, demonstrating its compliance with each Recommendation.

Further details about the ASXCGC Recommendations can be found on the ASX website www.asx.com.au.

New Zealand

WBC's ordinary shares are also quoted on the NZX, which is the main board equity security market operated by NZX Limited. WBC also has subordinated notes listed on the NZX Debt Market. As an overseas listed issuer in New Zealand, WBC is deemed to satisfy and comply with the NZX Listing Rules, provided that it remains listed on the ASX and complies with the ASX Listing Rules.

The ASX, through the ASXCGC Recommendations and the NZX, through the NZX Corporate Governance Code, have adopted similar 'comply or explain' approaches to corporate governance. The ASXCGC Recommendations may, however, materially differ from the corporate governance rules and the principles of NZX's Corporate Governance Code.

United States

WBC has American Depositary Shares representing its ordinary shares quoted on the NYSE, trading under the symbol WBK. Under the NYSE Listing Rules, foreign private issuers (like WBC) are permitted to follow home country practice in respect of corporate governance in lieu of the NYSE Listing Rules. However, WBC is still required to comply with certain audit committee and additional notification requirements.

WBC complies in all material respects with all NYSE Listing Rules applicable to it.

Under the NYSE Listing Rules, foreign private issuers are required to disclose any significant ways in which their corporate governance practices differ from those followed by domestic U.S. companies. WBC has compared its corporate governance practices to the corporate governance requirements of the NYSE Listing Rules and note the significant differences below.

The NYSE Listing Rules require that, subject to limited exceptions, shareholders be given the opportunity to vote on equity compensation plans and material revisions to those plans. In Australia, there are no laws or ASX Listing Rules that require shareholder approval of equity based incentive plans or individual grants under those plans (other than for Directors, including the Chief Executive Officer (**CEO**).

The NYSE Listing Rules set out specific requirements for determining whether a director will be regarded as independent. While these requirements are broadly consistent with WBC's criteria for independence, under Australian independence requirements, the Board is able to apply discretion in its determination of a director's independence that differs from the NYSE Listing Rules.

The NYSE Listing Rules provide that the Board Nominations Committee's responsibilities should include selecting, or recommending that the Board select, the Director nominees for the next annual meeting for shareholders, and overseeing the evaluation of the Board. The Board, rather than the Board Nominations Committee, reviews and recommends the Director nominees for election at the AGM and undertakes an annual review of its performance.

WBC's Board Audit Committee

Role of the Board Audit Committee

As detailed in its charter, the Board Audit Committee has oversight of:

- the integrity of the financial statements and financial reporting systems of the Westpac Group and its related bodies corporate;
- the external audit engagement, including the external auditor's qualifications, performance, independence and fees;
- performance of the internal audit function;
- the integrity of the Westpac Group's corporate reporting, including the Westpac Group's financial reporting and compliance with prudential regulatory reporting and professional accounting requirements;
- the review and approval of policies and procedures for the receipt, retention and treatment of information submitted confidentially by employees and third parties about accounting, internal control, compliance, audit or other matters about which an employee has concerns, and monitoring employee awareness of these policies and procedures.

The Board Audit Committee reviews, discusses with management and the external auditor, and assesses:

- any significant financial reporting issues and judgements made in connection with the preparation of the financial reports;
- the processes used to monitor and comply with laws and regulations over financial information, reporting and disclosure; and
- the process surrounding the disclosures made by the CEO and CFO in connection with their personal certifications of the Westpac Group's half-year and annual financial statements.

In addition, the Board Audit Committee maintains an ongoing dialogue with management, the external auditor and Group Audit, including regarding those matters that are likely to be designated as Critical Audit Matters in the external auditor's report. Critical Audit Matters are those matters which, in the opinion of the external auditor, are of the most significance in their audit of the financial report.

As part of its oversight responsibilities, the Board Audit Committee also conducts discussions with a wide range of internal and external stakeholders, including:

- the external auditor, about WBC's major financial reporting risk exposures and the steps management has taken to monitor and control such exposures;
- Group Audit and the external auditor concerning their audits and any significant findings, and the adequacy of management's responses;
- management and the external auditor concerning the half-year and annual financial statements;
- management and the external auditor regarding any correspondence with regulators or government agencies, and any published reports which raise material issues or could impact on matters regarding the Westpac Group's financial statements or accounting policies; and
- the Group Executive, Legal & Secretariat regarding any legal matters that may have a material impact on, or require disclosure in, the financial statements.

Periodically the Board Audit Committee consults with the external auditor without the presence of management about internal controls over financial information, reporting and disclosure and the fullness and accuracy of WBC's financial statements. The Board Audit Committee also meets with the General Manager, Group Audit without other members of management being present.

The Board Audit Committee also refers to the Board or any other Board Committees any matters that come to the attention of the Board Audit Committee that are relevant for the Board or the respective Board Committees.

Financial knowledge

The Board Audit Committee comprises five independent, Non-executive Directors and is chaired by Peter Marriott.

All Board Audit Committee members have appropriate financial experience, an understanding of the financial services industry and satisfy the independence requirements under the ASXCGC Recommendations, the *United States Securities Exchange Act of 1934* (as amended) and its related rules and the NYSE Listing Rules.

The Board has determined that Mr Marriott, who is a member of the Board Audit Committee, is an 'audit committee financial expert' and independent in accordance with U.S. securities law.

The designation of Mr Marriott as an audit committee financial expert does not impose duties, obligations or liability on him that are greater than those imposed on him as a Board Audit Committee member, and does not affect the duties, obligations or liability of any other Board Audit Committee member or Board member. Audit committee financial experts are not deemed as an 'expert' for any other purpose.

CEO and CFO assurance

The Board receives regular reports from management about WBC's financial condition and operational results, as well as that of its controlled entities. Before the Board approves the financial statements for a financial period, the CEO and the CFO provide formal statements to the Board, and have done so for the financial year ended 30 September 2019, that state that in all material respects:

- WBC's financial records have been properly maintained in that they:
    - correctly record and explain its transactions, and financial position and performance;
    - enable true and fair financial statements to be prepared and audited; and
    - are retained for seven years after the transactions covered by the records are completed;
- the financial statements and notes comply with the appropriate accounting standards;
- the financial statements and notes give a true and fair view of WBC's and its consolidated entities' financial position and of their performance;
- any other matters that are prescribed by the Corporations Act and regulations as they relate to the financial statements and notes are satisfied; and
- the declarations provided in accordance with section 295A of the Corporations Act are founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

External auditor

The role of the external auditor is to provide an independent opinion that WBC's financial reports are true and fair and comply with applicable regulations.

WBC's external auditor is PricewaterhouseCoopers (**PwC**), appointed by shareholders at the 2002 Annual General Meeting (**AGM**). Prior to 2002 individuals who were partners of PwC or its antecedent firms were WBC's external auditors from 1968. WBC's present PwC lead audit partner is Lona Mathis and the quality review partner is Wayne Andrews. Ms Mathis and Mr Andrews assumed responsibility for these roles in June 2017 and January 2015 respectively.

The external auditor receives all Board Audit Committee, Board Risk & Compliance Committee and Board Technology Committee papers, attends all meetings of these committees and is available to Committee members at any time. The external auditor also attends the AGM to answer questions from shareholders regarding the conduct of its audit, the audit report and financial statements and its independence.

As WBC's external auditor, PwC is required to confirm its independence and compliance with specified independence standards on a semi-annual basis (at half and full year), however in practice it confirms its independence on a quarterly basis.

WBC strictly governs its relationship with the external auditor, including restrictions on employment, business relationships, financial interests and use of its financial products by the external auditor.

Engagement of the external auditor

To avoid possible independence or conflict issues, the external auditor is not permitted to carry out certain types of non-audit services for WBC and may be limited as to the extent to which it can perform other non-audit services, as specified in WBC's 'Pre-approval of engagement of PwC for audit and non-audit services' (**Guidelines**). Use of the external audit firm for any non-audit services must be assessed and approved in accordance with the pre-approval process determined by the Board Audit Committee and set out in the Guidelines.

The breakdown of the aggregate fees billed by the external auditor in respect of each of the two most recent financial years for audit, audit-related, tax and other services is provided in Note 35 to WBC's financial statements for the year ended 30 September 2019.

Group Audit (internal audit)

Group Audit is WBC's internal third line assurance function that provides the Board and Senior Executives with independent and objective evaluation of the adequacy and effectiveness of WBC's governance, risk management and internal controls for the Westpac Group.

Group Audit is governed by a charter approved by the Board Audit Committee that sets out the purpose, role, scope, and high level standards for the function. The General Manager Group Audit has a direct reporting line to the Chairman of the Board Audit Committee and an administrative line to the Chief Financial Officer. Group Audit also has unrestricted and private access to the Chief Executive Officer.

Group Audit's responsibilities include regularly reporting to the Board.

Other matters

Litigation

Contingent liabilities exist in respect of actual and potential claims and proceedings. An assessment of the Westpac Group's likely loss has been made on a case-by-case basis for the purpose of the financial statements and specific provisions have been made where appropriate.

Organisational Structure

WBC's controlled entities are set out in Note 31 to the 2019 audited annual financial statements, which are incorporated by reference and form part of this Prospectus. Westpac Banking Corporation is the ultimate parent of the Westpac Group.

OVERVIEW OF WESTPAC BANKING CORPORATION'S MORTGAGE LENDING BUSINESS

Origination Process

The housing loans to be sold to the CB Guarantor will be originated or purchased by WBC in the ordinary course of its business. WBC sources its housing loans through its branch network, mobile finance managers, accredited brokers, national telemarketing centres, referrers and through the internet. Advertising and direct mail campaigns also generate inquiries that develop into originations.

Approval and Underwriting Process

The following is a description of the underwriting processes employed by WBC in evaluating whether to fund a particular housing loan application.

All housing loan applications, including the applications relating to the Loans to be purchased by the CB Guarantor, must satisfy WBC's residential housing loan credit policy and procedures described in this section. Each housing loan application is considered on its merits.

WBC, like many other lenders in the Australian residential housing loan market, does not divide its borrowers into groups of differing credit quality for the purpose of setting base standard interest rates for its residential housing loans. In August 2019, WBC commenced an interest rate discounting policy whereby new loans with a lower LVR are provided with larger package rate discounts than loans with higher LVRs.

WBC assesses the credit of each loan applicant initially through its centrally controlled credit decision making system. This system is based on proprietary information, such as WBC's own historical credit underwriting standards and credit underwriting rules and includes an application scorecard. Assessment also takes into account details of the applicant's personal financial circumstances obtained at point of application from the applicant and selectively verified as well as the information obtained from credit checks done through independent credit reporting agencies.

Housing loan applications are either approved, declined or referred to a credit specialist. Housing loan applications are generally referred to a credit specialist for assessment if they are complex or for reassessment if they have been declined because of failure to meet the initial underwriting standards (including responsible lending standards).

Applications referred to a credit specialist are assessed according to WBC's credit policy and the specialist's credit approval limits. Staff with credit approval limits include:

(a) credit officers;

(b) accredited bank managers and home finance managers; or

(c) officers at state-based credit centres.

The value of the proposed security property and confirmation of the ability of the applicant to make payments on the housing loan are central to the approval process. The accuracy and correctness of the information provided by the applicant is verified, particularly documentation provided by the applicant and their employment and income information. Income of self-employed applicants is verified generally by checking annual accounts, financial statements, taxation returns, business activity statements, and/or other financial information. WBC typically requires that all loan applicants satisfy a minimum disposable income level after deducting all commitments, including allowances for living expenses and the proposed housing loan and an allowance for interest rate increases.

An appraisal of the proposed security property is obtained according to WBC's valuation policy. This policy has been tailored to target areas of higher risk associated with either a particular geographical area or a combination of factors relating to the nature of the application. The appraised value may be determined by a sales contract, an appraisal by a registered panel valuer, who is a member of the Australian Property Institute or an Electronic Assessment Report (which is a statistical validation of a property's estimated value). If a valuation is not specifically required, the contract of sale is reviewed according to WBC's credit policy. When a housing loan is secured by more than one property, the combined value of the properties is considered.

All housing loans originated by brokers must comply with WBC's credit policy (and relevant National Consumer Credit Protection Legislation). If a valuation is not specifically required, the contract of sale is reviewed according to WBC's credit policy.

After a loan application has been approved, each loan applicant is provided with a general terms and conditions booklet. Once details have been verified relating to the housing loan and the accepted loan offer has been received, the housing loan proceeds through to settlement and disbursement. The security documents are stamped and registered after all documentation is completed to WBC's satisfaction and disbursement and settlement has occurred. It is a condition of settlement that the mortgagor establishes and maintains full replacement property insurance on the related property.

WBC's credit policies are subject to constant review. Credit policies may change from time to time due to business conditions and legal or regulatory changes.

Product Types

WBC currently offers a wide variety of housing loan product types with various features and options that are further described in *Housing Loan Features* below. Market competition and economics may require that WBC offer new product types or add features to a housing loan that are not described in this section. The housing loans in the CB Guarantor will consist of the following product types.

Owner-Occupied Home Loans

Rocket Repay Home Loan

This is a variable interest rate owner-occupied home loan. It provides a full range of product features including interest offset, free redraw access and full transactional banking capability. The maximum term for this product is 30 years.

Flexi First Option Home Loan

This is a low, variable interest rate owner-occupied home loan. This product was developed to compete with products offered by bank and non-bank originators. Additional loan options described in this section may be combined with this product at the borrower's request for a fee. The maximum term for this product is 30 years.

First Option Home Loan

This is a basic variable interest rate loan, removed from sale in December 2008, which was offered to owner-occupied borrowers to purchase or refinance residential property. It has a low interest rate, and additional loan options described in this section may be combined with this product at the request of the borrower for a fee. The maximum term for this product is 30 years.

Premium Option Home Loan

This is a variable interest rate owner-occupied home loan. This product is more flexible than the flexi first option home loan because it offers various loan options at no or reduced additional cost. This product typically has a higher interest rate than the flexi first option home loan rate. The maximum term for this product is 30 years.

Fixed Options Home Loan

This is a fixed rate owner-occupied home loan which bears a fixed rate of interest for up to 5 years. The maximum term for this product is 30 years. After the interest-only period, the borrower must make payments of principal and interest. The loan converts to the Rocket Repay Home Loan variable rate home loan upon the maturity of the fixed rate period unless the borrower requests an additional fixed rate period.

Investment Property Loans

Rocket Repay Investment Property Loan

This is an investment property home loan. It provides a full range of product features including interest offset, free redraw access and full transactional banking capability. The maximum term for this product is 30 years.

Flexi First Option Investment Property Loan

This is a basic variable interest rate loan offered to borrowers who will use the loan proceeds for investment purposes such as to purchase or refinance residential property. It typically has a lower interest rate. Additional loan options described in this section may be combined with this product at the request of the borrower for a fee. The maximum term for this product is 30 years.

First Option Investment Property Loan

This is a basic variable interest rate loan, removed from sale in December 2008, which was offered to borrowers who used the loan proceeds for investment purposes, such as to purchase or refinance residential rental property. It has a low interest rate, and additional loan options described in this section may be combined with this product at the request of the borrower for a fee. The maximum term for this product is 30 years.

Variable Rate Investment Property Loan

This is a variable interest rate loan offered to borrowers who will use the loan proceeds for investment purposes such as to purchase or refinance residential property for investment purposes. This product is more flexible than the Flexi First Option Investment Property Loan because it offers various options at no or reduced additional cost. The maximum term for this product is 30 years.

Fixed Rate Investment Property Loan

This is a fixed rate loan offered to borrowers who will use the loan proceeds for investment purposes such as to purchase or refinance residential property. The maximum term for this product is 30 years. These loans may have fixed interest rate terms for up to 12 years, however since December 2018, the maximum fixed interest rate terms have been 5 years. After this term expires, the loan will convert to the Variable Rate Investment Property Loan rate unless the borrower requests another fixed rate term. Some product features such as repayment holiday and top-up are not available during the fixed rate period. There are also restrictions on the amount of additional repayments that can be made and the amount of surplus funds available for redraw during the fixed rate period.

Additional features of fixed rate loans

In addition to the features set out for fixed rate loans above, WBC's fixed rate loans generally allow for additional repayments of up to A$30,000 before break costs apply. Further Advances are not available for fixed rate loans. However, the other features described below are available.

Servicing of Housing Loans

Servicing procedures include responding to customer enquiries, managing and servicing the features and facilities available under the Loans and the management of delinquent Loans.

The Servicer

Prior to 2 December 2011, WBC subcontracted certain of its servicing functions, including certain of its servicing obligations under the Servicing Agreement, to HP Enterprise Services BPA Pty Limited (**HP**) (formerly EDS (Business Process Administration) Pty Limited). WBC re-assumed these servicing functions in stages between December 2011 and September 2012. In doing so, WBC took over all of the operations (including most employees and servicing processes) that previously performed these functions at HP. Some information technology functions relating to servicing continue to be subcontracted to HP.

WBC may delegate additional servicing functions to third party service providers again in the future.

Servicing of Housing Loans

The day-to-day servicing of housing loans is currently performed at the mortgage processing centre operated by WBC in Adelaide. The servicing functions are supported by the activities of WBC's branches, telemarketing and telebanking centres.

The Servicer is contractually obligated to administer the housing loans:

(a) according to the Servicing Deed;

(b) according to WBC's policies, which are under regular review and may change from time to time as a result of business changes, or legislative and regulatory changes; and

(c) to the extent not covered by paragraphs (a) and (b), with the same degree of diligence and care expected of a Reasonable, Prudent Mortgage Lender.

Under the Servicing Deed, the Servicer is also responsible for custody of the mortgage title documents on behalf of the CB Guarantor and has custody of the relevant documents (either in machine readable or hard copy format). The CB Guarantor may terminate the Servicer's appointment, including as custodian, if a Servicer Termination Event occurs. Please see further *Overview of the Principal Documents – Servicing Deed*.

Collection and Enforcement Procedures

The Servicer will make reasonable efforts to collect all payments called for under the housing loans and any applicable credit enhancement. It will also follow collection procedures that are consistent with the Servicing Deed and consistent with the procedures it follows for WBC's residential housing loans.

Pursuant to the terms of the housing loans, borrowers must make the minimum payment due under the terms and conditions of the housing loans, on or before each instalment due date. The Servicer will credit repayments to an individual housing loan on the date of their receipt. Interest will be accrued daily on the balance outstanding after close of business and charged on each instalment due date. Any payments not received by the due date will produce a compounding interest effect.

A housing loan is considered delinquent for collection purposes whenever there is a failure to pay an amount due. However, the Servicer will not consider a housing loan delinquent if the Borrower is entitled to a repayment holiday as described in – *Housing Loan Features* below or the minimum instalment is reduced in connection with parental leave.

After a default by a Borrower, a mortgagee can exercise its power of sale of the mortgaged property. To exercise this power, a mortgagee must comply with the statutory restrictions of the relevant State or Territory as to notice requirements. The length of time between the decision to exercise its power of sale and final completion of the sale will be dependent on factors outside the control of the Servicer. For example, whether or not the mortgagor contests the sale and the market conditions at the time are both factors outside the control of the Servicer.

The collection and enforcement procedures may change from time to time as a result of business changes, or legislative and regulatory changes.

Housing Loan Features

Each housing loan originated or purchased by WBC may have some or all of the features or options described in this section. In addition, during the term of any housing loan, WBC may from time to time at its own initiative, or at the request of the borrower, change any of the features and options of the housing loans. Depending on the product type and the nature of the feature or option selected, various fees may apply.

Redraws and Further Advances

The housing loans generally provide for a redraw facility which allows the borrower to redraw principal repayments made in excess of scheduled principal repayments. This is available for both variable and fixed rate housing loans. Restrictions apply to the amount that can be redrawn on fixed rate housing loans. Borrowers may request a redraw or further advance at any time via various methods such as online, phone or branch withdrawals, cheque, direct debit or via card access. WBC may provide a redraw if the borrower is entitled to a redraw because of prepayments and if the loan is not a Delinquent Loan. A redraw will not result in the housing loan being removed from the mortgage pool.

The loan documentation and/or the mortgage for a housing loan may allow a borrower to request additional funds from WBC through increasing their credit limit. Unlike a Redraw, this causes the principal balance to exceed the current amortised scheduled balance of the relevant housing loan. Such an advance is known as a Further Advance. WBC will only provide a Further Advance if its underwriting and credit criteria are satisfied.

Smart Pay

A borrower may elect to have his/her salary paid in full or in part into their loan account. If this amount exceeds the scheduled repayment, surplus funds are created which may be redrawn. This feature will allow a customer up to 15 free automatic disbursements in each month against these surplus funds to other accounts. These disbursements are treated as redraws. Since December 2018, *Smart Pay* has no longer been available for new loans.

Repayment Holiday

The documentation for a housing loan may allow the borrower a repayment holiday when the borrower has prepaid principal, creating a difference between the outstanding principal balance of the housing loan and the scheduled amortised principal balance of the housing loan. The borrower is not required to make any payments, including payments of interest, until the outstanding principal balance of the housing loan plus unpaid interest equals the scheduled amortised principal balance. If the borrower fails to make payments

during a payment holiday, the related housing loan will not be considered delinquent if the borrower has notified WBC and complied with the provisions of its housing loan.

Early Repayment

Depending on when the loan was originated, a borrower may incur an early repayment fee under a standard variable rate housing loan contract.

A borrower may also incur break fees if an early repayment or partial prepayment of principal occurs on a fixed rate housing loan.

Substitution of Security

A borrower may apply to the Servicer to:

(a) substitute a different mortgaged property in place of the existing security property securing a housing loan;

(b) add a further mortgage as security for a loan; or

(c) release a mortgaged property from a mortgage.

If WBC's credit criteria are satisfied and another property is substituted for the existing security for the housing loan, the mortgage which secures the existing housing loan may be discharged without the borrower being required to repay the housing loan and the new mortgage will secure the existing housing loan. Please see further *Overview of the Principal Documents – Mortgage Sale Deed – Further Advances and Product Switches* below.

If any of the following conditions occur, the housing loan will remain in the housing loan pool, secured by the new mortgage:

(a) the substitute property subject to the mortgage satisfies the Eligibility Criteria at the time the new mortgage is entered into;

(b) the mortgage over the substitute property is granted by the borrower simultaneously with the discharge of the original mortgage; and

(c) the substitute property is acceptable to the Mortgage Insurer (if applicable).

If any of the following conditions occur, the Unpaid Balance will be repaid by WBC and the housing loan will cease to be a Trust Asset:

(a) the new property does not satisfy the Eligibility Criteria at the time the new mortgage is entered into;

(b) where applicable, the new property is not acceptable to the Mortgage Insurer; or

(c) settlement does not occur simultaneously with discharge.

Interest Rate Switching and Switching Between Housing Loan Product Types

Fixed rate loans will automatically convert to variable rate loans at the end of the fixed rate period as specified in the related loan documentation, unless the borrower elects another fixed rate period.

Borrowers may switch between certain housing loan products. This may involve conversion from a variable rate to a fixed rate or vice versa. Please see further *Overview of the Principal Documents – Mortgage Sale Deed – Further Advances and Product Switches*.

Switching to an Investment or Owner-Occupied Housing Loan

A borrower may elect to switch the use of the mortgaged property from owner-occupied property to investment or vice versa. WBC requires notification from the borrower of a switch from an owner-occupied to investment housing loan and reserves the right to change the interest rate or the fees charged with respect to the housing loan. Please see further *Overview of the Principal Documents – Mortgage Sale Deed – Further Advances and Product Switches*.

Combination Housing Loan

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

If a housing loan is split, each separate loan will remain a Trust Asset as long as each individual loan satisfies the Eligibility Criteria. If any loan does not satisfy the Eligibility Criteria, that loan will be removed from the Trust Assets. The other segments of the "split" loan which do satisfy the Eligibility Criteria will remain Trust Assets. Please see further *Overview of the Principal Documents – Mortgage Sale Deed – Further Advances and Product Switches*.

Payment Type

The loan payment types including in the CB Guarantor will be either interest-only and fees or principal, interest and fees. A borrower may elect to switch from paying principal, interest and fees to interest only and fees provided certain criteria are satisfied. The interest-only periods can only be for terms of one to ten years except that with credit specialist approval, the interest only period can be extended past 10 years. The interest only and fees payment type is available on most variable rate and fixed rate loans. Additionally, fixed rate investment property loans with an interest only and fees payment type permit borrowers to pay their interest up to 12 months in advance. At the end of any interest-only and fees period, the payment type under the related housing loan will convert to a principal, interest and fees payment type. The scheduled payments will be adjusted at this time to ensure that the housing loan will be repaid within its original term.

Parental Leave

Some of the variable rate loans allow a borrower who is on maternity or paternity leave and who meets the eligibility criteria to request a reduction in repayment of the related home loan by up to 50% for a maximum of 12 months. If the reduced payments are not sufficient to cover the interest due on the loan, the unpaid interest rate will be capitalised on the loan balance, which may cause the loan to negatively amortise. The scheduled payments are adjusted at the end of the parental leave period to ensure that the loan will be repaid within its original contracted maturity.

Reduced Repayment

Some of the variable rate loans allow a borrower who meets certain eligibility criteria to reduce their home loan repayment by up to 50% for as long as six months. This feature is designed to cater for certain lifestyle events such as travel, marriage, long service leave and home improvements which might warrant activating this feature. If the reduced payments are not sufficient to cover the interest due on the housing loan, the unpaid interest rate will be capitalised on the housing loan balance, which may cause the housing loan to negatively amortise. The scheduled payments are adjusted at the end of the reduced repayment period to ensure that the housing loan will be repaid within its original contracted maturity.

Insurance Premiums

A borrower may request that any insurance premium payable by the borrower in relation to lender's mortgage insurance be capitalised. If WBC agrees to that request, the premium will be capitalised and will thus constitute part of the principal to be amortised over the life of the housing loan.

Capitalised Fees

A borrower may request that WBC provide product features under its housing loan contract without requiring the borrower to pay the usual up-front fee relating to that product. In those cases, WBC may capitalise the fee, which will thus constitute part of the principal to be amortised over the life of the housing loan.

Housing Loan Packages

Borrowers may elect to take out a housing loan package. The housing loan package has qualifying criteria based on the borrower's total aggregate loan amount and provides various benefits. These benefits include interest rate discounts and fee waivers or reductions on certain housing loan product types.

Interest offset features

A borrower may elect to enter into an arrangement with WBC under which the amount of interest which would (but for such arrangement) have been payable in respect of a housing loan (including a rocket repay loan type) is reduced by reference to any credit balance on any savings or cheque account in the name of that borrower (whether alone or jointly with another person) which is kept with WBC.

Interest Only Periods

The loans may provide that, unless approved by a credit specialist, owner occupier borrowers pay interest only for up to 5 years or that investor borrowers pay interest only up to 10 years. After the interest only period, the borrower must make payments of principal and interest. However, the Eligibility Criteria does not permit loans with an interest only payment period as at the relevant Cut-Off Date of more than 10 years to be sold to the CB Guarantor.

Additional Features

WBC may, in relation to a housing loan, from time to time seek to offer additional features which are not referred to above. Before doing so, WBC must satisfy that the Administrative Agent would be able to give a rating notification in relation to the additional features.

WESTPAC COVERED BOND TRUST

The Westpac Covered Bond Trust is a special purpose unit trust established by the Trust Deed on 26 October 2011. BNY Trust Company of Australia Limited is the trustee of the Westpac Covered Bond Trust, with ABN 41 372 138 093.

The units in the Westpac Covered Bond Trust comprise one residual income unit (a **Residual Income Unit**) and one residual capital unit (each, a **Residual Capital Unit**) of A$10 each. The Residual Income Unit and Residual Capital Unit are issued and are fully paid up as at the date of this Prospectus.

The principal activities of the Westpac Covered Bond Trust are set out in the Trust Deed and include the giving of the Covered Bond Guarantee and, in connection with, and for the purpose of, giving the Covered Bond Guarantee, to:

(a) acquire, manage and sell Loans and their Related Security;

(b) acquire, manage and sell Substitution Assets and Authorised Investments;

(c) borrow money pursuant to the Intercompany Loan Agreement and the Subordinated Loan Agreement;

(d) enter into swap agreements to hedge the risks associated with such assets and such funding;

(e) grant security for its obligations pursuant to the Security Trust Deed;

(f) enter into and perform its obligations and exercise its rights under the Transaction Documents to which it is a party;

(g) undertake any other activities as may be reasonably incidental to any of the above or necessary in connection with the performance of its obligations or the exercise of any powers or rights under the Transaction Documents or otherwise in respect of the Trust; and

(h) appoint any person or persons to do any of the above on its behalf,

in each case, in accordance with and subject to the terms of the Trust Deed and the other Transaction Documents.

Beneficiaries

The beneficiaries of the Westpac Covered Bond Trust are the holders of the Residual Income Unit and the Residual Capital Unit. As at the date of this Prospectus, WBC is the sole holder of the Residual Income Unit and the Residual Capital Unit.

Trustee of the Westpac Covered Bond Trust

The trustee of the Westpac Covered Bond Trust is BNY Trust Company of Australia Limited (in such capacity, the **CB Guarantor**). BNY Trust Company of Australia Limited was appointed trustee of the Westpac Covered Bond Trust on 26 October 2011 pursuant to the Trust Deed establishing the Westpac Covered Bond Trust.

BNY Trust Company of Australia Limited was incorporated in New South Wales, Australia on 10 December 1990 as a public company with limited liability under the Corporations Act. Its Australian Business Number is 49 050 294 052.

The CB Guarantor's registered office is at Level 2, 1 Bligh Street, Sydney NSW 2000, Australia, where the CB Guarantor's register of Unitholders is kept (telephone number +61 2 9260 6000). The Trust Deed may be inspected at the registered office of the CB Guarantor.

BNY Trust Company of Australia Limited enters into the Transaction Documents only in its capacity as trustee of the Westpac Covered Bond Trust and in no other capacity. A liability arising under or in connection with the Transaction Documents is limited to, and can be enforced against the CB Guarantor only to the extent to which it can be satisfied out of the assets of the Westpac Covered Bond Trust out of which the CB Guarantor is actually indemnified for the liability. This limitation of the CB Guarantor's liability applies despite any other provision of the Transaction Documents (other than in the case of fraud, negligence or wilful misconduct by the CB Guarantor) and extends to all liabilities and obligations of the CB Guarantor in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to a Transaction Document.

Management

The Directors of BNY Trust Company of Australia Limited, in its capacity as the trustee of the Westpac Covered Bond Trust, and other principal activities at the date of this Prospectus are:

Name	**Principal activity outside of the CB Guarantor**
Michael Thomson	Director of BNY Trust Company of Australia Limited
Robert Wagstaff	Director of BNY Trust Company of Australia Limited
Anna O'Sullivan	Director of BNY Trust Company of Australia Limited
David Mrkic	Alternate Director of BNY Trust Company of Australia Limited
James McNeil	Alternate Director of BNY Trust Company of Australia Limited

The business address of each of the Directors of the CB Guarantor is Level 2, 1 Bligh Street, Sydney, NSW 2000, Australia.

As at the date of this Prospectus, there are no existing or potential conflicts of interest between any duties owed to the CB Guarantor by its Directors and the private interests or external duties of those Directors. In respect of potential conflicts of interest that may arise in the future, the CB Guarantor will manage such conflicts in accordance with the policies of the CB Guarantor from time to time.

Administrative Agent

Pursuant to the terms of the Administration Deed, the Administrative Agent shall assist the CB Guarantor with the implementation and administration of the provisions of the Trust Deed and the other Transaction Documents to the extent such provisions are binding on the CB Guarantor.

Auditors

The auditors of the Westpac Covered Bond Trust are currently PricewaterhouseCoopers Australia (**PwC Australia**), Chartered Accountants with their principal office at One International Towers Sydney, Watermans Quay, Barangaroo, Australia. PwC Australia partners are members or affiliate members of Chartered Accountants Australia and New Zealand to practise in Australia.

OVERVIEW OF THE PRINCIPAL DOCUMENTS

Bond Trust Deed

The Bond Trust Deed, made between the Issuer, the CB Guarantor and the Bond Trustee prior to the first Issue Date, is the principal agreement governing the Covered Bonds, in addition to the Guarantee Deed Poll. The Bond Trust Deed contains provisions relating to, *inter alia*:

(a) the constitution of the Covered Bonds (including the N Covered Bonds but other than the Australian Domestic Covered Bonds) and the terms and conditions of the Covered Bonds (as more fully set out under *International Terms and Conditions of the Covered Bonds (other than Australian Domestic Covered Bonds)* above);

(b) the covenants of the Issuer and the CB Guarantor;

(c) the Issuer Events of Default and the CBG Events of Default;

(d) the process for service of an Issuer Acceleration Notice and/or CBG Acceleration Notice;

(e) the enforcement procedures relating to the Covered Bonds and the Covered Bond Guarantee; and

(f) the appointment, powers and responsibilities of the Bond Trustee and the circumstances in which the Bond Trustee may resign, or retire or be removed.

The Bond Trust Deed provides that any Excess Proceeds received following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice shall be paid by the Bond Trustee on behalf of the Covered Bondholders of the relevant Series to the CB Guarantor for its own account, as soon as practicable, and shall be held by the CB Guarantor in the GI Account and the Excess Proceeds shall thereafter form part of the Secured Property and shall be used by the CB Guarantor in the same manner as all other monies from time to time standing to the credit of the GI Account. Any Excess Proceeds received by the Bond Trustee shall discharge *pro tanto* the obligations of the Issuer in respect of the Covered Bonds and Coupons (to the extent of the amount so received and subject to restitution of the same if such Excess Proceeds shall be required to be repaid by the CB Guarantor). The obligations of the CB Guarantor under the Covered Bond Guarantee are (following service of a Notice to Pay or, as the case may be, a CBG Acceleration Notice) unconditional and irrevocable and the receipt by the Bond Trustee of any Excess Proceeds shall not reduce or discharge any of such obligations.

By subscribing for Covered Bond(s), each Covered Bondholder shall be deemed to have irrevocably directed the Bond Trustee to pay the Excess Proceeds to the CB Guarantor in the manner as described above.

The Bond Trust Deed is governed by English law.

Australian Domestic Covered Bond Deed Poll

The Australian Domestic Covered Bond Deed Poll is made by the Issuer prior to the first Issue Date for the benefit of the Bond Trustee and each Covered Bondholder, and is the document under which the Australian Domestic Covered Bonds are constituted. The Australian Domestic Covered Bonds will additionally be subject to the provisions of the Bond Trust Deed.

The Australian Domestic Covered Bond Deed Poll is governed by the laws of New South Wales, Australia.

Guarantee Deed Poll

The Guarantee Deed Poll is made by the CB Guarantor prior to the first Issue Date for the benefit of the Bond Trustee and each Covered Bondholder, and is the document under which the CB Guarantor provides the Covered Bond Guarantee in favour of the Covered Bondholders and contains the terms of that Covered Bond Guarantee and how payments will be made in respect of that Covered Bond Guarantee.

Covered Bond Guarantee

Under the terms of the Covered Bond Guarantee, if the Issuer defaults in the payment on the due date of any monies due and payable under or pursuant to the Bond Trust Deed, the Guarantee Deed Poll or the Covered Bonds or any Coupons, or if any other Issuer Event of Default occurs (other than by reason of non-payment), and, in any such case, if the Bond Trustee has served an Issuer Acceleration Notice on the Issuer, the CB Guarantor has agreed (on a limited recourse basis and subject as described below) to pay or procure to be paid (following service of a Notice to Pay on the CB Guarantor) unconditionally and irrevocably to or to the order of the Bond Trustee (for the benefit of the Covered Bondholders) an amount equal to that portion of the Guaranteed Amounts which shall become Due for Payment but would otherwise be unpaid, as of any Original Due for Payment Date or, if applicable, the Extended Due for Payment Date, by the Issuer. Payment by the CB Guarantor of the Guaranteed Amounts pursuant to the Covered Bond Guarantee will be made on the Guaranteed Amounts Due Date. In addition, the CB Guarantor shall, to the extent it has funds available to it, make payments in respect of the unpaid portion of the Final Redemption Amount on any Interest Payment Date up until the Extended Due for Payment Date. The Bond Trustee will be required to serve a Notice to Pay on the CB Guarantor following the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice on the Issuer.

Under the Covered Bond Guarantee, the Guaranteed Amounts will become due and payable on the date on which, following the occurrence of a CBG Event of Default, a CBG Acceleration Notice is served in accordance with Condition 9.2 (*CBG Events of Default*). Following service of a CBG Acceleration Notice, the Covered Bonds will (if an Issuer Acceleration Notice has not already been served) become immediately due and payable as against the Issuer and the obligations of the CB Guarantor under the Covered Bond Guarantee will be accelerated.

All payments of Guaranteed Amounts by or on behalf of the CB Guarantor will be made net of any withholding or deduction for, or on account of, any present or future Taxes and the CB Guarantor will account to the appropriate Tax authority for the amount required to be withheld or deducted. The CB Guarantor will not be obliged to pay additional amounts to the Bond Trustee or any Covered Bondholders in respect of any such withholding or deduction.

Under the terms of the Covered Bond Guarantee, the CB Guarantor has agreed that its obligations under the Covered Bond Guarantee shall be as principal debtor and not merely as surety or guarantor and shall be absolute and unconditional (subject to the service of a Notice to Pay or, as the case may be, a CBG Acceleration Notice on the CB Guarantor), irrespective of, and unaffected by, any invalidity, irregularity, illegality or unenforceability of, or defect in, any provisions of the Bond Trust Deed, the Guarantee Deed Poll or the Covered Bonds or Coupons or any other Transaction Documents, among other things, or the absence of any action to enforce the same or the waiver, modification or consent by the Bond Trustee or 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.

Subject to the grace period specified in Condition 9.2(a) (*CBG Events of Default*) of the Terms and Conditions, failure by the CB Guarantor to pay the Guaranteed Amounts which are Due for Payment on the relevant Guaranteed Amounts Due Date will result in a CBG Event of Default.

The Guarantee Deed Poll is governed by the laws of New South Wales, Australia.

Intercompany Loan Agreement

General

Under the terms of the Intercompany Loan Agreement, the Intercompany Loan Provider agrees to make available to the CB Guarantor, on a secured basis, an intercompany loan facility for a maximum amount equal to the Intercompany Loan Facility Amount, subject to increases and decreases as described below. The initial Advance will be an amount sufficient to acquire the initial Portfolio. The Intercompany Loan comprises a guarantee loan portion (the **Guarantee Loan**) and a demand loan portion (the **Demand Loan**) and is denominated in Australian Dollars. The interest rate on each Advance under the Intercompany Loan is an Australian Dollar floating rate to be determined by the Intercompany Loan Provider. The aggregate amount of interest payable under the Intercompany Loan in respect of any interest period will not exceed the gross amount payable to the CB Guarantor under the Interest Rate Swap Agreement (prior to any netting) in that period less an amount for certain expenses of the CB Guarantor.

Calculation of the Demand Loan and Guarantee Loan

The Guarantee Loan at any relevant time will be in an amount equal to the lesser of (i) the aggregate principal balance of the Intercompany Loan at such time and (ii) the aggregate principal balance of the Intercompany Loan minus the Adjusted Aggregate Loan Amount (as determined in accordance with the Asset Coverage Test: see *Overview of the Principal Documents – Participation Agreement – Asset Coverage Test*) plus the AUD Equivalent of the Principal Amount Outstanding of the Covered Bonds at such time. The Guarantee Loan will be repaid in accordance with the applicable Priorities of Payments and at all times repayment of the Demand Loan is provided for in priority to repayment of the Guarantee Loan, as described below. Following service of a Notice to Pay or CBG Acceleration Notice, repayment of the Guarantee Loan is subordinate in the applicable Priorities of Payments to payments in respect of the Covered Bond Guarantee in accordance with such Priority of Payments.

The Demand Loan at any relevant time will be equal to the difference between the outstanding principal balance of the Intercompany Loan and the amount of the Guarantee Loan at that time. Except as described below, the respective balances of the Guarantee Loan and the Demand Loan will fluctuate according to the Asset Coverage Test (see *Participation Agreement – Asset Coverage Test* below) and with the issuances and redemptions of Covered Bonds.

If a Notice to Pay or a CBG Acceleration Notice is served on the CB Guarantors then the amount of the Demand Loan and the Guarantee Loan will be fixed as at the date on which the Asset Percentage is recalculated and thereafter will only be adjusted to reflect permitted repayments (as described below and which will be deducted first from the Demand Loan) and further Advances (which will be added to the Guarantee Loan).

Purpose

The CB Guarantor will use the initial Advance to purchase the initial Portfolio from the Seller in accordance with the terms of the Mortgage Sale Deed and will use additional Advances:

(a) to purchase New Portfolios from the Seller, from time to time, in accordance with the terms of the Mortgage Sale Deed; and/or

(b) to invest in Substitution Assets or in Authorised Investments, in each case in accordance with the Participation Agreement; and/or

(c) subject to written confirmation from the Cash Manager that the Asset Coverage Test is met on the relevant drawdown date (both before and immediately following the making of the relevant drawdown), to repay Subordinated Advances, if any; and/or

(d) to make a deposit of the proceeds in the GI Account (including, without limitation, to fund the Reserve Fund and/or the Pre-Maturity Liquidity Ledger, in each case in accordance with the Participation Agreement).

The CB Guarantor may re-borrow any amount repaid by the CB Guarantor under the Intercompany Loan for a permitted purpose.

Deemed Advances will also arise under the Intercompany Loan if:

(i) as at any Calculation Date, the Outstanding Principal Balance of a Loan in the Portfolio increases as a result of a Further Advance and/or Capitalised Interest or any other increase in the Outstanding Principal Balance of a Loan;

(ii) on any CBG Payment Date, an amount is credited to the Reserve Ledger or the Pre-Maturity Liquidity Ledger pursuant to the Pre-Acceleration Revenue Priority of Payments or the Pre-Acceleration Principal Priority of Payments: see Cashflows below;

(iii) as at any Calculation Date, there is a Deemed Subordinated Advance outstanding, and

in each case, the Deemed Advance Preconditions are satisfied on the relevant Calculation Date or CBG Payment Date (as applicable).

The **Deemed Advance Preconditions** are:

(a) the aggregate outstanding principal amount of Advances after giving effect to such Deemed Advance does not exceed the Intercompany Loan Facility Amount; and

(b) no Issuer Event of Default, CBG Event of Default or Demand Loan Repayment Event has occurred and is outstanding or would result from the Deemed Advance.

If any of the Deemed Advance preconditions are not satisfied on the relevant Calculation Date or CBG Payment Date (as applicable) then the relevant amount will constitute a Deemed Subordinated Advance under the Subordinated Loan Agreement. If, however, on a subsequent Calculation Date the Deemed Subordinated Advance satisfies the Deemed Advance Preconditions on that Calculation Date, the Subordinated Loan Interest Amount in respect of that Deemed Subordinated Advance as at the relevant Calculation Date will be deemed to be a Intercompany Loan Interest Amount and will be repayable in accordance with the terms of the Intercompany Loan Agreement.

Unless otherwise agreed by the Intercompany Loan Provider, no Advances will be made to the CB Guarantor following the occurrence of an Issuer Event of Default, a CBG Event of Default or a Demand Loan Repayment Event.

Asset Registers

The Intercompany Loan Provider must request the Administrative Agent to maintain any or all of the Asset Registers described below if such Asset Registers are required for the Intercompany Loan Provider to comply with any Law. The Administrative Agent must, upon request from the Intercompany Loan Provider, maintain accurate and up-to-date registers (collectively, the **Asset Registers**) in respect of:

(i) assets in the cover pool (as defined in the Banking Act) of the CB Guarantor; and

(ii) such other registers as the Intercompany Loan Provider may request from time to time.

The Administrative Agent will allocate the assets of the CB Guarantor to the Asset Registers, at such times as the Administrative Agent determines is necessary or as may be required for the purposes of any determination, calculation or repayment of the Demand Loan on the following basis:

(i) Loans and Related Securities will be allocated on a random basis; and

(ii) all other assets of the CB Guarantor (including Authorised Investments and Substitution Assets) will be allocated on such basis as the Administrative Agent shall determine.

The Administrative Agent has agreed that upon request from the Intercompany Loan Provider and at the cost of the Intercompany Loan Provider it will provide the Intercompany Loan Provider and/or APRA with copies of the Asset Registers and such other information in respect of the Asset Registers as the Intercompany Loan Provider may require in connection with any queries APRA may have.

Repayment of the Demand Loan

Unless a Payment Election (as defined in *Cashflows – Payment Election*) has been made that has not been revoked, the repayment of principal in respect of the Demand Loan will only be satisfied by payment in kind to the Intercompany Loan Provider of Loans and Related Security, Authorised Investments and/or Substitution Assets held by the CB Guarantor and the Demand Loan will not be repayable by cash in accordance with the Priority of Payments. However, if a Payment Election has been made and not revoked the Demand Loan may also be repaid in cash. Any Payment Election delivered to the CB Guarantor by the Intercompany Loan is revocable by the Intercompany Loan Provider prior to an Issuer Event of Default or a CBG Event of Default. See *Cashflows – Payment Election* below for more information. Upon the CB Guarantor being required to repay all or part of the Demand Loan, the Administrative Agent will deliver a Demand Loan Repayment Notice to the CB Guarantor, the Cash Manager, the Security Trustee and the Intercompany Loan Provider. Unless a Payment Election (as defined in *Cashflows – Payment Election*) has been made that has not been revoked or where a Payment Election has been made that has not been revoked and the Intercompany Loan Provider has requested to have the Demand Loan repaid by assets, the Administrative Agent will specify in the Demand Loan Repayment Notice the Loans and Related Security, Authorised Investments and/or Substitution Assets (collectively, the **Demand Loan Repayment Assets**) that will satisfy the repayment obligation. The Loans will be selected by the Administrative Agent on a random basis and the Authorised Investments and/or Substitution Assets will be selected by the Administrative Agent on such basis as it determines. On the CBG Payment Date immediately following the delivery of the Demand Loan Repayment Notice, or in the case of service of a Notice to Pay or a CBG Acceleration Notice, the CBG Payment Date following the date on which the Asset Percentage was recalculated (as described below) (the **Demand Loan Repayment Date**), the CB Guarantor's interest in the Demand Loan Repayment Assets will be transferred to the Intercompany Loan Provider or, in the case of the Loans where title has not been perfected, extinguished in favour of the Intercompany Loan Provider. On or before the first CBG Payment Date following the relevant Demand Loan Repayment Date, the Intercompany Loan Provider shall pay to the CB Guarantor an amount equal to the Arrears of Interest and Accrued Interest on the relevant Loans and Related Security comprising the relevant Demand Loan Repayment Assets, extinguished or transferred on that Demand Loan Repayment Date, as at (but excluding) that Demand Loan Repayment Date.

All payments in respect of principal in respect of any Demand Loan Repayment Assets (whether as all or part of a Mortgage Payment) which are received on the Sydney Business Day immediately prior to the relevant Demand Loan Repayment Date for such Demand Loan Repayment Assets will belong to the Intercompany Loan Provider and are not Principal Receipts and the Cash Manager on behalf of the CB Guarantor agrees to remit such amounts to the Intercompany Loan Provider within two Sydney Business Days of such receipt.

Prior to service of an Asset Coverage Test Breach Notice, a Notice to Pay, a Demand Loan Repayment Event (defined below) or a CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice, the Intercompany Loan Provider may demand repayment of the Demand Loan, in which

case the principal amount of the Demand Loan in respect of which demand has been made will be repayable with Demand Loan Repayment Assets or, if a Payment Election has been made that has not been revoked, cash, on each CBG Payment Date immediately following the last day of the Calculation Period in which the demand is made.

Prior to service of a Notice to Pay or a CBG Acceleration Notice, no principal amount of the Demand Loan will be repaid as required above unless the Cash Manager has determined that the Asset Coverage Test will continue to be met after giving effect to the repayment. If the Asset Coverage Test will not be satisfied after giving effect to such repayment, then only the amount of the Demand Loan which could be repaid without breach of the Asset Coverage Test will be repayable.

Following the service of a Notice to Pay or a CBG Acceleration Notice, the Cash Manager must recalculate the Asset Percentage under the Asset Coverage Test and the amount of the Demand Loan calculated on the basis of the new Asset Percentage will be repayable by the CB Guarantor by way of payment of Demand Loan Repayment Assets or, if a Payment Election has been made that has not been revoked, cash. As soon as possible following service of a Notice to Pay or a CBG Acceleration Notice, where the Intercompany Loan Provider has not made a Payment Election that has not been revoked or has otherwise requested the repayment of the Demand Loan by repayment in kind of Demand Loan Repayment Assets, the Administrative Agent will select the initial Demand Loan Repayment Assets (**Initial Demand Loan Repayment Assets**) to be extinguished in favour of or transferred to the Intercompany Loan Provider with a Demand Loan Repayment Asset Amount (**Initial Demand Loan Repayment Asset Amount**) as close as reasonably possible to the principal amount of the Demand Loan. The Administrative Agent will specify such Demand Loan Repayment Assets in an initial Demand Loan Repayment Notice (**Initial Demand Loan Repayment Notice**) delivered to the CB Guarantor, the Intercompany Loan Provider, the Cash Manager and the Security Trustee.

The Cash Manager shall as soon as reasonably practicable, but in any event not later than 28 days, or such earlier date as may be required for the Intercompany Loan Provider to satisfy any requirements of Law, following the service of a Notice to Pay or a CBG Acceleration Notice, procure the recalculation of the Asset Percentage in accordance with the Participation Agreement. If the amount so recalculated is a percentage number: (i) equal to the number previously calculated and applied for the purposes of determining the Adjusted Aggregate Loan Amount, then the Asset Percentage shall not be changed; or (ii) less than or more than the number previously calculated and applied for the purposes of determining the Adjusted Aggregate Loan Amount, then the Asset Percentage shall be changed to that number.

If the principal amount of the Demand Loan as calculated following the recalculation of the Asset Percentage is less than or more than the principal amount of the Demand Loan used to determine the Initial Demand Loan Repayment Asset Amount (if applicable), then the Administrative Agent shall either remove Demand Loan Repayment Assets or add Demand Loan Repayment Assets (being assets first from the Other Liabilities Register) to the Demand Loan Repayment Assets specified in the Initial Demand Loan Repayment Notice delivered to the CB Guarantor, the Intercompany Loan Provider, the Cash Manager and the Security Trustee. The Administrative Agent will provide an updated copy of the Demand Loan Repayment Notice with such addition or deletion, as the case may be, to the CB Guarantor, the Security Trustee, the Cash Manager and the Intercompany Loan Provider. On the first CBG Payment Date after the Asset Percentage has been recalculated, the CB Guarantor's interest in the Demand Loan Repayment Assets specified in the updated Demand Loan Repayment Notice will be transferred to the Intercompany Loan Provider or, in the case of the Loans where title has not been perfected, extinguished in favour of the Intercompany Loan Provider in repayment of the Demand Loan.

Unless the Intercompany Loan Provider has made a Payment Election that has not been revoked, the Demand Loan Repayment Assets will not form part of the assets that are applied by the Security Trustee in accordance with the Post-Enforcement Priority of Payments following the occurrence of a CBG Event of Default and delivery of a CBG Acceleration Notice. Where the Intercompany Loan Provider has made a Payment Election that has not been revoked, the Demand Loan will be repaid under the Post-Enforcement Priority of Payments.

In order to provide sufficient time to the Administrative Agent to select and transfer or extinguish the relevant Demand Loan Repayment Assets to or in favour of, as the case may be, the Intercompany Loan Provider in accordance with the terms of the Intercompany Loan Agreement and to recalculate the Asset Percentage, the terms of the Security Trust Deed provides that the Security Trustee may only apply amounts in accordance with the Post-Enforcement Priority of Payments on and after the first CBG Payment Date following the earlier of:

(a) 28 days following the service of a Notice to Pay or a CBG Acceleration Notice on the CB Guarantor; and

(b) the date on which the Asset Percentage is recalculated as described above following the service of a Notice to Pay or a CBG Acceleration Notice.

If:

(i) the Intercompany Loan Provider, as the Interest Rate Swap Provider, is required to novate any Interest Rate Swap Agreement to a third party;

(ii) to the extent Moody's or Fitch is a Rating Agency, the Intercompany Loan Provider, fails to have a long-term unsecured and unsubordinated rating of at least Baa2 from Moody's or BBB from Fitch (or such other rating as is agreed between the Cash Manager and the Intercompany Loan Provider provided a Ratings Notification has been given by the Cash Manager in respect of such other rating); or

(iii) the Intercompany Loan Agreement is terminated,

(each of (i), (ii) and (iii) above, a **Demand Loan Repayment Event**), the Cash Manager on behalf of the CB Guarantor must recalculate the Asset Percentage under the Asset Coverage Test and the amount of the Demand Loan calculated on the basis of the new Asset Percentage will be repayable in kind with Demand Loan Repayment Assets selected by the Administrative Agent and/or in cash (if the Intercompany Loan Provider has made a Payment Election that has not been revoked). The Demand Loan will be repayable by the CB Guarantor on the first CBG Payment Date following the first Calculation Date after the determination of the Asset Percentage.

Following a Demand Loan Repayment Event, the Demand Loan will not be repayable (whether in cash or by payment in kind by the transfer of Loans and their Related Security or extinguishment of the CB Guarantor's interest in such Loans and their Related Security, or by the transfer of Substitution Assets and/or Authorised Investments) to the extent that the Asset Coverage Test will not be satisfied after giving effect to such repayment (in which case only the amount, if any, which could be repaid while remaining in compliance with the Asset Coverage Test shall be due and payable).

Other

The Issuer will not be relying on repayment of the Intercompany Loan in order for it to meet its repayment obligations under the Covered Bonds.

Any failure by the CB Guarantor to pay any amounts due on the Intercompany Loan, however, will not affect the liability of the Issuer to pay the relevant amount due on the Covered Bonds.

The Intercompany Loan Agreement is governed by the laws of New South Wales, Australia.

Mortgage Sale Deed

The Seller

Loans and their Related Security have been and will be sold to the CB Guarantor from time to time pursuant to the terms of the Mortgage Sale Deed entered into on 3 November 2011 between WBC (in its capacity as Seller), the CB Guarantor and the Administrative Agent.

Sale by the Seller of the Loans and Related Security

The Portfolio will consist of the Loans and their Related Security sold from time to time by the Seller to the CB Guarantor in accordance with the terms of the Mortgage Sale Deed. The types of Loans forming the Portfolio will vary over time provided that the Eligibility Criteria (as described below) in respect of such Loans are met on the Cut-Off Date immediately preceding the relevant Assignment Date. Accordingly, the Portfolio may, at any time, include Loans with different characteristics from Loans that were included in the Portfolio or were being offered to Borrowers on previous Assignment Dates.

Prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or a CBG Event of Default and service of a CBG Acceleration Notice, the CB Guarantor may acquire the Loans and their Related Security from the Seller in certain circumstances.

In particular, the Portfolio must be maintained at all times in compliance with the Asset Coverage Test (as determined by the Cash Manager on each Calculation Date). If as of any Calculation Date there is a breach of the Asset Coverage Test, the Seller will use all reasonable endeavours to offer to sell sufficient New Loans and their Related Security to the CB Guarantor on or before the next Calculation Date to ensure compliance with the Asset Coverage Test as at the next Calculation Date.

In addition, at the time that Covered Bonds are issued under the Programme, the Intercompany Loan Provider may make Advances to the CB Guarantor, the proceeds of which may be applied in whole or in part by the CB Guarantor to acquire Loans and their Related Security from the Seller.

The CB Guarantor may also, in certain circumstances, use the Available Principal Receipts to acquire New Loans and their Related Security from the Seller as well as Substitution Assets or Authorised Investments on each CBG Payment Date in accordance with the relevant Priorities of Payments.

The CB Guarantor may, at the direction of the Administrative Agent, accept an offer from the Seller for the sale of a New Portfolio of Loans and their Related Security by payment of the Purchase Price for those Loans equal to the Outstanding Principal Balance of those Loans as at the Cut-Off Date immediately preceding the relevant Assignment Date. This will be satisfied by a cash payment in Australian Dollars to be made by the CB Guarantor from the proceeds of any combination of an Advance under the Intercompany Loan Agreement or a Subordinated Advance under the Subordinated Loan Agreement made on such Assignment Date and/or Available Principal Receipts paid in accordance with the Pre-Acceleration Principal Priority of Payments, as determined by the Administrative Agent.

Adjustment of the purchase price

On or before the second CBG Payment Date falling immediately after an Assignment Date, the CB Guarantor shall pay to the Seller the Accrued Interest Adjustment Amount as of such Assignment Date in respect of the Loans and their Related Security comprised in the relevant New Portfolio assigned to the CB Guarantor on that Assignment Date in accordance with the applicable Priorities of Payments and, if there is a shortfall in funds available to pay such Accrued Interest Adjustment Amount, the shortfall will be payable on subsequent CBG Payment Dates in accordance with the applicable Priorities of Payments until paid in full. Additionally, on or before the second CBG Payment Date falling immediately after an Assignment Date, the Seller will pay to the CB Guarantor, or as the Administrative Agent on behalf of the CB Guarantor directs, as an adjustment to the Purchase Price, an amount equal to any Principal Receipts received by the Seller in relation to the Loans and their Related Security comprised in the relevant New Portfolio from (but excluding) the relevant Cut-Off Date to (but excluding) that Assignment Date.

Conditions to the sale of Loans and their Related Security

The sale of Loans and their Related Security to the CB Guarantor will be subject to various conditions being satisfied on the relevant Assignment Date. These are as follows:

(a) there shall have been neither an Issuer Event of Default and service of an Issuer Acceleration Notice nor a CBG Event of Default and service of a CBG Acceleration Notice as at the relevant Assignment Date;

(b) the CB Guarantor, acting on the advice of the Administrative Agent, is not aware and the Administrative Agent is not aware and could not reasonably be expected to be aware, that the proposed purchase by the CB Guarantor of the Loans and their Related Security on the relevant Assignment Date would cause an Adverse Rating Effect;

(c) the Assignment Date not being more than 42 days after the Cut-Off Date in respect of the relevant Loans and their Related Security;

(d) the Administrative Agent has given notice of such assignment to the Rating Agencies;

(e) the Administrative Agent has determined that the CB Guarantor will have funds available to pay the relevant purchase price for the Loans and their Related Security; and

(f) such assignment is not prohibited by the Banking Act or any direction from APRA to the Seller pursuant to the Banking Act.

On the relevant Assignment Date, the Representations and Warranties (described below under – *Representations and Warranties*) will be given by the Seller in respect of the Loans and their Related Security sold by the Seller to the CB Guarantor on that Assignment Date.

The Seller shall not be obliged to complete the sale of any Loans and their Related Security on any Assignment Date if it is aware, as of such date, that the Representation and Warranty in respect of the Eligibility Criteria is untrue in respect of those Loans and their Related Security or if the assignment of any of those Loans and Related Securities is prohibited by applicable Law, and the Seller will have no liability if it does not complete the sale of the relevant Loans and their Related Security as a consequence, but shall notify the Administrative Agent and the CB Guarantor as soon as possible after becoming so aware.

The sale of the Loans and their Related Security by the Seller to the CB Guarantor is, and will take effect as, an equitable assignment of the Seller's rights, title, interest and benefit in and to the Loans, their Related Security and the other assets which are being sold. Where Other Secured Liabilities exist in respect of the Related Security in relation to a Loan which is sold by the Seller to the CB Guarantor, the Seller may also offer to sell such Other Secured Liability to the CB Guarantor in the relevant New Portfolio Notice. However, the CB Guarantor, in accordance with the terms of the Mortgage Sale Deed, agrees to hold such Other Secured Liabilities on Trust for the Seller. Accordingly, such Other Secured Liabilities (including any income generated from such Other Secured Liabilities) is not included as part of the Portfolio, as Available Revenue Receipts or as Available Principal Receipts, but rather as Third Party Amounts.

Perfection of the Assignment of the Loans and their Related Security to the CB Guarantor

The perfection of the assignment of the Loans and their Related Security comprised in the Portfolio to the CB Guarantor will only take place in the limited circumstances described below.

The perfection of the assignment of the Loans and their Related Security comprised in the Portfolio (or, where specified, the Selected Loans and their Related Security) to the CB Guarantor will occur after the earliest of the following (each a **Title Perfection Event**):

(a) service of a Notice to Pay (unless the Seller has notified the CB Guarantor that it will accept the offer set out in the Selected Loan Offer Notice within the prescribed time in which case a Title Perfection Event in respect of the relevant Selected Loans will be deemed not to have occurred) on the CB Guarantor;

(b) service of a CBG Acceleration Notice on the CB Guarantor;

(c) in respect of Selected Loans only, at the request of the CB Guarantor or the Administrative Agent on its behalf following the acceptance of any offer to sell the Selected Loans and their Related Security to any person who is not the Seller;

(d) the Seller and/or the CB Guarantor being required, by an order of a court of competent jurisdiction, or by a regulatory authority to which the Seller is subject, to perfect the assignment of the Loans and their Related Security comprised in the Portfolio;

(e) it being rendered necessary by law to take such actions;

(f) the termination of the Seller's role as Servicer under the Servicing Deed unless the substitute servicer, if any, is a member of the Westpac Group;

(g) the Seller requesting the perfection of the assignment of the Loans and the Related Security comprised in the Portfolio by giving notice in writing to the CB Guarantor;

(h) the occurrence of an Insolvency Event in relation to the Seller; or

(i) the Seller is no longer an Eligible Seller.

Pending perfection of the assignment, the right of the CB Guarantor to exercise the powers of the legal owner of the Mortgages will be secured by an irrevocable power of attorney granted by the Seller in favour of the CB Guarantor.

If a Title Perfection Event has occurred and is subsisting, the Servicer or the Administrative Agent must, as soon as practicable and in any event within 20 Sydney Business Days of the Servicer or Administrative Agent becoming aware of the occurrence of the Title Perfection Event, direct any or all of the CB Guarantor, the Seller or the Servicer to take steps to perfect the CB Guarantor's interest in, and title to, the Loans and their Related Security (including providing details of what actions the CB Guarantor is to take) and the CB Guarantor, the Seller and the Servicer (as applicable) must take such steps as directed, which may include:

(a) signing (where necessary under the relevant Seller Power of Attorney) and lodging or submitting any transfer or caveat with the relevant land titles office;

(b) the giving of notice to each Borrower or any other relevant person (including any Loan Guarantor) of the assignment of that Borrower's Loan and its Related Security to the CB Guarantor in accordance with the terms of the Mortgage Sale Deed;

(c) requiring each Borrower to make all payments in respect of the relevant Loans to the GI Account;

(d) subject to and in accordance with the terms of the Loan and applicable Law, promptly commence the process and do all things necessary for terminating Loan Offset Deposit Account arrangements in respect of that Loan; and

(e) any other step as may be reasonably required by the Administrative Agent or the CB Guarantor in writing.

In addition, following the occurrence of a Title Perfection Event, the Seller will:

(a) give any notice to any Borrower or any other relevant person (including any Loan Guarantor) of the assignment of that Borrower's Loan and its Related Security to the CB Guarantor pursuant to the Mortgage Sale Deed as requested by the CB Guarantor (or the Administrative Agent or Servicer on its behalf); and

(b) upon request by the Administrative Agent on behalf of the CB Guarantor, execute all such deeds, assurances, agreements or instruments and do all such acts and things as the Administrative Agent on behalf of the CB Guarantor or the CB Guarantor may reasonably require to assist the CB Guarantor to protect or perfect the CB Guarantor's interest in, and title to, the Loans and their Related Security.

Representations and Warranties

None of the CB Guarantor, the Security Trustee or the Bond Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations in respect of the Loans and their Related Security to be sold to the CB Guarantor. Instead, each is relying entirely on the Representations and Warranties by the Seller contained in the Mortgage Sale Deed. The Seller and the Administrative Agent on behalf of the CB Guarantor may waive any Representation and Warranty provided that a Ratings Notification has been delivered by the Administrative Agent in respect of any such waiver and the Administrative Agent has determined that such waiver will not have an Adverse Effect.

The material Representations and Warranties are as follows and are given on the relevant Assignment Date in respect of the Loans and Related Security to be sold to the CB Guarantor on that date:

(g) no Insolvency Event is subsisting in respect of the Seller;

(h) the particulars of each Loan set out in the relevant New Portfolio Notice are true, complete and accurate in all material respects;

(i) each Loan was made and its Related Security taken substantially on the terms of the Standard Documentation without any material variation;

(j) the Seller:

(i) is under no obligation to make further amounts available under each Loan or its Related Security to any Borrower; or

(ii) has the right to cancel any obligation to make further amounts available under each Loan or its Related Security to any Borrower,

other than, in each case, as required by Law;

(k) each Loan and Related Security is valid, binding and enforceable against the relevant Borrower(s) in all material respects except to the extent that it is affected by laws relating to creditors' rights generally or doctrines of equity;

(l) interest on each Loan is charged in accordance with the Loan Terms subject to the Seller's Policy;

(m) the Mortgage Terms in respect of each Loan and its Related Security require that a policy of insurance is arranged by the Borrower for each Property subject to a Mortgage in accordance with the relevant Mortgage Terms;

(n) neither the Seller nor any of its agents has received written notice of any litigation or dispute (subsisting, threatened or pending) in respect of any Borrower, any Property, each Loan or its Related Security which might have a material adverse effect on that Loan or its Related Security;

(o) each Loan and its Related Security was originated in accordance with the Seller's Policy in force at the time of its origination (which such Seller's Policy included policies in respect of origination, valuations, credit collection, arrears management and mortgagees in possession), and such Seller's Policy was consistent with the lending criteria of Reasonable, Prudent Mortgage Lenders at such time;

(p) as at the relevant Cut-Off Date, each Loan and its Related Security satisfy the Eligibility Criteria. As at the date of the relevant Product Switch or Further Advance in respect of a Loan, the Loan and its Related Security satisfy the Eligibility Criteria;

(q) the Seller is the sole legal and beneficial owner of each Loan and Related Security. Those Loans and the Related Security are owned by the Seller free and clear of any Encumbrance (other than any Encumbrance arising solely as the result of any action taken by the CB Guarantor). The Seller is not in breach of any covenant or obligation implied by reason of its selling each Loan and its Related Security;

(r) all consents required in relation to the assignment of the Loans and the Related Security have been obtained. Those Loans and the Related Security are assignable;

(s) the Seller has not knowingly waived or acquiesced in any material breach of the relevant Borrower's obligations under each Loan or its Related Security, other than waivers and acquiescence such as a Reasonable, Prudent Mortgage Lender might make;

(t) the Seller or the Originator holds in its possession or control all Relevant Documents that relate to each Loan and Related Security necessary to enforce the provisions of the Loan and the Related Security;

(u) the Seller or the Originator has, since the making of each Loan, kept or procured the keeping of full and proper accounts, book and records showing all transactions and all material notices relating to such Loan;

(v) all authorisations, approvals, licences or consents required as appropriate for the Seller to enter into or to perform its material obligations under this deed or to render this deed legal, valid, binding, enforceable and admissible in evidence have been obtained;

(w) the relevant Borrower(s) are the sole legal owner of the relevant Property subject to the relevant Mortgage and registered as the sole proprietor(s) of such relevant Property;

(x) there is no fraud, dishonesty, material misrepresentation or negligence on the part of the Seller in connection with the selection and offer to the CB Guarantor of each Loan and its Related Security;

(y) as at the relevant Cut-Off Date, none of the Loans and their Related Security were satisfied, cancelled, discharged or rescinded and the relevant Property relating to each relevant Mortgage had not been released from the security of the relevant Related Security;

(z) except as may be provided in the agreements relating to each Loan and its Related Security, and subject to applicable laws, the Seller has not done, or omitted to do anything which would render the interest rate for each such Loan subject to any limitation, or to any consent, additional memoranda or other writing required from the relevant Borrower(s) to

give effect to a change in that rate and any change in that rate will be effective on notice being given to that Borrower in accordance with the terms of the relevant Loan and its Related Security;

(aa) once equitably assigned to the CB Guarantor, the Loans and Related Securities will not be subject to any right of rescission, set-off, counterclaim or similar defence. No such Loan or Related Security is subject to, or affected by, any interest off-set arrangement or right other than any set-off or other arrangement arising under a Loan Offset Deposit Account in respect of any Loan Offset Interest Amount;

(bb) at the time each Loan and its Related Security was entered into, it complied in all material aspects with applicable Laws (including the National Credit Code or the Consumer Credit Legislation);

(cc) to the extent that a Loan is insured, as at the relevant Assignment Date, that Loan is the subject of a Mortgage Insurance Policy from a Mortgage Insurer for the scheduled term of that Loan. The assignment of each such Loan to the CB Guarantor is not contrary to the relevant Mortgage Insurance Policy. The Seller has not done or omitted to do anything which might prejudicially affect or limit its rights or the rights of the CB Guarantor under or in respect of a Mortgage Insurance Policy to the extent that those rights relate to that Loan. On transfer to the CB Guarantor of equitable title to a Loan, the CB Guarantor will have the benefit of the relevant Mortgage Insurance Policy for that Loan. Notwithstanding this paragraph, no Loan is required to have the benefit of a Mortgage Insurance Policy unless the Seller and the Administrative Agent so agree in writing; and

(dd) the Loan Terms permit, subject to applicable Law, the termination by the Seller of the Loan Offset Deposit Account arrangements, if any, in respect of that loan.

The **Eligibility Criteria** are as follows:

Each Loan:

(a) is denominated and payable only in Australian Dollars in Australia;

(b) is secured by a Mortgage that constitutes a first ranking mortgage over Property situated in Australia which is or will be registered or lodged for registration under the Australian Real Property Legislation, or where a Mortgage is not, or will not be when registered, a first ranking mortgage, the relevant New Portfolio Notice includes an offer in relation to all prior ranking registered Mortgages;

(c) is secured by a Mortgage over a Property which has erected on it a residential dwelling;

(d) was approved and originated by the Seller or the relevant Originator (if not the Seller) in the ordinary course of its business;

(e) is a loan under which the Outstanding Principal Balance owed by the relevant Borrower is not more than A$2,000,000;

(f) is a loan under which the relevant Borrower is required to repay the Loan within 30 years of the relevant Cut-Off Date;

(g) is not a Delinquent Loan or a Defaulted Loan and no legal demand has been served on the relevant Borrower in respect of a payment on the Loan;

(h) the sale of an interest in, or the sale of an interest in any Related Security, does not contravene or conflict with any Law;

(i) is not a loan with an interest only payment period of more than 10 years;

(j) the relevant Borrower is a resident of Australia;

(k) and the related Mortgage has been or will be stamped, or has been taken by the relevant stamp duties authority to be stamped, with all applicable duty;

(l) if the purpose of the loan was for constructing a residential dwelling, all progress drawings have been made by the Borrower and the residential dwelling has been completed; and

(m) the relevant Borrower has made at least one monthly payment or two fortnightly payments in respect of the loan.

Repurchase of Loans and their Related Security on a breach of a representation and warranty

If any of the Representations or Warranties in respect of any Loan and/or its Related Security comprised in the Portfolio is materially untrue as at the relevant Assignment Date in respect of such Loan and its Related Security, and provided that:

(a) at least 10 Sydney Business Days have passed since notice in writing of such breach of Representation or Warranty was given by the Seller, the CB Guarantor, the Servicer or the Administrative Agent to each of the other parties to the Mortgage Sale Deed and the Security Trustee; and

(b) such breach is not waived by the CB Guarantor or the Administrative Agent on behalf of the CB Guarantor or, where capable of remedy, is not remedied by the Seller to the reasonable satisfaction of the CB Guarantor (acting in its discretion) within the 10 Sydney Business Day period (or such longer period as the Administrative Agent may direct the CB Guarantor provided that a Ratings Notification has been delivered in respect of such longer period),

then the Administrative Agent on behalf of the CB Guarantor must deliver to the Seller a Loan Repurchase Notice requiring the Seller to repurchase the relevant Loan and its Related Security (and any Other Secured Liabilities).

The repurchase price payable upon the repurchase of any such Loan is an amount equal to the aggregate Outstanding Principal Balance of each Loan specified in the Loan Repurchase Notice as of the relevant Cut-Off Date together with any amounts deducted from the amounts outstanding under such Loan as a result of any breach of the Representations and Warranties (whether by set-off, concession or otherwise).

Completion of such repurchase shall take place:

(a) (if the Seller receives the relevant Loan Repurchase Notice on or prior to the day which is five Sydney Days prior to the last day of the then current Calculation Period) on the last Sydney Business Day of the then current Calculation Period (or such other date as is agreed between the Administrative Agent and the Seller provided such date must not be later than 90 days after the date of the Loan Repurchase Notice); or

(b) (if the Seller receives the Loan Repurchase Notice after the day which is five Sydney Business Days prior to the last day of the then current Calculation Period) the last Sydney Business Day of the immediately following Calculation Period (or such other date as is

agreed between the Administrative Agent and the Seller provided such date must not be later than 90 days after the date of the Loan Repurchase Notice).

The repurchase proceeds received by the CB Guarantor will be applied (other than Accrued Interest and Arrears of Interest and other interest or fee amounts) in accordance with the Pre-Acceleration Principal Priority of Payments (see *Cashflows* below).

The CB Guarantor's sole remedy in respect of a breach of any of the Representations and Warranties shall be to sell the relevant Loan and its Related Security to the Seller and the CB Guarantor acknowledges and agrees that it shall have no right to make any claim to damages, costs, losses or any other amounts against the Seller as a consequence of such breach, other than as a direct consequence of the Seller failing to perform its obligations to repurchase the applicable Loan (and all Other Secured Liabilities under the relevant Mortgage Account) and its Related Security comprised in the Portfolio.

Repurchase following Repurchase Event

Upon the occurrence of any of the following, in respect of a Loan and its Related Security:

(a) the Loan becomes a Defaulted Loan;

(b) a Related Security in respect of the Loan is discharged other than in relation to a Product Switch;

(c) the Loan has a zero balance;

(d) the Loan has a credit balance;

(e) the Borrower in respect of the Loan, or a mortgagor in respect of a Related Security, is changed to a trustee or company;

(f) the Seller or the Servicer becomes aware that the name of the Borrower or a grantor of Related Security in respect of the Loan as recorded on the Seller's loan system is different from the name of the Borrower or grantor (as applicable) on the relevant Title Documents;

(g) the Seller is required to repurchase any Loan and its Related Security under any Law; or

(h) a binding determination is made by a relevant Government Agency that materially adversely affects the enforceability of the relevant Borrower's obligation to pay interest under the Loan under applicable Law,

(each, a **Repurchase Event**), the CB Guarantor is deemed, under the Mortgage Sale Deed, to offer to assign such Loan and its Related Security to the Seller. The Seller must pay to the GI Account (or as the Administrative Agent, on behalf of the CB Guarantor, shall direct) on (i) where the Repurchase Event occurs on or prior to the day which is five Sydney Business Days prior to the last day of the then current Calculation Period, the last Sydney Business Day of the then current Calculation Period (or such other date as is agreed between the Administrative Agent and the Seller, provided that such date is not later than 90 days after the date of the relevant Repurchase Event) or (ii) where between the Administrative Agent and the Seller the Repurchase Event occurs on or prior to the day which is after the day which is five Sydney Business Days prior to the last day of the then current Calculation Period the last Sydney Business Day of the immediately following Calculation Period, or such other date as is agreed between the Administrative Agent and the Seller, provided that such date is not later than 90 days after the date of the relevant Repurchase Event, an amount equal to the Outstanding Principal Balance of such Loan (other than any Other Secured Liability) as of the relevant Cut-Off Date.

General ability to repurchase (including Defaulted Loans)

The Seller may at any time request the CB Guarantor to offer to sell to the Seller any Loan and its Related Security comprised in the Portfolio (including, without limitation, any Defaulted Loan and its Related Security (and any Other Secured Liability in respect of that Related Security) comprised in the Portfolio by delivery to the CB Guarantor (with a copy to the Administrative Agent) of a Loan Repurchase Notice. On receipt of such a request from the Seller, the Administrative Agent on behalf of the CB Guarantor may offer to sell to the Seller the relevant Loan and its Related Security (and any Other Secured Liability in respect of that Related Security) referred to in the request. The CB Guarantor will be deemed to offer to sell to the Seller that Loan and its Related Security (and any Other Secured Liability in respect of that Related Security) if the Administrative Agent on behalf of the CB Guarantor does not communicate an intention to make or not make an offer to sell by 4pm on the Sydney Business Day immediately following the day on which the CB Guarantor received the request from the Seller.

Where the CB Guarantor has offered or been deemed to offer to sell the relevant Loan, the Seller shall, on or after the date of the offer from the CB Guarantor, pay to the GI Account (or as the Administrative Agent on behalf of the CB Guarantor shall direct) an amount equal to the Outstanding Principal Balance of such Loan as of the relevant Cut-Off Date.

Right of Pre-emption

Under the terms of the Mortgage Sale Deed, the Seller has a right of pre-emption in respect of any sale, in whole or in part, of Selected Loans and their Related Security comprised in the Portfolio.

Prior to making an offer to assign Selected Loans to other purchasers, the CB Guarantor, at the direction of the Administrative Agent, will serve on the Seller a Selected Loan Offer Notice offering to sell those Selected Loans and their Related Security (a) where there is a breach of the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds, (b) following the service of an Asset Coverage Test Breach Notice (which has not been revoked), (c) following the service of a Notice to Pay or (d) following the occurrence of a Demand Loan Repayment Event. The Seller may accept such an offer on:

(a) (subject to paragraph (b) below) provided that the Seller receives such Selected Loan Offer Notice no later than five Sydney Business Days prior to the last day of the relevant Calculation Period (or such shorter period as the Seller and the Administrative Agent may agree), the Sydney Business Day that falls immediately prior to the last day of the Calculation Period during which the Seller received such Selected Loan Offer Notice (or such later date as may be agreed between the Administrative Agent and the Seller); and

(b) where a Notice to Pay has been served on the CB Guarantor, the earlier to occur of the date which is:

  (i) 10 Sydney Business Days after receipt by the CB Guarantor of the Selected Loan Offer Notice; and

  (ii) the Maturity Date of the Earliest Maturing Covered Bonds.

For further details see below under Participation Agreement – *Sale of Selected Loans following service of an Asset Coverage Test Breach Notice, Sale of Selected Loans following service of a Notice to Pay, Sale of Selected Loans following breach of the Pre-Maturity Test – Method of Sale of Selected Loans*.

If an Issuer Event of Default has occurred and is continuing, the Seller's right to accept the offer (and therefore its right of pre-emption) will be conditional upon the delivery by the Seller of a solvency certificate to the CB Guarantor and Administrative Agent. If the Seller rejects the CB Guarantor's offer or fails to accept it in accordance with the foregoing, the Administrative Agent must direct the CB Guarantor to offer, and the CB Guarantor must offer if so directed, to sell the Selected Loans and their Related

Security to other Purchasers (as described under *Summary of Principal Documents – Participation Agreement – Method of Sale of Selected Loans* below).

Further Advances and Product Switches

The Seller is solely responsible for funding all Further Advances in respect of Loans sold by the Seller to the CB Guarantor, if any. The Intercompany Loan Provider will be deemed as having made an Advance, in each case, in an amount equal to the amount of the Further Advance.

If the Seller accepts an application from, or makes an offer (which is accepted) to, a Borrower for a Product Switch or Further Advance which constitutes an unconditional obligation on the part of the Seller to make such Product Switch or Further Advance in respect of any Loan comprised in the Portfolio and if, as a consequence of such Product Switch or Further Advance, any of the Representations and Warranties in paragraphs (h), (i) and (j) under the heading *Representations and Warranties* above are no longer satisfied in respect of such Loan and its Related Security on the date on which the Product Switch or Further Advance (as applicable) is made, then the CB Guarantor shall be deemed to have automatically offered to sell such Loan and its Related Security to the Seller on such date, and the Seller must pay to the GI Account (or as the Administrative Agent on behalf of the CB Guarantor shall direct) the repurchase price for such Loan and its Related Security:

(a) (where the Product Switch or Further Advance occurs on or prior to the day which is five Sydney Business Days prior to the last day of the then current Calculation Period) the last Sydney Business Day of the then current Calculation Period (or such other date as is agreed between the Administrative Agent and the Seller provided such date must not be later than 90 days after the date of the Product Switch or Further Advance); or

(b) (where the Product Switch or Further Advance occurs after the day which is five Sydney Business Days prior to the last day of the then current Calculation Period) the last Sydney Business Day of the immediately following Calculation Period (or such other date as is agreed between the Administrative Agent and the Seller provided such date must not be later than 90 days after the date of the Product Switch or Further Advance).

The repurchase price payable upon the repurchase of any such Loan (other than any Other Secured Liability) and its Related Security is an amount equal to the Outstanding Principal Balance thereof as of the relevant Cut-Off Date for the repurchase of the Loan and its Related Security.

A Loan will be subject to a **Product Switch** if there is a variation in the terms and conditions applicable to the Loan or Related Security (including any release of a Related Security) comprised in the Portfolio other than:

(a) any variation agreed with a Borrower to control or manage arrears on the Loan;

(b) any variation in the term of the Loan;

(c) any variation imposed by Law;

(d) any variation of the principal available and/or the rate of interest payable in respect of the Loan where that variation or rate is offered to the Borrowers under Loans which constitute 10% or more by Outstanding Principal Balance of all Loans comprised in the Portfolio in any CBG Payment Period or to all Borrowers of Loans comprised in the Portfolio which are Variable Rate Loans or to all Borrowers of Loans comprised in the Portfolio which are Fixed Rate Loans; or

(e) any variation in the frequency with which the interest payable in respect of the Loan is charged.

Repurchase adjustment

On or before the first CBG Payment Date falling after the relevant date of completion of any repurchase by the Seller of any Loans and their Related Security (such date, the **Repurchase Completion Date**):

(a) the Seller shall pay to the CB Guarantor an amount equal to all the Arrears of Interest and Accrued Interest on the Loans and their Related Security repurchased from the CB Guarantor, up to (but excluding) the relevant Repurchase Completion Date; and

(b) if the Servicer:

(i) is the same entity as the Seller, the CB Guarantor will pay to the Seller in accordance with the applicable Priorities of Payments as an adjustment to the repurchase price, an amount (as notified by the Administrative Agent to the CB Guarantor) equal to any Principal Receipts received by the CB Guarantor (or the Servicer on its behalf) in relation to such Loans or Selected Loans (as the case may be) and their Related Security from (but excluding) the relevant Cut-Off Date in respect of the repurchase of such Loans or Selected Loans (as the case may be) and their Related Security to (but excluding) the relevant Repurchase Completion Date, to the extent such amounts have not been retained by the Seller; or

(ii) is not the same entity as the Seller, the CB Guarantor will pay to the Seller, as an adjustment to the repurchase price, an amount (as notified by the Administrative Agent to the CB Guarantor) equal to any Principal Receipts received by the CB Guarantor (or the Servicer on its behalf) in relation to such Loans or Selected Loans (as the case may be) and their Related Security from (but excluding) the relevant Cut-Off Date in respect of the repurchase of such Loans or Selected Loans (as the case may be) and their Related Security to (but excluding) the relevant Repurchase Completion Date.

New Sellers

In the future, it is expected that New Sellers (which are members of the Westpac Group) may accede to the Programme and sell loans and their related security to the CB Guarantor. Any such New Seller will be required to enter into a New Mortgage Sale Deed, which will be in substantially the same form and contain substantially the same provisions as the Mortgage Sale Deed entered into on 3 November 2011 between, among others, the Seller and the CB Guarantor. The sale of New Seller Loans and their Related Security by New Sellers to the CB Guarantor will be subject to certain conditions, including the following:

(a) each New Seller accedes to such Transaction Documents and enters into such other documents and powers of attorney as may be required by the Security Trustee, the CB Guarantor and/or the Cash Manager (in each case acting reasonably) to give effect to the addition of a New Seller to the transactions contemplated under the Programme provided that neither the CB Guarantor nor Security Trustee shall be responsible for ensuring such effect;

(b) a legal opinion as to the enforceability of the New Mortgage Sale Deed and any other new agreements, deeds and powers of attorney entered into by the New Seller in a form acceptable to the CB Guarantor (acting on the advice of its professional advisers) has been delivered to the CB Guarantor and the Administrative Agent;

(c) the New Seller represents and warrants that any New Seller Loans and their Related Security sold by a New Seller to the CB Guarantor comply with the eligibility criteria set out in the New Mortgage Sale Deed;

(d) either the Servicer services the New Seller Loans and their Related Security sold by a New Seller on the terms set out in the Servicing Deed (with such subsequent amendments as may be agreed by the parties thereto) or the New Seller (or its nominee) enters into a servicing deed with the CB Guarantor and the Security Trustee which sets out the servicing obligations of the New Seller (or its nominee) in relation to the New Seller Loans and their Related Security and which is on terms substantially similar to the terms set out in the Servicing Deed (provided that the fees payable to the Servicer or the New Seller (or its nominee) acting as servicer of such New Seller Loans and their Related Security would be determined on or around the date of the accession of the New Seller to the Programme); and

(e) either (i) the Administrative Agent has notified the Rating Agencies then rating the Covered Bonds in writing of the proposed acquisition of the New Seller Loans and their Related Security from a New Seller (together with all relevant documents and supporting information) and a Ratings Notification has been delivered in respect of such acquisition of the New Seller Loans and their Related Security, or (ii) such acquisition has been approved by an Extraordinary Resolution.

If the above conditions are met (other than where (e)(ii) applies), the consent of Covered Bondholders will not be required in relation to the accession of a New Seller to the Programme.

Trust Back

Where any Related Security comprised in the Portfolio secures Other Secured Liabilities and/or where any Other Secured Liabilities are assigned to the CB Guarantor, then such Trust Back Assets shall be held by the CB Guarantor on bare trust for the Seller subject to certain conditions set out in the Mortgage Sale Deed.

Subject to the terms of the Mortgage Sale Deed, the Seller is entitled to deal with the Trust Back Assets in its absolute discretion, and the Administrative Agent must not direct the CB Guarantor to, and the CB Guarantor must not without direction from the Administrative Agent, deal with any Trust Back Assets other than in accordance with directions given by the Seller, in accordance with the Transaction Documents or, to the extent necessary, to exercise and enforce any Loan or Related Security comprised in the Portfolio. The Trust Back Assets do not form part of the Secured Property of the CB Guarantor and are not available as collateral securing any obligations of the Issuer or the CB Guarantor in respect of the Covered Bonds.

The CB Guarantor must act in accordance with any direction given to it by the Seller in respect of any Trust Back Assets, except that the CB Guarantor is not obliged to act in accordance with the direction of the Seller where to do so would be illegal, or would materially prejudice the exercise of the CB Guarantor's rights and interests in relation to the relevant Loan or Related Security, or otherwise be contrary to the terms of the Transaction Documents. The CB Guarantor will have no liability for acting on a direction of the Seller under this paragraph.

Subject to the priority of payments in respect of Trust Back Assets (as described below), the Seller may retain any proceeds received by it from any Trust Back Assets, and the CB Guarantor (at the direction of the Administrative Agent) and the Servicer must immediately on the Administrative Agent or Servicer (as the case may be) becoming aware that it or the CB Guarantor has received any proceeds of Trust Back Assets, pay to the Seller any proceeds the CB Guarantor receives in respect of the Trust Back Assets.

The Administrative Agent must not direct the CB Guarantor to, and the CB Guarantor must not without a direction from the Administrative Agent dispose of, or create an interest in, a Related Security which also secures, or relates to, Other Secured Liabilities, unless the terms of any agreement in respect of the disposal of, or the creation of the interest in, such Loan and/or Related Security (except where the agreement is with the Seller) includes trust back undertakings by the relevant third party acquirer on the same terms as those

contained in the Mortgage Sale Deed which are in favour of, and enforceable by, the Seller and any third party purchaser of an Other Secured Liability, unless expressly agreed otherwise by the Seller.

If the Seller reasonably believes that the CB Guarantor or the Security Trustee intends to dispose of, or create an interest in, a Related Security which also secures, or relates to, Other Secured Liabilities without notifying the relevant third party acquirer of the relevant Trust Back or requiring the third party acquirer to give trust back undertakings in favour of the Seller, the Seller may lodge a caveat to protect its interest in the relevant Trust Back Assets.

In the event that the Seller disposes of, or creates any interest in an Other Secured Liability to, or in favour of, a third party, then, unless expressly agreed otherwise by the Seller, the CB Guarantor agrees to do such acts or things as the Seller may reasonably require the CB Guarantor to do, including entering into trust back undertakings in favour of the relevant third party on the same terms as those contained in the Mortgage Sale Deed, so as to transfer to the relevant third party the benefit of the Trust Back in respect of such Other Secured Liabilities.

All monies received by the Seller, the Servicer, the Administrative Agent or the CB Guarantor or any receiver, receiver and manager or attorney under or in relation to any Related Security comprised in the Portfolio which also secures, or relates to, any Other Secured Liability as a result of the enforcement of the Related Security is to be applied in the following order of priority (in each case if and only to the extent that payments or provisions of a higher priority have been paid in full):

(a) first, subject to certain exceptions in respect of enforcement expenses, in the following order of priority (in each case if and only to the extent that payments or provisions of a higher priority have been paid in full):

(i) all costs, charges and expenses of the relevant mortgagee or any receiver, receiver and manager or attorney incurred in or incidental to the exercise or performance or attempted exercise or performance of any right, power or remedy in relation to such Related Security;

(ii) all outgoings in relation to such Related Security which the mortgagee or any receiver, receiver and manager or attorney thinks fit to pay; and

(iii) the remuneration of any receiver or receiver and manager;

(b) second, in satisfaction of amounts owing to the CB Guarantor under such Related Security and the Loan secured by the Related Security; and

(c) third, the Other Secured Liability for all amounts now or in the future owing under that Other Secured Liability and/or secured by the Related Security that relate to that Other Secured Liability.

The priority of payments set out above applies in respect of any amounts received as a result of the enforcement of a Related Security comprised in the Portfolio prior to, and separate from, any Priorities of Payments, so that only amounts received or receivable by the CB Guarantor after the application of the priority of payments set out above shall be applied under any Priorities of Payments. The CB Guarantor shall not be liable for any shortfall arising as a result of the application of receipts in accordance with the priorities of payments set out above.

The Mortgage Sale Deed is governed by the laws of New South Wales, Australia.

Servicing Deed

Pursuant to the terms of the Servicing Deed entered into on 3 November 2011 between the Seller, the CB Guarantor, the Servicer, the Administrative Agent, the Cash Manager and the Security Trustee, the Servicer has agreed to service on behalf of the CB Guarantor the Loans and their Related Security comprised in the Portfolio.

The Servicer is required to administer the Loans and their Related Security:

(a) in accordance with the Servicing Deed and having regard to the interests of the CB Guarantor;

(b) to the extent not otherwise expressly provided for in the Servicing Deed, in accordance with the Servicer's Policy as that is interpreted and applied by the Servicer in the ordinary course of its business; and

(c) to the extent not covered by paragraphs (a) and (b), by exercising the same level of skill, care and diligence as would a Reasonable, Prudent Mortgage Lender as if the Loans and their Related Security sold by the Seller to the CB Guarantor had not been sold to the CB Guarantor but remained with the Seller.

All acts of the Servicer in servicing the Loans and their Related Security comprised in the Portfolio in accordance with the Servicer's Policy are binding on the CB Guarantor.

The Servicer has the power to exercise the rights, powers and discretions and to perform the duties of the CB Guarantor and the Seller (according to their respective estates and interests) in relation to the Loans and their Related Security comprised in the Portfolio that it is servicing pursuant to the terms of the Servicing Deed, and to do anything which it reasonably considers necessary, convenient or incidental to the administration of the Loans and their Related Security comprised in the Portfolio.

Right of delegation by the Servicer

The Servicer may from time to time sub-contract or delegate the performance of its duties under the Servicing Deed (unless the CB Guarantor, acting reasonably, prohibits such delegation or appointment by written notice to the Servicer), provided that it will nevertheless remain liable at all times for servicing the Loans and their Related Security comprised in the Portfolio and for the acts or omissions of any delegate or sub-contractor. Any such sub-contracting or delegation may be varied or terminated at any time by the Servicer.

Undertakings of the Servicer

Pursuant to the terms of the Servicing Deed, the Servicer undertakes in relation to those Loans and their Related Security that it is servicing, *inter alia*, to:

(a) hold as custodian in electronic form or otherwise the Title Documents (if any) and Customer Files relating to each Loan in the Portfolio in accordance with its standard safekeeping practices;

(b) ensure that the Title Documents (if any) and Customer Files relating to each Loan comprised in the Portfolio are capable of identification and are kept in a secure environment in accordance with the Servicer's standard safekeeping practices and, where scanned or in electronic form, are maintained on the Servicer's computer system;

(c) open and maintain in safe custody a record of physical storage of such Title Documents (if any) and Customer Files relating to each Loan comprised in the Portfolio which are held by it in a physical form from time to time;

(d) update the Loans Register and (i) prior to a Title Perfection Event, to give a copy of the Loans Register to the CB Guarantor and Security Trustee once every 12 months and (ii) following a Title Perfection Event, to give a copy of the Loan Register to the CB Guarantor and the Security Trustee upon request from time to time; and

(e) do all acts, matters and things which may reasonably be required of the Servicer by the CB Guarantor or the Security Trustee for the purposes of, or as contemplated by, the Servicing Deed.

Product Switching and Further Advances

The Servicer may accept applications from Borrowers for Product Switches and Further Advances and may agree to any such Product Switches and Further Advances provided that the Servicer acts in accordance with the Servicer's Policy and such Product Switches and Further Advances would be acceptable to a Reasonable, Prudent Mortgage Lender and are in accordance with the relevant Loan Terms. Where the Servicer accepts an application for a Product Switch or a Further Advance, and if, as a consequence of such Product Switch or Further Advance, any of the Representations and Warranties listed in paragraphs (h), (i) and (j) under the heading *Mortgage Sale Deed – Representations and Warranties* above are no longer satisfied then the Seller will repurchase such Loan in accordance with the Mortgage Sale Deed.

Calculation of Threshold Rate

If at any time the Interest Rate Swap is terminated and for so long as no replacement interest rate swap is entered into, the Administrative Agent on behalf of the CB Guarantor will, so long as there are Variable Rate Loans comprised in the Portfolio, on each of:

(a) the earlier of:

(i) the date which is three Sydney Business Days following the date on which the Interest Rate Swap is terminated; and

(ii) the Calculation Date immediately following the date on which the Interest Rate Swap is terminated; and

(b) each successive Calculation Date for so long as the Interest Rate Swap has not been replaced by a similar Interest Rate Swap Agreement or until the CB Guarantor and the Administrative Agent otherwise agree,

calculate the Threshold Rate as at that date and notify the CB Guarantor, the Security Trustee and the Servicer of that Threshold Rate on the relevant CBG Payment Date.

If the Servicer is notified of a Threshold Rate, it will, not more than seven Sydney Business Days following the date on which the Threshold Rate is notified to it, ensure that the process is commenced by the Servicer to change the interest rate payable on some or all of the Loans comprised in the Portfolio which are subject to a variable rate set, such that, as permitted by the terms of the relevant Loans, the weighted average interest rate payable on all Variable Rate Loans comprised in the Portfolio, is not less than the Threshold Rate. The Servicer shall promptly notify the CB Guarantor and the Administrative Agent when that process has been commenced.

Collections of Monies

The Servicer shall, on behalf of the CB Guarantor, collect and receive the amounts due from Borrowers under the Loans and Related Security comprised in the Portfolio and remit such amounts to the GI Account and, until it does so, it will hold such amounts on trust for the CB Guarantor.

In collecting and receiving the amounts due from Borrowers under the Loans and Related Security comprised in the Portfolio the Servicer shall:

(a) act in accordance with the standards and practices applied by the Seller to other assets which it owns in the ordinary course of its business and in accordance with the Servicer's Policy; and

(b) exercise the same level of skill, care and diligence as would a Reasonable, Prudent Mortgage Lender.

Remittances

If the Servicer has a Servicer's Remittance Rating or undertakes any other action which is notified to the Rating Agencies which otherwise satisfies the criteria of each of the Rating Agencies and would not cause an Adverse Rating Effect, the Servicer must pay the Principal Receipts and Revenue Receipts in an amount equal to (i) the Principal Receipts and Revenue Receipts received during the Calculation Period relating to that Remittance Date and (ii) an amount equal to the interest that would have been earned on such Principal Receipts and Revenue Receipts received by it if they had been deposited into the GI Account two Sydney Business Days following receipt by the Servicer, less an amount equal to any Taxes payable in relation to those Principal Receipts and Revenue Receipts and any other amount the Seller may retain in accordance with any Transaction Document, as received from Borrowers during a Calculation Period on the Remittance Date for that Calculation Period into the GI Account.

If the Servicer does not have a Servicer's Remittance Rating and does not undertake any other action which otherwise satisfies the criteria of each of the Rating Agencies and would avoid an Adverse Rating Effect, then the Servicer must pay all Principal Receipts and Revenue Receipts in its possession or control into the GI Account no later than the later of (i) two Sydney Business Days following receipt and (ii) two Sydney Business Days following the date upon which the Servicer does not have a Servicer's Remittance Rating if, by that date, the Servicer has not undertaken action which otherwise satisfies the criteria of each of the Rating Agencies and avoids an Adverse Rating Effect.

If the GI Account is not maintained with the Servicer or a member of the Westpac Group, all Principal Receipts and Revenue Receipts must be deposited by the Servicer into the GI Account no later than two Sydney Business Days following receipt of them by the Servicer.

Remuneration

The CB Guarantor shall pay to the Servicer a services fee for its services. Such services fee shall be calculated by the Administrative Agent (and notified to the CB Guarantor by the Administrative Agent) in relation to each Calculation Period and shall be payable to the Servicer in arrear on each CBG Payment Date. The CB Guarantor will also reimburse the Servicer in accordance with the Priorities of Payments on each CBG Payment Date for all Costs properly incurred by the Servicer in the performance of the services.

Removal or resignation of the Servicer

The CB Guarantor or the Security Trustee must, upon written notice to the Servicer, terminate the Servicer's appointment under the Servicing Deed if any of the following events (each a **Servicer Termination Event**) occurs and continues:

(a) the Servicer defaults in the payment on the due date of any amount due and payable by it under the Servicing Deed and does not remedy that default for a period of five Sydney Business Days (or such longer period as is agreed between the Servicer and the CB Guarantor provided a Ratings Notification has been delivered by the Administrative Agent to the CB Guarantor in respect of the longer period) after the earlier of the Servicer becoming aware of the default or receipt by the Servicer of written notice from the CB Guarantor or the Security Trustee requiring the default to be remedied;

(b) the Servicer defaults in the performance or observance of its obligations to commence the process to change the interest rate payable on certain Loans once it is notified of a Threshold Rate, in accordance with the Servicing Deed and it does not remedy that default within 30 days;

(c) the Servicer defaults in the performance or observation of any of its other covenants and obligations under the Servicing Deed, which failure in the reasonable opinion of the CB Guarantor or the Security Trustee has had or, if continued, will have, an Adverse Effect, and it does not remedy that default within 30 days after receipt by the Servicer of written notice from the CB Guarantor or the Security Trustee, as the case may be, requiring the default to be remedied; or

(d) an Insolvency Event occurs in relation to the Servicer.

Subject to the fulfilment of a number of conditions, the Servicer may voluntarily resign by giving not less than three months' written notice to the Security Trustee, the Administrative Agent and the CB Guarantor provided that a suitably qualified substitute servicer has been appointed and enters into a servicing deed with the CB Guarantor substantially on the same terms as the Servicing Deed. The resignation of the Servicer is conditional on a Ratings Notification being delivered by the Administrative Agent to the CB Guarantor in respect of the resignation of the Servicer and the appointment of the new servicer unless the Covered Bondholders agree otherwise by Extraordinary Resolution, and notice of such termination and appointment of a new servicer being given to the Rating Agencies.

The Servicer also undertakes that, on the Servicer ceasing to be assigned a long-term, unsecured, unsubordinated debt obligation rating of at least Baa3 from Moody's or BBB- from Fitch, it will (unless the Administrative Agent has delivered a Ratings Notification to the CB Guarantor confirming no action needs to be taken) use reasonable endeavours to appoint, on behalf of the CB Guarantor, a new servicer which will enter into a new servicing deed with such new servicer substantially on the same terms as the Servicing Deed under which such new servicer will undertake the servicing obligations in relation to the Portfolio.

If the appointment of the Servicer is terminated by the CB Guarantor or the Security Trustee, or the Servicer voluntarily resigns with three months' notice, and a suitably qualified substitute servicer has not been appointed by the CB Guarantor on substantially the same terms as the Servicing Deed on the date of such termination or voluntary resignation, the CB Guarantor will act as the new servicer. If the Servicer is required to appoint a new servicer following a relevant downgrade of the Servicer's unsecured, unsubordinated debt obligation rating, and a suitably qualified substitute servicer has not been appointed by the CB Guarantor on substantially the same terms as the Servicing Deed within 30 days of the relevant downgrade, the CB Guarantor will act as the new servicer.

In acting as the new servicer, the CB Guarantor will not be liable for any inability to perform, or deficiency in performing, its duties and obligations as servicer if:

(a) the CB Guarantor is unable to perform those duties as a consequence of the acts or omissions of the previous Servicer or any other party to a Transaction Document or the state of affairs of the previous Servicer, and its books and records; or

(b) the CB Guarantor is unable, after using reasonable endeavours, to obtain information and documents or obtain access to software, personnel or resources from the previous Servicer the CB Guarantor requires and which are reasonably necessary for the CB Guarantor to perform those duties and obligations.

If the appointment of the Servicer is terminated, the Servicer must deliver the Title Documents (if any), all books of account, papers, records, registers, correspondence and documents in its possession or under its control (whether in electronic or physical form) and Customer Files relating to the Loans comprised in the Portfolio in its possession to, or at the direction of, the CB Guarantor and must take such further action as the CB Guarantor or the Security Trustee may reasonably direct. The Servicing Deed will terminate at such time as the CB Guarantor has no further interest in any of the Loans or their Related Security serviced under the Servicing Deed that have been comprised in the Portfolio.

Neither the Bond Trustee, the Security Trustee nor the CB Guarantor is obliged to act as servicer in any circumstances.

The Servicing Deed is governed by the laws of New South Wales, Australia.

Asset Monitor Agreement

Under the terms of the Asset Monitor Agreement entered into on or about the first Issue Date between the Asset Monitor, the CB Guarantor, the Servicer, the Cash Manager, the Administrative Agent, the Issuer and the Security Trustee, the Asset Monitor has agreed, subject to due receipt of the information to be provided by the Cash Manager to the Asset Monitor, to conduct tests in respect of the arithmetical accuracy of the calculations performed by the Cash Manager, prior to service of a Notice to Pay or a CBG Acceleration Notice, on the Calculation Date immediately prior to each anniversary of the Programme Date with a view to confirmation of the arithmetic accuracy or inaccuracy of such calculations. If and for so long as the long-term ratings of the Issuer or the Cash Manager (or if the Cash Manager is not independently rated and, as the case may be, is an affiliate of the Issuer, the long-term ratings of the Issuer, such ratings, the **Deemed Ratings**) are below the ratings set out in the Asset Monitor Agreement or following the service of an Asset Coverage Test Breach Notice (which has not been revoked), the Asset Monitor will, subject to receipt of the relevant information from the Cash Manager, be required to conduct such tests following each Calculation Date. Following service of a Notice to Pay (but prior to service of a CBG Acceleration Notice), the Asset Monitor will also be required to test the arithmetical accuracy of the calculations performed by the Cash Manager in respect of the Amortisation Test with a view to confirmation of the arithmetic accuracy or inaccuracy of such calculations.

Following a determination by the Asset Monitor of any errors in the arithmetic accuracy of the calculations performed by the Cash Manager such that the Asset Coverage Test or the Amortisation Test has been failed on the applicable Calculation Date (where the Cash Manager had recorded it as being satisfied) or the Adjusted Aggregate Loan Amount or the Amortisation Test Aggregate Loan Amount was mis-stated by an amount exceeding 1% of the actual Adjusted Aggregate Loan Amount or the actual Amortisation Test Aggregate Loan Amount, as applicable (as at the date of the relevant Asset Coverage Test or the relevant Amortisation Test), the Asset Monitor will be required to conduct such tests following each Calculation Date for a period of six months thereafter.

The Asset Monitor is entitled, except in certain limited circumstances, to assume that all information provided to it by the Cash Manager for the purpose of conducting such tests is true and correct and not misleading. The Asset Monitor Report will be delivered to the Cash Manager, the Servicer, the CB Guarantor, the Issuer and the Security Trustee.

The Asset Monitor has also been appointed as the cover pool monitor in respect of the Trust and the Programme for the purposes of the Banking Act. In respect of each date falling six months after the first Issue Date (or such other date as may be agreed between the Cash Manager and the Asset Monitor) (each, an **Assessment Date**) and subject to receipt of the certain information to be provided to the Asset Monitor

by the Cash Manager and the Servicer, including the Loans Register, the Investments Ledger, account statements and copies of New Portfolio Notices, Loan Repurchase Notices and Selected Loan Offer Notices, the Asset Monitor will:

(a) assess the keeping by the Cash Manager and the Servicer on behalf of the CB Guarantor of an accurate register of the assets in the cover pool of the CB Guarantor; and

(b) assess compliance by the Issuer with sections 31 and 31A of the Banking Act.

The Asset Monitor may perform its obligations by sampling in accordance with auditing standards made under the Corporations Act.

The CB Guarantor will pay to the Asset Monitor a fee for the tests to be performed by the Asset Monitor.

The Cash Manager may, at any time, terminate the appointment of the Asset Monitor by giving at least 30 days' prior written notice to the Asset Monitor or immediately upon providing the Asset Monitor written notice where the Asset Monitor ceases to be an Eligible Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the Cash Manager in accordance with the replacement terms described below.

The Asset Monitor may, at any time, resign by giving at least 60 days' prior written notice to the CB Guarantor and the Security Trustee (copied to the Rating Agencies), and may resign by giving immediate notice in the event of a professional conflict of interest caused by the action of any recipient of its reports.

Upon the Asset Monitor giving notice of resignation or termination of the Asset Monitor's appointment, the Cash Manager shall immediately use all reasonable endeavours to appoint a substitute Asset Monitor provided such substitute is an Eligible Asset Monitor that enters into an agreement substantially on the same terms as the terms of the Asset Monitor Agreement and the substitute Asset Monitor is a party that has been notified to the Rating Agencies by the Cash Manager and a Ratings Notification has been provided by the Cash Manager in respect of the appointment of the substitute Asset Monitor.

Neither the Bond Trustee nor the Security Trustee will be obliged to act as Asset Monitor in any circumstances.

The Asset Monitor Agreement is governed by the laws of New South Wales, Australia.

Participation Agreement

Asset Coverage Test

Under the terms of the Participation Agreement for so long as any Covered Bonds remain outstanding, the Asset Coverage Test will be satisfied as of a Calculation Date if on that Calculation Date, the Adjusted Aggregate Loan Amount is at least equal to the aggregate AUD Equivalent of the Principal Amount Outstanding of all Covered Bonds as calculated as of that Calculation Date (the **Asset Coverage Test**). For a further discussion of the Asset Coverage Test see: *Credit Structure – Asset Coverage Test* below.

On or prior to each Test Date, the Cash Manager must calculate the Adjusted Aggregate Loan Amount and the aggregate AUD Equivalent of the Principal Amount Outstanding of all Covered Bonds as of the immediately preceding Calculation Date.

If on any Test Date, the Adjusted Aggregate Loan Amount is less than the AUD Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds, all calculated as of the Calculation Date immediately preceding that Test Date, then the Cash Manager will notify the CB Guarantor, the Seller, the Issuer, the Rating Agencies, the Bond Trustee and the Security Trustee thereof and the CB Guarantor (at the direction of the Cash Manager) will use all commercially reasonable endeavours to acquire further Loans

and their Related Security from the Seller and/or obtain an Advance or a Subordinated Advance to ensure that the Asset Coverage Test is met as of the next Calculation Date.

If on the next following Test Date the Adjusted Aggregate Loan Amount is less than the AUD Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds (all calculated as of the Calculation Date immediately preceding that Test Date), the Asset Coverage Test will be breached and the Cash Manager shall notify the CB Guarantor, the Seller, the Issuer, the Rating Agencies, the Bond Trustee and the Security Trustee, whereupon the Bond Trustee is required to serve an Asset Coverage Test Breach Notice on the CB Guarantor. The Bond Trustee will be deemed to have revoked an Asset Coverage Test Breach Notice if, on the Test Date immediately succeeding service of an Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and neither a Notice to Pay nor a CBG Acceleration Notice has been served.

Following service of an Asset Coverage Test Breach Notice on the CB Guarantor (which has not been revoked) but prior to the service of a Notice to Pay:

(a) the CB Guarantor may be required to sell Selected Loans and remit the proceeds to the GI Account as more particularly described in *Participation Agreement—Sale of Selected Loans following service of an Asset Coverage Test Breach Notice*;

(b) prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of a CBG Event of Default and service of a CBG Acceleration Notice, the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments will be modified as more particularly described in *Cashflows—Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service of an Asset Coverage Test Breach Notice* below; and

(c) the Issuer will not be permitted to issue any further Series of Covered Bonds.

If an Asset Coverage Test Breach Notice has been served and not revoked by the Bond Trustee on or before the Test Date immediately succeeding service of such Asset Coverage Test Breach Notice, then an Issuer Event of Default will occur and the Bond Trustee will be entitled to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee will be required to serve a Notice to Pay on the CB Guarantor.

For the purposes hereof:

The **Adjusted Aggregate Loan Amount** in respect of a Calculation Date means:

A + B + C + D – Z

where,

A = the lower of (a) and (b), where:

(a) = the sum of the **LTV Adjusted Outstanding Principal Balance** of each Loan in the Portfolio as at the relevant Calculation Date, which shall be the lower of:

(i) the actual Outstanding Principal Balance of the relevant Loan in the Portfolio as calculated as of the relevant Calculation Date; and

(ii) the aggregate of the Indexed Valuation of each Property subject to a Related Security relating to that Loan, in each case multiplied by M:

(A) where, for all Loans that are not Defaulted Loans, M = 0.80, or such other amount determined by the Cash Manager and notified to the CB Guarantor and the Rating Agencies and in respect of which a Ratings Notification has been delivered by the Cash Manager; and

(B) where, for all Loans that are Defaulted Loans M = 0,

minus

the aggregate sum of the following deemed reductions to the aggregate LTV Adjusted Outstanding Principal Balance of the Loans in the Portfolio if either of the following occurred during the Calculation Period ending on such Calculation Date:

(1) the Seller was, in respect of a Loan or its Related Security, in breach of any of the Representations and Warranties contained in the Mortgage Sale Deed or subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Deed. In this event, the aggregate LTV Adjusted Outstanding Principal Balance of the Loans in the Portfolio (as calculated as of the relevant Calculation Date) will be deemed to be reduced by an amount equal to the LTV Adjusted Outstanding Principal Balance of the relevant Loan or Loans (as calculated as of the relevant Calculation Date) of the relevant Borrower; and/or

(2) the Seller was, in such Calculation Period or any preceding Calculation Period, in breach of any other material warranty under the Mortgage Sale Deed and/or the Servicer was, during such Calculation Period, in breach of a material term of the Servicing Deed. In this event, the aggregate LTV Adjusted Outstanding Principal Balance of the Loans in the Portfolio (as calculated as of the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the CB Guarantor, in such Calculation Period (such financial loss to be calculated by the Cash Manager without double-counting (including in respect of amounts under (1) above) and net of any amount paid (in cash or in kind) to the CB Guarantor by the Seller to indemnify the CB Guarantor for such financial loss);

AND

(b) = the sum of the **Asset Percentage Adjusted Outstanding Principal Balance** of each Loan in the Portfolio as at the relevant Calculation Date which shall be the lower of:

(i) the actual Outstanding Principal Balance of the relevant Loan in the Portfolio as calculated as of the relevant Calculation Date; and

(ii) the aggregate of the Valuation of each Property subject to a Related Security relating to that Loan, in each case multiplied by N:

(A) where, for all Loans that are not Defaulted Loans, N = 1.00; and

(B) where, for all Loans that are Defaulted Loans, N = 0,

minus

the aggregate sum of the following deemed reductions to the aggregate Asset Percentage Adjusted Outstanding Principal Balance of the Loans in the Portfolio if either of the following occurred during the Calculation Period ending on such Calculation Date:

(1) the Seller was, in respect of a Loan or its Related Security, in breach of any of the Loan Representations and Warranties contained in the Mortgage Sale Deed or subject to any other obligation of the Seller to repurchase the relevant Loan and its Related Security, and in each case the Seller has not repurchased the Loan or Loans of the relevant Borrower and its or their Related Security to the extent required by the terms of the Mortgage Sale Deed. In this event, the aggregate Asset Percentage Adjusted Outstanding Principal Balance of the Loans in the Portfolio (as calculated as of the relevant Calculation Date) will be deemed to be reduced by an amount equal to the Asset Percentage Adjusted Outstanding Principal Balance of the relevant Loan or Loans (as calculated as of the relevant Calculation Date) of the relevant Borrower; and/or

(2) the Seller was, in such Calculation Period or any preceding Calculation Period, in breach of any other material warranty under the Mortgage Sale Deed and/or the Servicer was, in such Calculation Period, in breach of a material term of the Servicing Deed. In this event, the aggregate Asset Percentage Adjusted Outstanding Principal Balance of the Loans in the Portfolio (as calculated as of the relevant Calculation Date) will be deemed to be reduced by an amount equal to the resulting financial loss incurred by the CB Guarantor in such Calculation Period (such financial loss to be calculated by the Cash Manager without double-counting (including in respect of amounts under (1) above) and net of any amount paid (in cash or in kind) to the CB Guarantor by the Seller to indemnify the CB Guarantor for such financial loss),

the result of *the calculation in this paragraph (b) being multiplied by* the Asset Percentage (as determined below);

B = the aggregate amount of any Principal Receipts on the Loans in the Portfolio up to the end of the Calculation Period ending on such Calculation Date (as recorded in the Principal Ledger) which have not been applied as at the relevant Calculation Date to acquire further Loans and their Related Security or otherwise applied in accordance with the Participation Agreement and/or the other Transaction Documents (including, for the avoidance of doubt, any amount then standing to the credit of the GI Account (including amounts standing to the credit of the Reserve Ledger and the Pre-Maturity Liquidity Ledger) (but without double counting));

C = the aggregate amount of Advances under the Intercompany Loan and Subordinated Advances under the Subordinated Loan Agreement which have not been applied as at the relevant Calculation Date to acquire further Loans and their Related Security or otherwise applied in accordance with the Participation Agreement and/or the other Transaction Documents;

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

Z = the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding multiplied by the aggregate AUD Equivalent of the Principal Amount Outstanding of all Covered Bonds multiplied by the Negative Carry Factor where the Negative Carry Factor is (i) zero, for so long as the Interest Rate Swap is in effect in accordance with the terms thereof; or (ii) X plus the weighted average margin of the interest rates payable by the CB Guarantor under the Covered Bond Swaps (provided that if the weighted average remaining maturity is less than one, the weighted average shall be deemed, for the purposes of this calculation, to be one), and X is 0.50% or such higher percentage figure that the CB Guarantor (or the Cash Manager acting on its behalf) may from time to time determine and which is promptly notified to the Rating Agencies, the Bond Trustee and the Security Trustee.

The **Asset Percentage** shall be determined in accordance with the following:

(a) The Asset Percentage on any date shall be the lowest of:

(i) 95% or such other amount determined by the Cash Manager and notified to the CB Guarantor and the Rating Agencies and in respect of which a Ratings Notification has been delivered by the Cash Manager;

(ii) such lesser percentage figure as selected by the Cash Manager from time to time and notified to the CB Guarantor, Fitch and the Bond Trustee and the Security Trustee in accordance with paragraph (b) below, being the asset percentage that is necessary to ensure that the Covered Bonds maintain the then current ratings assigned to them by Fitch, subject to the restriction in paragraph (c) below; and

(iii) the percentage figure most recently selected by the Cash Manager and notified to the CB Guarantor, Moody's, the Bond Trustee and the Security Trustee in accordance with paragraph (b) below, as the percentage figure that would be necessary to ensure the Covered Bonds maintain the then current ratings assigned to them by Moody's using Moody's expected loss methodology, subject to the restriction in paragraph (c) below.

The Asset Percentage determined in accordance with these terms shall be published in the Investor Report for the relevant period.

(b) On any Sydney Business Day (including, but not limited to, any Calculation Date) as may be selected from time to time by and at the option of the Cash Manager (acting on behalf of the CB Guarantor), the Cash Manager will send written notice to (i) the CB Guarantor, the Bond Trustee, the Security Trustee and Fitch of the percentage figure that has been selected by the Cash Manager in accordance with paragraph (a)(ii), and/or (as applicable) (ii) the CB Guarantor, the Bond Trustee, the Security Trustee and Moody's of the percentage figure that has been selected by the Cash Manager in accordance with paragraph (a)(iii) above, that, in each case, will be applied on the immediately following Calculation Date, being the required Asset Percentage to achieve the amount of credit enhancement required for the Covered Bonds to achieve an AAA rating by Fitch or an Aaa rating by Moody's

using Moody's expected loss methodology (as the case may be) (regardless of the actual Fitch or Moody's rating of the Covered Bonds at the current time). Any notification to Fitch or Moody's (as applicable) and the CB Guarantor, the Bond Trustee and the Security Trustee pursuant to this paragraph (b) shall be made in the form prescribed in the Participation Agreement and such notice shall be delivered to the Bond Trustee and the Security Trustee in accordance with the Master Definitions and Construction Agreement and to Fitch or Moody's (as applicable) by email, which email shall be deemed to be received once sent provided that an email sent after 5:00pm on any Sydney Business Day shall be deemed to be received on the next following Sydney Business Day.

(c) Notwithstanding paragraph (b) above, the CB Guarantor is not obliged to ensure that the Covered Bonds maintain an AAA rating by Fitch or an Aaa rating by Moody's (as the case may be) and the CB Guarantor is not obliged to change the figure selected by it in accordance with paragraphs (a)(ii) or (a)(iii) above and notified to Fitch or Moody's (as applicable) and the Bond Trustee and the Security Trustee in order to maintain the level of credit enhancement required to ensure that the Covered Bonds maintain an AAA rating by Fitch or an Aaa rating by Moody's using Moody's expected loss methodology (as the case may be). Following any downgrade of the Covered Bonds by Fitch, the percentage figure in paragraph (a)(ii) may not exceed the Asset Percentage that applied as of the last time the Covered Bonds were rated AAA by Fitch, and, following any downgrade of the Covered Bonds by Moody's, the percentage figure in paragraph (a)(iii) may not exceed the Asset Percentage that applied as of the last time the Covered Bonds were rated Aaa by Moody's.

(d) On any Sydney Business Day (including, but not limited to any Calculation Date) as may be selected from time to time by and at the option of the Cash Manager (acting on behalf of the CB Guarantor) the Cash Manager will send written notice to the CB Guarantor, the Bond Trustee and the Security Trustee and the Rating Agencies of the swap rate(s) that has been selected by the Cash Manager that will be applied on the immediately following Interest Periods under the Interest Rate Swap Agreement(s). Any notification to the CB Guarantor, the Rating Agencies, the Bond Trustee and the Security Trustee pursuant to this paragraph (d) shall be made in the form prescribed in the Participation Agreement and such notice shall be delivered to the CB Guarantor, the Bond Trustee and the Security Trustee in accordance with the Master Definitions and Construction Agreement and to the Rating Agencies by email, which email shall be deemed to be received once sent provided that an email sent after 5:00pm Sydney time on any Sydney Business Day shall be deemed to be received on the next following Sydney Business Day.

Where there is more than one Loan in the Portfolio secured on the same Property subject to a Related Security, the calculation of the Asset Coverage Test will be calculated in respect of such Loans on a consolidated basis as if all Loans in the Portfolio secured on the same Property subject to a Related Security were a single Loan.

Amortisation Test

The Amortisation Test will be satisfied as of each Calculation Date following service of a Notice to Pay on the CB Guarantor (but prior to service of a CBG Acceleration Notice) and for so long as Covered Bonds remain outstanding, if, on that Calculation Date, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the AUD Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated as of the relevant Calculation Date (the **Amortisation Test**). For a further discussion of the Amortisation Test: see *Credit Structure – Amortisation Test* below.

The Cash Manager must calculate the Adjusted Aggregate Loan Amount (as of each Calculation Date) on or prior to each Test Date following service of a Notice to Pay (but prior to service of a CBG Acceleration Notice).

If on any Test Date following service of a Notice to Pay on the CB Guarantor, the Amortisation Test Aggregate Loan Amount is less than the AUD Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds, all calculated as of the Calculation Date immediately preceding that Test Date (the **Amortisation Test**), then the Amortisation Test will be deemed to be breached and a CBG Event of Default will occur. The Cash Manager will immediately notify the CB Guarantor, the Seller, the Issuer, the Rating Agencies, the Security Trustee and the Bond Trustee of any breach of the Amortisation Test.

The **Amortisation Test Aggregate Loan Amount** will be calculated as at each Calculation Date as follows:

$$A + B + C - Z$$

where,

A = the sum of the **Amortisation Test Outstanding Principal Balance** of each Loan, which balance will be the lower of:

(a) the actual Outstanding Principal Balance of the relevant Loan as calculated on the relevant Calculation Date; and

(b) the aggregate of the Indexed Valuation of each Property subject to a Related Security relating to such Loan multiplied by M.

Where for all Loans that are not Defaulted Loans M = 0.80 or such other amount determined by the Cash Manager and notified to the CB Guarantor and the Rating Agencies and in respect of which a Ratings Notification has been delivered by the Cash Manager, and for all the Loans that are Defaulted Loans M = 0;

B = the sum of the amount of any cash standing to the credit of the GI Account and the principal amount of any Authorised Investments (excluding any Available Revenue Receipts received in the Calculation Period ending on such Calculation Date);

C = the aggregate outstanding principal balance of any Substitution Assets; and

Z = the weighted average remaining maturity of all Covered Bonds (expressed in years) then outstanding *multiplied by* the aggregate AUD Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds *multiplied by* the Negative Carry Factor.

Where there is more than one Loan in the Portfolio secured on the same Property subject to a Related Security, the calculation of the Amortisation Test will be calculated in respect of such Loans on a consolidated basis as if all Loans in the Portfolio secured on the same Property subject to a Related Security were a single Loan.

Sale of Selected Loans following a breach of the Pre-Maturity Test

The Pre-Maturity Test will be breached if, prior to the service on the CB Guarantor of a Notice to Pay, the ratings of the Issuer's unsecured and unsubordinated debt obligations fall below a specified level and a Hard Bullet Covered Bond is due for repayment within a specified period of time thereafter: see further *Credit Structure—Pre-Maturity Liquidity*. If the Pre-Maturity Test is breached prior to service of a Notice to Pay, the Administrative Agent shall direct the CB Guarantor to, and the CB Guarantor as so directed will, offer to sell Selected Loans in accordance with the Participation Agreement (as described below – see *Method of Sale of Selected Loans*), subject to the rights of pre-emption in favour of the Seller to buy the Selected Loans pursuant to the terms of the Mortgage Sale Deed. If the Issuer fails to repay any Series of Hard Bullet Covered Bonds on the Maturity Date thereof, then following the occurrence of an Issuer Event of Default and service of a Notice to Pay on the CB Guarantor, the proceeds from any sale of Selected

Loans standing to the credit of the Pre-Maturity Liquidity Ledger will be applied to repay the relevant Series of Hard Bullet Covered Bonds. Otherwise, the proceeds will be applied as set out in *Credit Structure—Pre-Maturity Liquidity* below.

Following service of a CBG Acceleration Notice on the CB Guarantor, all amounts standing to the credit of the Pre-Maturity Liquidity Ledger will be applied in accordance with the Post-Enforcement Priority of Payments.

Sale of Selected Loans following service of an Asset Coverage Test Breach Notice

After service of an Asset Coverage Test Breach Notice on the CB Guarantor (which has not been revoked) but prior to service of a Notice to Pay, the Administrative Agent shall, if the CB Guarantor has not obtained an Advance or a Subordinated Advance in order to meet the Asset Coverage Test, direct the CB Guarantor to offer to sell Selected Loans in accordance with the Participation Agreement (as described below – see *Method of Sale of Selected Loans*), subject to the rights of pre-emption in favour of the Seller to buy the Selected Loans pursuant to the Mortgage Sale Deed. The proceeds from any such sale will be credited to the GI Account and applied as set out in *Cashflows—Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service of an Asset Coverage Test Breach Notice* below.

Sale of Selected Loans following service of a Notice to Pay

After service of a Notice to Pay on the CB Guarantor, but prior to service of a CBG Acceleration Notice in order to meet its obligations, the Administrative Agent may, or to the extent necessary to meet those obligations, shall, direct the CB Guarantor and the CB Guarantor as so directed will offer to sell Selected Loans in accordance with the Participation Agreement (as described below – see *Method of Sale of Selected Loans*), subject to the rights of pre-emption in favour of the Seller to buy the Selected Loans pursuant to the Mortgage Sale Deed. The proceeds from any such sale will be credited to the GI Account and applied as set out in *Cashflows—Guarantee Priority of Payments* below.

Method of Sale of Selected Loans

Following a breach of the Pre-Maturity Test, the service of an Asset Coverage Test Breach Notice (if not revoked) or a Notice to Pay, the Administrative Agent shall ensure that before offering Selected Loans for sale the Selected Loans have an aggregate Outstanding Principal Balance in an amount (the **Required Outstanding Principal Balance**) which is as close as possible to the amount calculated as follows:

(a) following the service of an Asset Coverage Test Breach Notice (but prior to service of a Notice to Pay), such amount that would ensure that, if the Selected Loans were sold at their Outstanding Principal Balance plus the Arrears of Interest and Accrued Interest thereon, the Asset Coverage Test would be satisfied as of the next Calculation Date taking into account the payment obligations of the CB Guarantor on the CBG Payment Date following that Calculation Date (including the CB Guarantor's obligation to repay the Demand Loan) (assuming for this purpose that the Asset Coverage Test Breach Notice is not revoked on the Test Date following the next Calculation Date); or

(b) following a breach of the Pre-Maturity Test, an amount which is not less than the amount calculated as follows:

$$A = N \times \frac{O - D}{E}$$

where:

A is the Required Outstanding Principal Balance of the Selected Loans;

N is an amount equal to the AUD Equivalent of the Required Redemption Amount of the relevant Series of Hard Bullet Covered Bonds less amounts standing to the credit of the Pre-Maturity Liquidity Ledger that are not otherwise required to provide liquidity for any Series of Hard Bullet Covered Bonds which mature within 12 months of the date of such calculation;

O is the Outstanding Principal Balance of all the Loans in the Portfolio;

D is the outstanding balance of the Demand Loan; and

E is the aggregate AUD Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding.

For the avoidance of doubt, if A is zero or a negative number then no Selected Loans in the Portfolio and their Related Securities need be sold; or

(c) following service of a Notice to Pay but prior to service of a CBG Acceleration Notice, in relation to a sale to meet the CB Guarantor's obligations other than in respect of the repayment of the Demand Loan, an amount which is not less than the amount calculated as follows:

$$A = N \times \frac{O - D}{E}$$

where:

A is the Required Outstanding Principal Balance of the Selected Loans;

N is an amount equal to the AUD Equivalent of the Required Redemption Amount of the Earliest Maturing Covered Bonds less:

(i) amounts standing to the credit of the GI Account and the principal amount of any Substitution Assets or Authorised Investments (excluding all amounts to be applied on the next following CBG Payment Date to pay or repay higher ranking amounts in the Guarantee Priority of Payments and those amounts that are required to repay any Series of Covered Bonds which have a Maturity Date prior to or on the same date as the relevant Series of Covered Bonds and any amounts standing to the credit of the Pre-Maturity Liquidity Ledger); and

(ii) if the Earliest Maturing Covered Bonds are Hard Bullet Covered Bonds, any amount standing to the credit of the Pre-Maturity Liquidity Ledger in respect of those Hard Bullet Covered Bonds;

O is the Outstanding Principal Balance of all the Loans in the Portfolio;

D is the outstanding balance of the Demand Loan calculated pursuant to the Intercompany Loan Agreement following the determination of the Asset Percentage; and

E is the aggregate AUD Equivalent of the Required Redemption Amount in respect of each Series of Covered Bonds then outstanding.

For the avoidance of doubt, if A is zero or a negative number then no Selected Loans in the Portfolio and their Related Security need be sold.

For the purposes hereof:

Required Redemption Amount means, in respect of a Series of Covered Bonds, the amount calculated as follows:

the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds	x	1 + Negative Carry Factor x (days to maturity of the relevant Series of Covered Bonds/365)

The Administrative Agent will use reasonable endeavour to direct and the CB Guarantor will, as so directed, offer the Selected Loans for sale to Purchasers for the best price reasonably obtainable but in any event:

(a) following (x) the service of an Asset Coverage Test Breach Notice (but prior to service of a Notice to Pay) or (y) a breach of the Pre-Maturity Test but prior to service of a Notice to Pay, in each case, for an amount not less than the sum of the aggregate Outstanding Principal Balance of the Selected Loans except as described below;

(b) following service of a Notice to Pay, in relation to a sale to meet the CB Guarantor's obligations other than in respect of the repayment of the Demand Loan, for an amount not less than the sum of the Adjusted Required Redemption Amount for the relevant Series of Covered Bonds, except as described below, where the **Adjusted Required Redemption Amount** means the AUD Equivalent of:

(i) the Required Redemption Amount of the relevant Earliest Maturing Covered Bonds;

plus or minus

(ii) any swap termination amounts (other than Excluded Swap Termination Amounts) payable by the CB Guarantor or any premium payments payable to the CB Guarantor under each Covered Bond Swap Agreement in respect of the relevant Series or Tranche within such Series of Covered Bonds;

plus or minus

(iii) any swap termination amounts (other than Excluded Swap Termination Amounts) payable by the CB Guarantor or any premium payments payable to the CB Guarantor under any Interest Rate Swap Agreement in respect of the sale of the Selected Loans in the Portfolio.

Following service of an Asset Coverage Test Breach Notice but prior to service of a Notice to Pay, if the Administrative Agent determines (taking into account any advice or recommendations of the Sale Adviser) that it is unlikely that the Selected Loans will be able to be sold for such an amount, or that it is unlikely that a sale of the Selected Loans for such an amount will be able to be effected in time to enable the Asset Coverage Test to be satisfied as of the next Calculation Date, then the Administrative Agent (on behalf of the CB Guarantor) may:

(A) sell additional Selected Loans; and/or

(B) offer the Selected Loans and the additional Selected Loans for the best price reasonably obtainable (in accordance with the recommendations of the Sale Adviser).

Following a breach of the Pre-Maturity Test but prior to service of a Notice to Pay, if Selected Loans have not been sold (in whole or in part) in an amount not less than the price described in (A) above by the date which is three months prior to the date by which the Pre-Maturity Liquidity Ledger must be funded, and the Pre-Maturity Liquidity Ledger is not otherwise funded (see further *Credit Structure – Pre-Maturity Liquidity* below), then the Administrative Agent shall direct the CB Guarantor to, and the CB Guarantor as so directed will, offer the Selected Loans for sale at the best price reasonably obtainable.

Following service of a Notice to Pay, if the Selected Loans in relation to a sale to meet the CB Guarantor's obligations other than in respect of the repayment of the Demand Loan have not been sold (in whole or in part) in an amount not less than the amount described in (b) above by the date which is six months prior to, or if a Notice to Pay is served on a date which is less than six months prior to as applicable, if the Earliest Maturing Covered Bonds are Hard Bullet Covered Bonds, the Maturity Date of the Earliest Maturing Covered Bonds or if the Earliest Maturing 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, then the Administrative Agent shall direct the CB Guarantor to, and the CB Guarantor as so directed will, offer the Selected Loans for sale to Purchasers for the best price reasonably obtainable.

In respect of any sale of Selected Loans in the Portfolio and their Related Security (except where the Seller is buying the Selected Loans in accordance with its right of pre-emption in accordance with the Mortgage Sale Deed) the Administrative Agent (on behalf of the CB Guarantor) will either:

(A) prior to service of a Notice to Pay, appoint any member of the Westpac Group; or

(B) following service of a Notice to Pay, through a tender process appoint a portfolio manager, investment bank, bank or other institution or advisor of recognised standing on a basis intended to incentivise it to achieve the best price reasonably obtainable for the sale of the Selected Loans (if such terms are commercially available in the market),

(in each case, the **Sale Adviser**) to advise it in relation to the sale of the Selected Loans to Purchasers (except where the Seller is buying the Selected Loans, in accordance with its right of pre-emption in the Mortgage Sale Deed).

Following service of a Notice to Pay or a breach of the Pre-Maturity Test, in addition to offering Selected Loans for sale to Purchasers in respect of the Earliest Maturing Covered Bonds or the relevant Series of Hard Bullet Covered Bonds, as applicable, the Administrative Agent may (on behalf of the CB Guarantor), (subject to the right of pre-emption in favour of the Seller in the Mortgage Sale Deed) offer for sale a portfolio of Selected Loans in respect of other Series of Covered Bonds.

The Administrative Agent on behalf of the CB Guarantor is permitted to offer for sale to Purchasers part of any portfolio of Selected Loans (a **Partial Portfolio**). Where a Notice to Pay has been served, except in circumstances where the portfolio of Selected Loans is being sold for a price less than the price described in (a) or (b) above, the sale price of the Partial Portfolio (as a proportion of the Adjusted Required Redemption Amount) shall be at least equal to the proportion that the Partial Portfolio bears to the relevant portfolio of Selected Loans.

The terms of any sale and purchase agreement with respect to the sale of Selected Loans (except where the Seller is buying the Selected Loans in accordance with its right of pre-emption under the Mortgage Sale Deed) will be subject to the Administrative Agent delivering a Ratings Notification in respect of such sale to the CB Guarantor and the relevant sale and purchase agreement will:

(a) not include any representations and warranties from the CB Guarantor or the Seller unless expressly agreed by the CB Guarantor and the Seller, as the case may be (each acting in its discretion);

(b) include trust back undertakings by Purchasers on the same terms as those contained in the Mortgage Sale Deed unless expressly agreed otherwise by the Seller (see *Summary of Mortgage Sale Deed – Trust Back Provisions* above); and

(c) require a cash payment from the relevant Purchasers in immediately available funds on or prior to the date of sale of the Selected Loans.

Limit on Investing in Substitution Assets and Authorised Investments

Prior to service on the CB Guarantor of an Asset Coverage Test Breach Notice or a Notice to Pay or CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice, the Cash Manager on behalf of the CB Guarantor will be permitted to invest Available Revenue Receipts, Available Principal Receipts and the proceeds of Advances and Subordinated Advances in Substitution Assets, provided that the aggregate amount so invested does not exceed the limits for each class of Substitution Assets as set out in the definition of Substitution Assets (or, in each case, such other amount as the Cash Manager may notify the CB Guarantor from time to time provided a Ratings Notification has been delivered in respect of such other amount) and provided that such investments are made in accordance with the terms of the Cash Management Deed.

Amounts represented by the balance of the Reserve Ledger and the Pre-Maturity Liquidity Ledger may not be invested in Substitution Assets and must be either credit balances on the GI Account or invested in Authorised Investments.

Following service of an Asset Coverage Test Breach Notice (if not revoked) or a Notice to Pay on the CB Guarantor, all Substitution Assets may be sold by the Cash Manager on behalf of the CB Guarantor for the best price reasonably obtainable taking into account market conditions at that time and the nature of the Substitution Assets and the proceeds credited to the GI Account.

The Cash Manager on behalf of the CB Guarantor may at any time (including both prior to and following service of a Notice to Pay) invest all available funds in Authorised Investments, provided that such investments are made in accordance with the terms of the Cash Management Deed.

There is no limit on the amounts that the CB Guarantor is entitled to invest in Authorised Investments or that may be credited to the GI Account.

Other Provisions

The allocation and distribution of Revenue Receipts, Principal Receipts and all other amounts received by the CB Guarantor is described under *Cashflows* below.

The Participation Agreement is governed by the laws of New South Wales, Australia.

Cash Management Deed

The Cash Manager is to provide certain cash management services to the CB Guarantor pursuant to the terms of the Cash Management Deed entered into on 3 November 2011 between the CB Guarantor, WSM in its capacities as the Cash Manager and Administrative Agent, WBC in its capacities as the Seller and the Servicer, and the Security Trustee.

The cash management services include but are not limited to:

(a) being able to identify at all times, all derivatives and other transactions outstanding in respect of the Trust;

(b) establishing, maintaining and operating the GI Account and other bank accounts on behalf of the CB Guarantor;

(c) opening and maintaining the Ledgers on behalf of the CB Guarantor;

(d) maintaining records of all Authorised Investments and/or Substitution Assets, as applicable;

(e) distributing the Revenue Receipts and the Principal Receipts in accordance with the Priorities of Payments described under *Cashflows* below;

(f) prior to service of a Notice to Pay, determining whether the Asset Coverage Test is satisfied on each Test Date in accordance with the Participation Agreement, as more fully described under *Credit Structure – Asset Coverage Test* below;

(g) determining whether the Amortisation Test is satisfied on each Calculation Date following the service of a Notice to Pay in accordance with the Participation Agreement, as more fully described under *Credit Structure – Amortisation Test* below;

(h) on each Sydney Business Day, 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 Liquidity*, below;

(i) providing the Asset Monitor with all necessary information to allow it to comply with its obligations under the Asset Monitor Agreement;

(j) making the calculations and determinations required by the Intercompany Loan Agreement; and

(k) preparation of Investor Reports for the Covered Bondholders, the Rating Agencies and the Bond Trustee.

In certain circumstances, including an Insolvency Event occurring in respect of the Cash Manager, the CB Guarantor and the Security Trustee will each have the right to terminate the appointment of the Cash Manager and to appoint a substitute. The CB Guarantor will then use its reasonable endeavours to appoint a replacement. The termination will only take effect once the substitute has been appointed. Any substitute cash manager will have substantially the same rights and obligations as the Cash Manager (although the fee payable to the substitute cash manager may be higher). Any substitute cash manager (i) must agree to enter into a deed substantially on the same terms as the relevant provisions of the Cash Management Deed (or on such terms as are satisfactory to the CB Guarantor and the Security Trustee) and the rights of the CB Guarantor under such agreement must be charged in favour of the Security Trustee on terms satisfactory to the Security Trustee, (ii) must be a party that has been notified to the Rating Agencies and the appointment of which would not cause an Adverse Rating Effect and (iii) must have appropriate experience (provided the CB Guarantor is not required to determine if the substitute cash manager has appropriate experience).

The Cash Manager will indemnify the CB Guarantor on demand for any Costs incurred by the CB Guarantor as a result of (i) a failure by the Cash Manager to perform its obligations under the Cash Management Deed or any other Transaction Document and (ii) any act of the Cash Manager under the power of attorney granted to it by the CB Guarantor under the Cash Management Deed that is not authorised by the power of attorney, excluding, in each case, any Tax on remuneration paid to the CB Guarantor, any GST and any VAT.

The Cash Management Deed contains a number of limitations on the liability of the Cash Manager, including that the Cash Manager will not be liable for any failure to pay monies on the due date for payment to any Covered Bondholder, the CB Guarantor or any other Person or for any loss howsoever caused to any

Covered Bondholder, the CB Guarantor or other Person nor for any insufficiency of income from, or any depreciation in the value of, any CBG Assets in or on which any of the money of or belonging to the CB Guarantor is invested, or by virtue of the acquisition, retention or disposition of any such investments.

The Cash Management Deed is governed by the laws of New South Wales, Australia.

Subordinated Loan Agreement

From time to time, the Subordinated Loan Provider may make Subordinated Advances to the CB Guarantor (the **Subordinated Loan Facility**).

Except for Deemed Subordinated Advances (see below), the Subordinated Loan Facility is uncommitted and the Subordinated Loan Provider is not obliged to make Subordinated Advances to the CB Guarantor.

Each Subordinated Advance (except for Deemed Subordinated Advances) must be used by the CB Guarantor (at the direction of the Administrative Agent):

(i) to invest in Substitution Assets or Authorised Investments in accordance with the Participation Agreement;

(ii) to purchase New Portfolios from the Seller from time to time in accordance with the Mortgage Sale Deed; or

(iii) to make a deposit of the proceeds in the GI Account, including to fund the Reserve Fund and to fund the Pre-Maturity Liquidity Ledger in accordance with the Participation Agreement.

Where amounts are not able to constitute Deemed Advances under the Intercompany Loan Agreement because the Deemed Advance Preconditions are not satisfied, they will constitute **Deemed Subordinated Advances**.

The Cash Manager may request Subordinated Advances on behalf of the CB Guarantor in order to enable the CB Guarantor to meet its obligations under the Transaction Documents in relation to the Asset Coverage Test, the Amortisation Test, the Pre-Maturity Liquidity Ledger or the Reserve Fund.

Except in the case of Deemed Subordinated Advances, the Subordinated Loan Facility is uncommitted and the Subordinated Loan Provider may elect to make or decline the requested Subordinated Advances in its absolute discretion.

The Subordinated Loan will bear interest as set out in the Subordinated Loan Agreement.

The outstanding principal amount of the Subordinated Loan at any time will equal the aggregate amount of any Subordinated Advances and Deemed Subordinated Advances minus the sum of any repayments. The CB Guarantor will make repayments to the Subordinated Loan Provider on each CBG Payment Date if, and to the extent that, no Asset Coverage Test Breach Notice has been served on it (or, if such notice has been served, it has not been revoked) and there are sufficient Available Principal Receipts and Available Revenue Receipts to make such payment in accordance with the applicable Priority of Payments. The Subordinated Loan will be subordinated to, *inter alia*, payments of principal and interest on the Intercompany Loan and the Covered Bond Guarantee, and all other payments or provisions ranking in priority to payments to be made to the Subordinated Loan Provider, in each case in accordance with the applicable Priorities of Payments.

The Subordinated Loan Agreement is governed by the laws of New South Wales, Australia.

Interest Rate Swap Agreement

To provide a hedge against possible variances between the interest revenues received by the CB Guarantor, being primarily linked to the rates of interest payable on the Loans in the Portfolio (which may, for instance, include variable rates of interest or fixed rates of interest), and the interest amounts payable on the Intercompany Loan and (following the service of a Notice to Pay on the CB Guarantor) the Covered Bond Swap Agreements, the CB Guarantor entered into the Interest Rate Swap Agreement on 3 November 2011 with the Interest Rate Swap Provider, WSM and the Security Trustee and entered into the Interest Rate Swap pursuant thereto, on the first Assignment Date. Under the terms of the Interest Rate Swap, the CB Guarantor and the Interest Rate Swap Provider agree to swap the amount of interest received by the CB Guarantor in respect of the Loans in the Portfolio and interest received by the CB Guarantor on the GI Account, the Substitution Assets and any Authorised Investments in exchange for an amount sufficient to pay the interest payable on the Intercompany Loan and, following the service of a Notice to Pay on the CB Guarantor, the amounts payable by the CB Guarantor under the Covered Bond Swap Agreements, plus, in each case, a certain amount for expenses, including an amount to cover the Australian tax payable in respect of payments under the Covered Bond Guarantee.

The Interest Rate Swap will terminate (unless terminated earlier by an Interest Rate Swap Early Termination Event) on the date on which the Capital Balance of all Loans comprised in the Mortgage Pool is reduced to zero.

The Interest Rate Swap Agreement may also be terminated in certain other circumstances (each referred to as an **Interest Rate Swap Early Termination Event**), including:

(a) at the option of any party to the Interest Rate Swap Agreement, if there is a failure by the other party to pay any amounts due under the Interest Rate Swap Agreement (for the avoidance of doubt, no such failure to pay by the CB Guarantor will entitle the Interest Rate Swap Provider to terminate the Interest Rate Swap Agreement if such failure is due to the assets available at such time to the CB Guarantor being insufficient to make the required payment in full);

(b) at the option of the CB Guarantor in the event that the ratings of the unsecured and unsubordinated debt obligations of the Interest Rate Swap Provider, or any credit support provider, as applicable, are downgraded by the Rating Agencies below the ratings specified in the Interest Rate Swap Agreement and the Interest Rate Swap Provider does not take certain remedial measures which may include providing collateral for its obligations under the Interest Rate Swap Agreement, or arranging for its obligations under the Interest Rate Swap Agreement to be guaranteed by, or novated to, an entity whose unsecured and unsubordinated debt obligations have the ratings required by the relevant Rating Agencies, or taking such other action as it may agree with the relevant Rating Agencies;

(c) at the option of the CB Guarantor, if any of the Priorities of Payments is amended (other than in accordance with the Transaction Documents), without the consent of the Interest Rate Swap Provider such that the CB Guarantor's obligations to the Interest Rate Swap Provider under the Interest Rate Swap Agreement are further contractually subordinated to the CB Guarantor's obligations to any other Secured Creditor than they were as of the Execution Date; and

(d) at the option of the CB Guarantor, upon the occurrence of the insolvency of the Interest Rate Swap Provider or any guarantor of the Interest Rate Swap Provider's obligations, or the merger of the Interest Rate Swap Provider without an assumption of its obligations under the Interest Rate Swap Agreement.

Upon the termination of the Interest Rate Swap pursuant to an Interest Rate Swap Early Termination Event, the CB Guarantor or the Interest Rate Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Interest Rate Swap Agreement.

The notional amount of the Interest Rate Swap Agreement will be adjusted to correspond to any sale of any Loans, including any sale of Selected Loans following any of (a) a breach of the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds, (b) the service of an Asset Coverage Test Breach Notice (which has not been revoked), (c) the service of a Notice to Pay, (d) the occurrence of a Demand Loan Repayment Event or (e) the Intercompany Loan Provider otherwise demanding that the Demand Loan be repaid, and swap termination payments (being a partial termination payment), calculated in accordance with the terms of the Interest Rate Swap, may be due and payable in accordance with the terms of the relevant Interest Rate Swap as a consequence thereof.

Any termination payment made by the Interest Rate Swap Provider to the CB Guarantor in respect of the Interest Rate Swap will first be used to pay a replacement Interest Rate Swap Provider to enter into a replacement Interest Rate Swap Agreement with the CB Guarantor, unless a replacement Interest Rate Swap Agreement has already been entered into on behalf of the CB Guarantor. Any premium received by the CB Guarantor from a replacement Interest Rate Swap Provider in respect of a replacement Interest Rate Swap Agreement will first be used to make any termination payment due and payable by the CB Guarantor with respect to the previous Interest Rate Swap under the Interest Rate Swap Agreement, unless such termination payment has already been made on behalf of the CB Guarantor.

If at any time the CB Guarantor receives or obtains any Tax Credits in respect of the Interest Rate Swap, the cash benefit relating to such Tax Credits shall be paid to the Interest Rate Swap Provider as soon as practical after receipt of the same from the relevant taxing authority in accordance with the terms of the Interest Rate Swap Agreement and shall not be applied in accordance with the Priorities of Payments.

If withholding taxes are imposed on payments made by the Interest Rate Swap Provider to the CB Guarantor under the Interest Rate Swap Agreement, the Interest Rate Swap Provider will be obliged to gross-up those payments. If withholding taxes are imposed on payments made by the CB Guarantor to the Interest Rate Swap Provider under the Interest Rate Swap Agreement, the CB Guarantor will not be obliged to gross-up those payments.

Under the Interest Rate Swap Agreement, the CB Guarantor's obligations are limited in recourse to the Secured Property. To the extent that the CB Guarantor is unable to make any payment in full under the Interest Rate Swap Agreement due to its assets being insufficient to make such payment, in full, the payment obligations of the Interest Rate Swap Provider will rateably reduce.

The Interest Rate Swap Agreement is governed by the laws of New South Wales, Australia.

Covered Bond Swap Agreement

To provide a hedge against currency and/or other risks in respect of amounts received by the CB Guarantor under the Interest Rate Swap and amounts payable or that may become payable in respect of its obligations under the Covered Bond Guarantee, the CB Guarantor will enter into the Covered Bond Swap Agreement (prior to the first issuance of Covered Bonds under this programme in respect of which the CB Guarantor is required to enter into such a swap) with the Covered Bond Swap Provider, WSM and the Security Trustee, and may enter into one or more new schedules and confirmations thereunder for each Tranche and/or Series of Covered Bonds at the time such Covered Bonds are issued. The Covered Bond Swap Provider and the CB Guarantor will agree to swap Australian Dollar floating rate amounts received by the CB Guarantor under the Interest Rate Swap into amounts reflecting the amounts payable under the relevant Tranche and/or Series of Covered Bonds. Unless otherwise provided for in the Final Terms, no cash flows will be exchanged under the Covered Bond Swap Agreement unless and until the service of a Notice to Pay on the CB Guarantor.

If prior to (i) any applicable Business Day prior to the Maturity Date on which the relevant Series or Tranche of Covered Bonds is redeemed in part or whole; (ii) the Maturity Date in respect of the relevant Series or Tranche of Covered Bonds; (iii) any applicable Business Day falling after the Maturity Date but on or prior to the Extension Determination Date in respect of the relevant Series or Tranche of Covered Bonds; (iv) each interest payment date in respect of the relevant Series or Tranche of Covered Bonds from, but excluding, the Extension Determination Date in respect of the relevant Series or Tranche of Covered Bonds to, but excluding, the Extended Due for Payment Date following a deferral of the Original Due for Payment Date to the Extended Due for Payment Date by the CB Guarantor pursuant to Condition 6.1 (*Scheduled redemption*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions, (if an Extended Due for Payment Date is specified as applicable in the Final Terms for a Series of Covered Bonds and the payment of the Final Redemption Amount or any part of it by the CB Guarantor under the Covered Bond Guarantee is deferred pursuant to Condition 6.1 (*Scheduled redemption*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions); or (v) the said Extended Due for Payment Date, the Administrative Agent on behalf of the CB Guarantor notifies the Covered Bond Swap Provider (pursuant to the terms of the Covered Bond Swap Agreement) of the amount in the Specified Currency to be paid by the Covered Bond Swap Provider on such date thereafter (such amount being equal to the Final Redemption Amount (or the Early Redemption Amount, as the case may be) or the relevant portion thereof payable by the CB Guarantor on such date under the Covered Bond Guarantee in respect of the relevant Series or Tranche of Covered Bonds), and such notice is given at least two Business Days prior to the relevant date specified above, then the Covered Bond Swap Provider will pay the CB Guarantor such amount and the CB Guarantor will pay the Covered Bond Swap Provider the AUD Equivalent of such amount and, where applicable, following such payment the notional amount of the Covered Bond Swap Agreement will reduce accordingly.

The Covered Bond Swap Agreement will terminate (unless terminated earlier by a Covered Bond Swap Early Termination Event) on the earlier of:

(a) the Maturity Date for the final Tranche or Series of Covered Bonds or, if the CB Guarantor (or the Cash Manager acting on the CB Guarantor's behalf) notifies the Covered Bond Swap Provider, prior to the Maturity Date for such final Tranche or Series of Covered Bonds then outstanding, that the CB Guarantor will not pay in full Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Tranche or Series of Covered Bonds then outstanding on the Maturity Date therefor, the final date on which an amount representing the Final Redemption Amount for such final Tranche or Series of Covered Bonds then outstanding is paid (but in any event not later than the Extended Due for Payment Date for such Tranche or Series of Covered Bonds); and

(b) where the date upon which the Notice to Pay is served on the CB Guarantor is on or after the Maturity Date for the final Tranche or Series of Covered Bonds, but before the Extension Determination Date for such final Tranche or Series of Covered Bonds, and no notification is given by the CB Guarantor (as described in (a) above), the Extension Determination Date for such final Tranche or Series of Covered Bonds.

The Covered Bond Swap Agreement may also be terminated in certain other circumstances (each referred to as a **Covered Bond Swap Early Termination Event**), including:

(a) at the option of any party to the Covered Bond Swap Agreement, if there is a failure by the other party to pay any amounts due under the Covered Bond Swap Agreement (for the avoidance of doubt, no such failure to pay by the CB Guarantor will entitle the Covered Bond Swap Provider to terminate the Covered Bond Swap Agreement if such failure is due to the assets available at such time to the CB Guarantor being insufficient to make the required payment in full);

(b) at the option of the CB Guarantor at the direction of the Administrative Agent, in the event that the ratings of the unsecured and unsubordinated debt obligations of the Covered Bond

Swap Provider, or any credit support provider, as applicable, are downgraded by the Rating Agencies below the ratings specified in the Covered Bond Swap Agreement and the Covered Bond Swap Provider does not take certain remedial measures which may include providing collateral for its obligations under the Covered Bond Swap Agreement, or arranging for its obligations under the Covered Bond Swap Agreement to be guaranteed by, or novated to, an entity whose unsecured and unsubordinated debt obligations have the ratings required by the relevant Rating Agencies, or taking such other action as it may agree with the relevant Rating Agencies;

(c) at the option of the Covered Bond Swap Provider, in the event that, following a CBG Event of Default, the Bond Trustee serves a CBG Acceleration Notice on the Issuer and the CB Guarantor; and

(d) upon the occurrence of the insolvency of the Covered Bond Swap Provider or any guarantor of the Covered Bond Swap Provider's obligations, or the merger of the Covered Bond Swap Provider without an assumption of its obligations under the Covered Bond Swap Agreement.

Upon the termination of the Covered Bond Swap Agreement pursuant to a Covered Bond Swap Early Termination Event, the CB Guarantor or the Covered Bond Swap Provider may be liable to make a termination payment to the other in accordance with the provisions of the Covered Bond Swap Agreement.

Any termination payment made by the Covered Bond Swap Provider to the CB Guarantor in respect of the Covered Bond Swap Agreement will first be used to pay a replacement Covered Bond Swap Provider to enter into a replacement Covered Bond Swap Agreement with the CB Guarantor, unless a replacement Covered Bond Swap Agreement has already been entered into on behalf of the CB Guarantor. Any premium received by the CB Guarantor from a replacement Covered Bond Swap Provider in respect of a replacement Covered Bond Swap Agreement will first be used to make any termination payment due and payable by the CB Guarantor with respect to the previous Covered Bond Swap(s) under the Covered Bond Swap Agreement, unless such termination payment has already been made on behalf of the CB Guarantor.

If at any time the CB Guarantor receives or obtains any Tax Credits in respect of the Covered Bond Swap Agreement, the cash benefit relating to such Tax Credits shall be paid to the Covered Bond Swap Provider as soon as practicable after receipt of the same from the relevant taxing authority in accordance with the terms of the Covered Bond Swap Agreement and shall not be applied in accordance with the Priorities of Payments.

If withholding taxes are imposed on payments made by the Covered Bond Swap Provider to the CB Guarantor under the Covered Bond Swap Agreement, the Covered Bond Swap Provider will be obliged to gross-up those payments. If withholding taxes are imposed on payments made by the CB Guarantor to the Covered Bond Swap Provider under the Covered Bond Swap Agreement, the CB Guarantor will not be obliged to gross-up those payments.

Under the Covered Bond Swap Agreement, the CB Guarantor's obligations are limited in recourse to the Secured Property. To the extent that the CB Guarantor is unable to make any payment in full under the Covered Bond Swap Agreement due to its assets being insufficient to make such payment in full, the payment obligations of the Covered Bond Swap Provider will rateably reduce.

The Covered Bond Swap Agreement is governed by English law.

Bank Account Agreement

Pursuant to the terms of the Bank Account Agreement entered into on 3 November 2011 between the CB Guarantor, the Account Bank, the Cash Manager and the Security Trustee, the CB Guarantor is to maintain

with the Account Bank the GI Account which was opened on or prior to the first Assignment Date and operated in accordance with the Cash Management Deed and the Security Trust Deed.

Amounts in the GI Account earn interest at the GIA Rate.

All amounts received from Borrowers in respect of Loans in the Portfolio will be paid into the GI Account and credited to the Revenue Ledger or the Principal Ledger, as the case may be. On each CBG Payment Date, as applicable, amounts required to meet the claims of the CB Guarantor's various creditors and amounts (if any) to be distributed to the CB Guarantor's Unitholder will be transferred from the Revenue Ledger, the Principal Ledger and the Reserve Ledger, as applicable, to the Payment Ledger on the GI Account and applied by the Cash Manager in accordance with the Priorities of Payments described below under *Cashflows.*

The GI Account may be required to be transferred to an alternative bank in certain circumstances, including if the Account Bank ceases to be an Eligible Bank.

The Bank Account Agreement is governed by the laws of New South Wales, Australia.

Security Trust Deed

Charge

Pursuant to the terms of the Security Trust Deed entered into on 26 October 2011 by the CB Guarantor, the Administrative Agent, the Bond Trustee and the Security Trustee, the obligations of the CB Guarantor under or pursuant to the Transaction Documents to which it is a party are secured by the Charge over the Secured Property of the CB Guarantor.

In the event of any sale of Loans (including Selected Loans) and their Related Security comprised in the Portfolio or the transfer of or extinguishment of the CB Guarantor's interest in Demand Loan Repayment Assets by or on behalf of the CB Guarantor pursuant to and in accordance with the Transaction Documents, including the repurchase of a Loan and its Related Security by the Seller, such Loans and their Related Security and Demand Loan Repayment Assets (as the case may be) will no longer form part of the Portfolio and will be expressly and unconditionally released from the Charge created under the Security Trust Deed.

Except as expressly provided in the Transaction Documents, the Security Trustee need not exercise any of its rights under the Transaction Documents without the specific instructions of:

(a) if there are any Covered Bonds outstanding, the Bond Trustee; and

(b) otherwise, in accordance with an Extraordinary Resolution of the Secured Creditors of that Trust; and

neither the Bond Trustee nor any other Secured Creditor may instruct the Security Trustee:

(c) in the particular manner in which any of its rights are exercised or any of its obligations are performed under the Transaction Documents; or

(d) to do anything which is contrary to the terms of the Transaction Documents.

If the Security Trustee receives instructions from the Bond Trustee in accordance with paragraph (a) above, it agrees to follow them and (unless it has actual notice to the contrary, without any obligation to enquire or investigate) may assume that they are in accordance with the Transaction Documents, subject to the Security Trustee's liability being limited in accordance with the terms of the Trust Deed and the Security Trustee being indemnified to its satisfaction.

Notwithstanding the above, where a Transaction Document expressly provides that the Security Trustee may take any step or action in its discretion, then the Security Trustee may (but shall not be obliged to), at its discretion and without notice, take or not take such step or action, acting as it sees fit.

Under section 79 of the PPSA, a person who has granted security over an asset may nevertheless pass title to that asset to another person notwithstanding that the relevant dealing contravened the terms of the relevant security. Accordingly, if the CB Guarantor deals with the Assets of the Trust in breach of its undertaking described above, a third party could obtain title to those assets. However, if this occurred, the Security Trustee would remain entitled to enforce its rights against the CB Guarantor subject to the terms of the Transaction Documents in respect of that breach.

Enforcement

If a CBG Acceleration Notice is served on the CB Guarantor, the Security Trustee may, and, if so directed by the Bond Trustee shall, or, if there are no Covered Bonds outstanding, following a default in the payment or discharge of any of the other Secured Money on its due date, if so directed by an Extraordinary Resolution of all of the Secured Creditors must, do any or more of the following:

(a) declare at any time by notice to the CB Guarantor that an amount equal to the Secured Money is either:

(i) payable on demand; or

(ii) immediately due for payment; or

(b) take any action which it is permitted to take under the Charge.

If, in the opinion of the Security Trustee, the delay required to obtain instructions from the Bond Trustee or the Secured Creditors (as the case may be) would be materially prejudicial to the interests of the Covered Bondholders or the Secured Creditors (if no Covered Bonds are outstanding), the Security Trustee may (but is not obliged to) do the things specified in paragraph (a)(i) or (a)(ii) above without instructions from the Bond Trustee or the Secured Creditors (as the case may be).

All monies (other than Tax Credits, Demand Loan Repayment Assets (and certain principal amounts received in respect of the Demand Loan Repayment Assets), Third Party Amounts, Trust Back Assets, Swap Collateral Excluded Amounts, premium received by the CB Guarantor from a replacement Swap Provider to the extent it is used to make a termination payment due and payable by the CB Guarantor with respect to the Swap being replaced (including any Excluded Swap Termination Amount) or termination payment from a Swap Provider which is applied to acquire a replacement terminated swap, certain other amounts received in respect of the Loans and payable to parties other than the CB Guarantor and certain other amounts payable to third parties) received by the Security Trustee or any Receiver from the enforcement of the Charge will be applied in accordance with the Post-Enforcement Priority of Payments described under *Cashflows.*

Modification to Transaction Documents by the Security Trustee

The Security Trustee must agree to a variation of a Transaction Document where the Security Trustee is directed to do so by:

(a) the Bond Trustee, so long as there are Covered Bonds outstanding; or

(b) an Extraordinary Resolution of the Secured Creditors, if there are no Covered Bonds outstanding,

except to the extent that the Security Trustee determines that any such variation imposes an additional obligation or liability on the Security Trustee or reduces any fees or other amounts due to the Security Trustee.

The Security Trustee may agree to a variation of a Transaction Document (without the approval of the Bond Trustee or the Secured Creditors) if:

(a) the variation is, in the reasonable opinion of the Security Trustee:

(i) necessary to correct an obvious error, or is otherwise of a minor, formal, technical or administrative nature only; or

(ii) necessary or advisable to comply with any Law or any requirements of any Government Agency; or

(iii) not materially prejudicial to the Secured Creditors as a whole; or

(b) the Administrative Agent or the Cash Manager has delivered a Ratings Notification to the Security Trustee in respect of such variation and provided that the Administrative Agent has confirmed in writing to the Security Trustee that in its opinion such variation will not result in an Adverse Effect.

The Administrative Agent will promptly notify the Rating Agencies of any such modification, or procure such notification.

Each Secured Creditor agrees that any such modifications shall be binding on it and notice thereof shall be given by the Security Trustee to the Secured Creditors as soon as practicable after the modifications have been made, provided that in the case of giving notice to the Covered Bondholders, the Security Trustee's obligation shall be satisfied by giving notice to the Bond Trustee, and, if required by the Bond Trustee, the Issuer shall give notice thereof to the Covered Bondholders.

Authorisation or waiver of breach by the Security Trustee

The Security Trustee may:

(a) waive any breach or other non-compliance (or any proposed breach or non-compliance) with its obligations by the CB Guarantor in connection with a Transaction Document, or any CBG Event of Default or any other default; or

(b) determine that any CBG Event of Default or any other default has been remedied or shall not be treated as such,

if:

(c) so long as Covered Bonds are outstanding, the Bond Trustee has directed the Security Trustee to waive such breach or non-compliance or make such determination; or

(d) in the reasonable opinion of the Security Trustee, the waiver or determination is not materially prejudicial to the interests of the Secured Creditors as a whole.

If the Security Trustee is required or entitled under a Transaction Document to determine whether or not the interests of any person (including any Covered Bondholder) are or will be adversely affected or prejudiced by, or an Adverse Effect will occur because of, any act, matter, omission or thing (including any amendment to or waiver of any provision of a Transaction Document) (an Act), the Security Trustee will be absolutely entitled to rely on a Ratings Notification in respect of that Act as conclusive evidence that the

interests of the relevant person are not or will not be adversely affected or prejudiced because of the Act, or that the Act will not have an Adverse Effect (as the case may be).

The Security Trust Deed is governed by the laws of New South Wales, Australia.

Trust Deed

Pursuant to the Trust Deed, BNY Trust Company of Australia Limited is appointed and agrees to act as the trustee of the Westpac Covered Bond Trust, being a unit trust, on behalf of the Unitholders of the Westpac Covered Bond Trust from time to time and agrees to hold the Trust Assets on trust for those Unitholders. The Trust Deed governs the manner in which units in the Westpac Covered Bond Trust are issued to Unitholders from time to time, and how payments are made to the Unitholders.

BNY Trust Company Australia Limited enters into the Transaction Documents only in its capacity as trustee of the Westpac Covered Bond Trust and in no other capacity. A liability arising under or in connection with the Transaction Documents is limited to and can be enforced against the CB Guarantor only to the extent to which it can be satisfied out of the property of the Westpac Covered Bond Trust out of which the CB Guarantor is actually indemnified for the liability. This limitation of the CB Guarantor's liability applies despite any other provision of the Transaction Documents and extends to all liabilities and obligations of the CB Guarantor in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Transaction Documents.

The parties to the Transaction Documents, other than the CB Guarantor, have agreed that they may not sue the CB Guarantor in any capacity other than as trustee of the Westpac Covered Bond Trust, including to seek the appointment of a receiver (except in relation to property of the Westpac Covered Bond Trust), a liquidator, an administrator or any similar person to the CB Guarantor or to prove in any liquidation, administration or arrangement of or affecting the CB Guarantor (except in relation to property of the Westpac Covered Bond Trust).

The limited liability of the CB Guarantor will not apply to any obligation or liability of the CB Guarantor to the extent that it is not satisfied because under the Transaction Documents or by operation of law there is a reduction in the extent of the CB Guarantor's indemnification out of the assets of the Westpac Covered Bond Trust, as a result of the CB Guarantor's fraud, negligence or wilful misconduct.

It is acknowledged that certain parties are each responsible under the Transaction Documents for performing a variety of obligations relating to the Westpac Covered Bond Trust. No act or omission of the CB Guarantor (including any related failure to satisfy its obligations or breach of representation or warranty under the Transaction Documents) will be considered fraud, negligence or wilful misconduct of the CB 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 Westpac Covered Bond Trust or by any other act or omission of any party, the Servicer, the Seller, the Asset Monitor or any other person.

The Trust Deed is governed by the laws of New South Wales, Australia

Administration Deed

Pursuant to the Administration Deed, Westpac Securitisation Management Pty Limited acts as administrator of the CB Guarantor and provides comprehensive administrative services required by the CB Guarantor pursuant to the Transaction Documents. As compensation for the performance of the Administrative Agent's obligations under the Administration Deed, the Administrative Agent is entitled to a monthly administration fee which is to be paid in accordance with the applicable Priority of Payments.

The Administration Deed contains a number of limitations on the liability of the Administrative Agent, including that the Administrative Agent will not be liable for any failure to pay monies on the due date for

payment to any Covered Bondholder, the CB Guarantor or any other person or for any loss howsoever caused to any Covered Bondholder, the CB Guarantor or other person, nor for any other loss or damage to the CBG Assets which may occur during, or in the course of, the performance of its obligations, responsibilities, powers, discretions or authorities under the Administration Deed with respect to such investments.

The Administration Deed is governed by the laws of New South Wales, Australia.

Offshore Agency Agreement

Pursuant to the Offshore Agency Agreement entered into on or before the Execution Date between the Issuer, the CB Guarantor, the Bond Trustee, the Principal Paying Agent, the Exchange Agent, the Luxembourg Registrar and the Transfer Agent, provision has been made for, among other things, payment of principal and interest in respect of the Covered Bonds and the maintenance of a register of the holders of the Covered Bonds. The Offshore Agency Agreement only applies to Covered Bonds which are not Australian Domestic Covered Bonds.

The Offshore Agency Agreement is governed by English law.

Australian Agency Agreement

Pursuant to the Australian Agency Agreement dated 15 January 2007 (as amended by a side letter prior to the first Issue Date of any Australian Domestic Covered Bonds, and as may be further amended, supplemented and/or restated from time to time) and made between the Issuer, the Australian Agent and the Registrar, provision has been made for, among other things, payment of principal and interest in respect of the Covered Bonds and the maintenance of the Australian Register of the holders of the Australian Domestic Covered Bonds. The Australian Agency Agreement only applies to Australian Domestic Covered Bonds.

The Australian Agency Agreement is governed by the laws of New South Wales, Australia.

CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured, unconditional obligations of the Issuer, and will rank pari passu without any preference among themselves and, save for certain debts of the Issuer required to be preferred by law, including but not limited to, those referred to in Division 2 and 2AA of Part II of the Banking Act and section 86 of the Reserve Bank Act. The CB Guarantor has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until service of a Notice to Pay on the CB Guarantor following service by the Bond Trustee of an Issuer Acceleration Notice or, if earlier, following the occurrence of a CBG Event of Default and service by the Bond Trustee of a CBG Acceleration Notice.

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:

- the Covered Bond Guarantee provides credit support in relation to the Issuer's obligations;
- the Pre-Maturity Test is intended to provide liquidity to the CB Guarantor in respect of principal due on the Maturity Date of Hard Bullet Covered Bonds;
- the Asset Coverage Test is intended to test the asset coverage of the CB Guarantor's assets in respect of the Covered Bonds outstanding;
- the Amortisation Test is intended to test the asset coverage of the CB Guarantor's assets in respect of the Covered Bonds following service of a Notice to Pay on the CB Guarantor; and
- under the terms of the Bank Account Agreement, the Account Bank has agreed to pay a variable rate of interest on all amounts held by the CB Guarantor in the GI Account at the GIA Rate.

Certain of these factors are considered more fully in the remainder of this section.

Guarantee

The Covered Bond Guarantee provided by the CB Guarantor under the Guarantee Deed Poll guarantees payment of Guaranteed Amounts when the same become Due for Payment in respect of all Covered Bonds issued under the Programme. The Covered Bond Guarantee will not guarantee any amount becoming payable for any other reason, including any accelerated payment pursuant to Condition 9 (*Events of Default*) following the service of a Notice to Pay. In this circumstance (and until a CBG Event of Default occurs and a CBG Acceleration Notice is served), the CB Guarantor's obligations will be to pay only the Guaranteed Amounts as they fall Due for Payment. Should any payments made by the CB Guarantor under the Covered Bond Guarantee be subject to any withholding or deduction on account of present or future Taxes, the CB Guarantor will not be obliged to pay additional amounts as a consequence.

See further *Overview of the Principal Documents – Guarantee Deed Poll* as regards the terms of the Guarantees. See further *Cashflows – Guarantee Priority of Payments* as regards the payment of amounts payable by the CB Guarantor to Covered Bondholders and other Secured Creditors following service of a Notice to Pay.

Pre-Maturity Liquidity

Certain Series of Covered Bonds are scheduled to be redeemed in full on their relevant Maturity Date without any provision for scheduled redemption other than on the Maturity Date (the **Hard Bullet Covered Bonds**). The applicable Final Terms will identify whether any Series of Covered Bonds is a Series of Hard Bullet Covered Bonds. The Pre-Maturity Test is intended to provide liquidity for the Hard Bullet Covered Bonds when the Issuer's credit ratings fall below a certain level. On each Sydney Business Day (each a **Pre-Maturity Test Date**) prior to the occurrence of an Issuer Event of Default or the occurrence of a CBG

Event of Default, the Cash Manager will determine if the Pre-Maturity Test has been breached, and if so, it shall immediately notify the CB Guarantor, the Seller, the Issuer, the Rating Agencies and the Security Trustee thereof.

The Issuer will fail and be in breach of the Pre-Maturity Test in relation to a Series of Hard Bullet Covered Bonds on a Pre-Maturity Test Date if, to the extent each such agency is a Rating Agency:

(a) the rating from Fitch of the Issuer's unsecured and unsubordinated debt obligations falls below F1+ and the Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date; or

(b) the rating from Moody's of the Issuer's unsecured and unsubordinated debt obligations falls below P-1 and the Maturity Date of the Series of Hard Bullet Covered Bonds falls within 12 months from the relevant Pre-Maturity Test Date.

Following a failure of the Pre-Maturity Test in respect of a Series of Hard Bullet Covered Bonds, the Administrative Agent may direct the CB Guarantor, and the CB Guarantor will act on such directions, to offer to sell Selected Loans to Purchasers (subject to the Seller's right of pre-emption pursuant to the Mortgage Sale Deed) with the intention that there will be an amount standing to the credit of the Pre-Maturity Liquidity Ledger at least equal to the Required Redemption Amount of that Series of Hard Bullet Covered Bonds (taking into account the Required Redemption Amount of all other Series of Hard Bullet Covered Bonds which mature within 12 months of the date of such calculation on the same date as the relevant Series of Hard Bullet Covered Bonds): see *Participation Agreement – Method of Sale of Loans*.

In addition to the sale of Loans, the Pre-Maturity Liquidity Ledger may be funded by:

(a) Subordinated Advances and/or Advances; and/or

(b) to the extent permitted by the Priorities of Payments, Available Revenue Receipts and Available Principal Receipts; and/or

(c) the sale of Selected Loans and their Related Security: see *Participation Agreement - Method of Sale of Loans* and *Cashflows* below.

Failure by the Issuer to pay the full amount due in respect of a Series of Hard Bullet Covered Bonds on the Maturity Date thereof (subject to applicable cure periods) will constitute an Issuer Event of Default.

Following service of a Notice to Pay on the CB Guarantor in relation to a Series of Hard Bullet Covered Bonds but prior to the service of a CBG Acceleration Notice, the Cash Manager must on behalf of the CB Guarantor apply funds standing to the Pre-Maturity Liquidity Ledger to repay the relevant Series of Hard Bullet Covered Bonds but shall cease to further fund the Pre-Maturity Liquidity Ledger in relation to that Series of Hard Bullet Covered Bonds. Following service of a CBG Acceleration Notice on the CB Guarantor, all amounts standing to the credit of the Pre-Maturity Liquidity Ledger will be applied in accordance with the Post-Enforcement Priority of Payments.

If the Issuer and/or the CB Guarantor fully repay the relevant Series of Hard Bullet Covered Bonds on the Maturity Date thereof or the breach of the Pre-Maturity Test is remedied, the amount standing to the credit of the Pre-Maturity Liquidity Ledger on the GI Account shall be applied by the CB Guarantor in accordance with the Pre-Acceleration Principal Priority of Payments, unless the Issuer is failing the Pre-Maturity Test in respect of any other Series of Hard Bullet Covered Bonds occurring within 12 months of the relevant Calculation Date, in which case amounts shall remain credited on the Pre-Maturity Liquidity Ledger to the extent required to provide liquidity for that other Series of Hard Bullet Covered Bonds.

Asset Coverage Test

The Asset Coverage Test is intended to test whether the CB Guarantor can meet its obligations under the Covered Bond Guarantee prior to the service of a Notice to Pay or a CBG Acceleration Notice.

The Asset Coverage Test is a formula which calculates the Adjusted Aggregate Loan Amount by adjusting the Outstanding Principal Balance of the Loans in the Portfolio based on the methodologies and cashflow models prescribed or reviewed, as the case may be, by the Rating Agencies, and has further adjustments to take into account, among other things, the failure by the Seller, in accordance with Mortgage Sale Deed, to repurchase Loans that do not materially comply with the Representations and Warranties on the relevant Cut-Off Date and the value of any Substitution Assets and/or Authorised Investments: see *Overview of the Principal Documents – Participation Agreement – Asset Coverage Test*.

Under the Participation Agreement, the Cash Manager will test whether as of each Calculation Date the Adjusted Aggregate Loan Amount is in an amount equal to or in excess of the aggregate AUD Equivalent of the Principal Amount Outstanding of the Covered Bonds. If the Adjusted Aggregate Loan Amount is less than the aggregate AUD Equivalent of the Principal Amount Outstanding of the Covered Bonds as of such Calculation Date, the CB Guarantor (at the direction of the Cash Manager) will use all commercially reasonable efforts to ensure that the Adjusted Aggregate Loan Amount is in compliance with the Asset Coverage Test by purchasing additional Loans and their Related Security from the Seller and/or requesting an Advance under the Intercompany Loan Agreement or a Subordinated Advance under the Subordinated Loan Agreement to satisfy the shortfall.

If the Adjusted Aggregate Loan Amount is less than the aggregate AUD Equivalent of the Principal Amount Outstanding of all Covered Bonds as of the next following Calculation Date, the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the CB Guarantor.

An Asset Coverage Test Breach Notice will be deemed to be revoked by the Bond Trustee if, as of the Calculation Date following service of the Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and neither a Notice to Pay nor a CBG Acceleration Notice has been served.

If an Asset Coverage Test Breach Notice has been served and not deemed to be revoked by the Bond Trustee as of the Test Date following service of an Asset Coverage Test Breach Notice, then an Issuer Event of Default will occur and the Bond Trustee will be entitled to serve an Issuer Acceleration Notice. Following service of an Issuer Acceleration Notice, the Bond Trustee must serve a Notice to Pay on the CB Guarantor.

Amortisation Test

The Amortisation Test is intended to test whether, following service of a Notice to Pay on the CB Guarantor (but prior to service on the CB Guarantor of a CBG Acceleration Notice), the assets of the CB Guarantor available to meet its obligations under the Covered Bond Guarantee have fallen to a level where Covered Bondholders may not be repaid, in which case a CBG Event of Default will occur and all amounts owing under the Covered Bonds may be accelerated.

Under the Participation Agreement, the Amortisation Test will be satisfied as of each Calculation Date following service of a Notice to Pay on the CB Guarantor if, on that Calculation Date, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate AUD Equivalent of the Principal Amount Outstanding of the Covered Bonds. The Amortisation Test is a formula which adjusts the Outstanding Principal Balance of the Loans in the Portfolio based on the methodologies and cashflow models prescribed or reviewed, as the case may be, by the Rating Agencies, and has further adjustments to take account of Defaulted Loans: see *Overview of the Principal Documents – Participation Agreement – Amortisation Test*.

Failure to satisfy the Amortisation Test will result in the occurrence of a CBG Event of Default – see Condition 9.2 (*CBG Events of Default*).

Reserve Fund

If, on any Sydney Business Day prior to the service on the CB Guarantor of a Notice to Pay or a CBG Acceleration Notice, the Reserve Fund Required Amount (if applicable) exceeds the balance on the Reserve Ledger on that Sydney Business Day, the Cash Manager on behalf of the CB Guarantor will within five Sydney Business Days of such day (i) request an Advance or (ii) if such an Advance is not available for utilisation because the conditions precedent required to be satisfied before such an Advance can be made cannot be met, request a Subordinated Advance, in either case, for an amount equal to the difference between the Reserve Fund Required Amount and the balance on the Reserve Ledger for the purpose of depositing the proceeds of the Advance or the Subordinated Advance in the GI Account to fund the Reserve Fund.

The **Reserve Fund Required Amount** is, (a) if the Issuer's short-term unsecured, unsubordinated debt obligations are rated at least F1+ by Fitch and P-1 by Moody's and its long-term, unsecured, unsubordinated debt obligations are rated at least A by Fitch, or in each case, such lower rating that will not result in an Adverse Rating Effect, nil or such other amount as the Issuer shall advise the CB Guarantor from time to time and, (b) otherwise, an amount determined by the Cash Manager to be the sum of (I) the greater of the AUD Equivalent of (A) an amount equal to the interest accrued on each Series of outstanding Covered Bonds for three months and (B) in respect of each Series of Covered Bonds in respect of which an Interest Payment Date falls due in the next three months, an amount equal to the interest due for payment on each such Series of Covered Bonds and (II) an amount equal to one-quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (f) (inclusive) of the Pre-Acceleration Revenue Priority of Payments.

A Reserve Ledger will be maintained by the Cash Manager to record the balance from time to time of the Reserve Fund. Following the service of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund will be added to certain other income of the CB Guarantor in calculating Available Revenue Receipts.

The balance on the Reserve Ledger in excess of the Reserve Fund Required Amount will form part of Available Revenue Receipts and be applied accordingly.

CASHFLOWS

As described above under *Credit Structure*, until a Notice to Pay or a CBG Acceleration Notice is served on the CB Guarantor, 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 it has ultimately received any corresponding payment from the CB Guarantor.

This section summarises the Priorities of Payments of the CB Guarantor, as to the allocation and distribution of amounts standing to the credit of the CBG Accounts and their order of priority:

(a) prior to service on the CB Guarantor of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice and/or realisation of the Charge;

(b) following service of an Asset Coverage Test Breach Notice (and for so long as it has not been revoked);

(c) following service of a Notice to Pay; and

(d) following service of a CBG Acceleration Notice and/or realisation of the Charge.

Notwithstanding the Priorities of Payments, Senior Westpac Group Payments may be made to the relevant member of the Westpac Group (including the Intercompany Loan Provider and the Swap Provider) in the order set out in the definition of "Payment Election" if that member of the Westpac Group has made a Payment Election that has not been revoked. See *Payment Election* below for more information.

Calculation and Transfer of Available Revenue Receipts and Available Principal Receipts

(a) On or prior to the Test Date immediately prior to each CBG Payment Date, the Cash Manager shall calculate:

(i) the amount of Available Revenue Receipts available for distribution; and

(ii) the amount of Available Principal Receipts available for distribution,

in all cases, as of the Calculation Date immediately preceding that Test Date.

(b) Unless the paragraph headed *Allocation and Distribution of Funds following Service of a Notice to Pay* below applies, on each CBG Payment Date, the Cash Manager on behalf of the CB Guarantor will transfer:

(i) Available Revenue Receipts from the Revenue Ledger and the Reserve Ledger to the Payment Ledger on the GI Account, in an amount equal to the amount of Available Revenue Receipts standing to the credit of the GI Account; and

(ii) funds from the Principal Ledger, to the Payment Ledger on the GI Account, in an amount equal to the amount of Available Principal Receipts standing to the credit of the GI Account.

Allocation and Distribution of Available Revenue Receipts prior to service on the CB Guarantor of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice

Prior to service on the CB Guarantor of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice, Available Revenue Receipts shall be applied as described below.

On each CBG Payment Date the Cash Manager on behalf of the CB Guarantor will apply Available Revenue Receipts standing to the credit of the Payment Ledger on the GI Account as set out in paragraph (b)(i) immediately above, to pay or provide for following obligations of the CB Guarantor in the following order of priority (the **Pre-Acceleration Revenue Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

(a) *first*, an amount up to any Accrued Interest Adjustment Amounts required to be paid to the Seller (the CB Guarantor acknowledges and agrees that it has no entitlement to the monies comprising the Accrued Interest Adjustment Amount);

(b) *next*, in or towards payment of all amounts (other than principal) then due and payable in respect of the Demand Loan pursuant to the terms of the Intercompany Loan Agreement;

(c) *next*, in or towards payment of any liability of the CB Guarantor for Taxes;

(d) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) the CB Guarantor's fees then due or to become due and payable to the CB Guarantor under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(ii) the Bond Trustee's fees, any Costs and any other amounts payable to the Bond Trustee by the CB Guarantor then due or to become due and payable to the Bond Trustee under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date; and

(iii) the Security Trustee's fees and any Costs then due or to become due and payable to the Security Trustee under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date; and

(iv) the Agents' fees, any Costs and any other amounts payable to the Agents by the CB Guarantor then due or to become due and payable to the Agents under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(v) any Trust Expenses then due or to become due and payable under the Transaction Documents to a party to a Transaction Document in the CBG Payment Period commencing on that CBG Payment Date;

(e) *next*, in or towards payment, if the Servicer is not a member of the Westpac Group, of the Servicer's fees and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Deed in the CBG Payment Period commencing on that CBG Payment Date;

(f) *next*, in or towards payment of all amounts then due and payable by the CB Guarantor to any person (other than a party to a Transaction Document) and incurred without breach by the CB Guarantor of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere in this Pre-Acceleration Revenue Priority of Payments) and any such amounts expected to become due and payable by the CB Guarantor in the CBG Payment Period commencing on that CBG Payment Date;

(g) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) if the Servicer is a member of the Westpac Group, the Servicer's fees and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer under the provisions of the Servicing Deed in the CBG Payment Period commencing on that CBG Payment Date;

(ii) the Cash Manager's fees and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager under the provisions of the Cash Management Deed in the CBG Payment Period commencing on that CBG Payment Date;

(iii) amounts (if any) then due and payable to the Account Bank (including any costs, charges, liabilities and expenses) pursuant to the terms of the Bank Account Agreement;

(iv) amounts then due and payable to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement; and

(v) amounts (including costs and expenses) then due and payable to the Administrative Agent pursuant to the terms of the Administration Deed;

(h) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) all amounts then due and payable to the relevant Interest Rate Swap Provider (including any termination payment due and payable by the CB Guarantor under the Interest Rate Swap, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the Interest Rate Swap; and

(ii) all amounts then due and payable or to become due and payable in the CBG Payment Period commencing on that CBG Payment Date to the relevant Covered Bond Swap Providers (other than in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the CB Guarantor under the relevant Covered Bond Swap Agreements, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the relevant Covered Bond Swap Agreement;

(i) *next*, in or towards a credit to the GI Account (with a corresponding credit to the Reserve Ledger) of an amount up to but not exceeding the amount by which the Reserve Fund Required Amount (if applicable) exceeds the existing balance on the Reserve Ledger as calculated as of the immediately preceding Calculation Date;

(j) *next*, if the Issuer is in breach of the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds, towards a credit to the GI Account (with a corresponding credit to the Pre-Maturity Liquidity Ledger) of an amount up to but not exceeding the difference between:

(i) the Required Redemption Amount as calculated as of the immediately preceding Calculation Date for all Series of Hard Bullet Covered Bonds which mature within 12 months of that Calculation Date; and

(ii) all amounts standing to the credit of the Pre-Maturity Liquidity Ledger as of the immediately preceding Calculation Date,

taking into account amounts to be applied to the Pre-Maturity Liquidity Ledger in accordance with the Participation Agreement on that CBG Payment Date;

(k) *next*, in or towards payment of all amounts then due and payable or to become due and payable (excluding principal amounts) in the CBG Payment Period commencing on that CBG Payment Date in respect of the Guarantee Loan pursuant to the terms of the Intercompany Loan Agreement;

(l) *next*, if a Servicer Termination Event has occurred, all remaining Available Revenue Receipts to be credited to the GI Account (with a corresponding credit to the Revenue Ledger) until such Servicer Termination Event is either remedied by the Servicer or waived by the Bond Trustee or a new servicer is appointed to service the Portfolio (or the relevant part thereof);

(m) *next*, in or towards payment *pro rata* and *pari passu* in accordance with the respective amounts thereof of any Excluded Swap Termination Amounts due and payable by the CB Guarantor under the Covered Bond Swap Agreements and the Interest Rate Swap Agreements, except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers;

(n) *next*, in or towards payment of all amounts then due and payable or to become due and payable (excluding principal amounts) in the CBG Payment Period commencing on that CBG Payment Date in respect of the Subordinated Advances pursuant to the terms of the Subordinated Loan Agreement;

(o) *next*, if the Cash Manager or the Subordinated Loan Provider so elects, in or towards repayment of the Subordinated Loan; and

(p) *next*, to the Residual Income Unitholder by way of distribution of the remaining income of the CB Guarantor.

All amounts, other than Swap Collateral Excluded Amounts, received by the CB Guarantor under an Interest Rate Swap Agreement on or after the CBG Payment Date but prior to the next following CBG Payment Date will be applied in the following order of priority:

(a) *first*, to the extent that any amounts were not able to be paid or provided for as described above on the relevant CBG Payment Date due to the late receipt of payment by the CB Guarantor from an Interest Rate Swap Provider, promptly to pay or provide for those amounts in the order of priority specified in the Pre-Acceleration Revenue Priority of Payments; and

(b) *next*, as a credit to the GI Account (with a corresponding credit to the Revenue Ledger) and applied as Available Revenue Receipts on the next succeeding CBG Payment Date.

If any Swap Collateral Available Amounts are received by the CB Guarantor on a CBG Payment Date, such amounts shall be applied by the CB Guarantor or by the Cash Manager on its behalf on that CBG Payment Date in the same manner as it would have applied the receipts which such Swap Collateral Available Amounts replace.

If any amount of interest in respect of a Series of Covered Bonds is due but unpaid by the Issuer on a CBG Payment Date, the amount of Available Revenue Receipts that would otherwise be distributed in accordance with paragraphs (k), (n), (o) and (p) shall be set aside and retained in the GI Account by the

Cash Manager on behalf of the CB Guarantor and shall be credited by the Cash Manager to the Accrued Payments Ledger. If:

(a) at any time prior to a Notice to Pay being served on the CB Guarantor, the Issuer pays such unpaid amounts of interest in respect of the relevant Series of Covered Bonds (and no amount of interest in respect of any other Series of Covered Bonds is then due but unpaid by the Issuer), the Cash Manager on behalf of the CB Guarantor shall promptly thereafter apply the Available Revenue Receipts previously set aside in accordance with this paragraph towards payment of the relevant amounts under paragraphs (k), (n), (o) or (p) (as applicable) in respect of which such amounts were set aside; or

(b) a Notice to Pay is served on the CB Guarantor, all Available Revenue Receipts previously set aside in accordance with this paragraph (which have not otherwise been previously paid under paragraph (a) above) shall be transferred from the Accrued Payments Ledger to the Payment Ledger on the GI Account in accordance with the Participation Agreement.

Allocation and Distribution of Available Principal Receipts prior to service on the CB Guarantor of an Asset Coverage Test Breach Notice, a Notice to Pay, a CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice

Prior to service on the CB Guarantor of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice, Available Principal Receipts shall be applied as described below.

On each CBG Payment Date, the Cash Manager on behalf of the CB Guarantor will apply all Available Principal Receipts then standing to the credit of the Payment Ledger on the GI Account in accordance with (b)(ii) under the heading *Calculation and Transfer of Available Revenue Receipts and Available Principal Receipts* above in making the following payments or provisions or credits in the following order of priority (the **Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that payments or provisions of a higher priority have been paid in full):

(a) *first*, if the Issuer is in breach of the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds, in or towards a credit to the GI Account (with a corresponding credit to the Pre-Maturity Liquidity Ledger) of an amount up to but not exceeding the difference (if positive) between:

(i) the Required Redemption Amount calculated as of the immediately preceding Calculation Date for all Series of Hard Bullet Covered Bonds which mature within 12 months of that Calculation Date; and

(ii) all amounts standing to the credit of the Pre-Maturity Liquidity Ledger as of the immediately preceding Calculation Date;

(b) *next*, in or towards payment of any repurchase price adjustment payable to the Seller in accordance with the Mortgage Sale Deed;

(c) *next*, in or towards the acquisition of New Loans and their Related Security offered to the CB Guarantor by the Seller in accordance with the terms of the Mortgage Sale Deed, or to provide for such acquisition in the CBG Payment Period commencing on that CBG Payment Date;

(d) *next*, as a credit to the GI 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 CB Guarantor, the CB Guarantor is in compliance with the Asset Coverage Test (which amounts may be invested by the CB Guarantor in Substitution Assets and/or Authorised

Investments, subject to the terms of the Participation Agreement and the Cash Management Deed) and, if the Cash Manager so elects, towards acquisition of additional Substitution Assets or Authorised Investments in accordance with the Participation Agreement;

(e) *next*, in or towards repayment of the principal amount of the Guarantee Loan;

(f) *next*, in or towards repayment of the principal amount of the Subordinated Loan; and

(g) *next*, as a credit to the GI Account (with a corresponding credit to the Principal Ledger).

If any amount of interest in respect of a Series of Covered Bonds is due but unpaid by the Issuer on a CBG Payment Date, the amount of Available Principal Receipts that would otherwise be distributed in accordance with paragraph (e) and paragraph (f) above shall be set aside and retained in the GI Account by the Cash Manager on behalf of the CB Guarantor and shall be credited by the Cash Manager to the Accrued Payments Ledger. If:

(a) at any time prior to a Notice to Pay being served on the CB Guarantor, the Issuer pays such unpaid amounts of interest in respect of the relevant Series of Covered Bonds (and no amount of interest in respect of any other Series of Covered Bonds is then due but unpaid by the Issuer), the Cash Manager on behalf of the CB Guarantor shall promptly thereafter apply the Available Principal Receipts previously set aside in accordance with this paragraph towards payment of the relevant amounts under paragraph (e) or paragraph (f) above (as applicable) in respect of which such amounts were set aside; or

(b) a Notice to Pay is served on the CB Guarantor, all Available Principal Receipts previously set aside in accordance with this paragraph (which have not otherwise been previously paid under paragraph (a) above) shall be transferred from the Accrued Payments Ledger to the Payment Ledger on the GI Account in accordance with the Participation Agreement.

Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts following service on the CB Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked)

At any time after the service on the CB Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to the service on the CB Guarantor of a Notice to Pay or a CBG Acceleration Notice, and for so long as any Covered Bonds remain outstanding, the Cash Manager (on behalf of the CB Guarantor) will apply:

(a) Available Revenue Receipts in accordance with Pre-Acceleration Revenue Priority of Payments save that no funds will be applied under paragraphs (b), (k), (n), (o) or (p) of the Pre-Acceleration Revenue Priority of Payments, and any remaining amounts shall be credited to the GI Account (with a corresponding credit to the Revenue Ledger); and

(b) Available Principal Receipts in accordance with Pre-Acceleration Principal Priority of Payments save that no funds will be applied under paragraphs (e) or (f) of the Pre-Acceleration Principal Priority of Payments.

Allocation and Distribution of Funds Following Service of a Notice to Pay

On and from the service on the CB Guarantor of a Notice to Pay, but prior to the service on the CB Guarantor of a CBG Acceleration Notice, all Available Revenue Receipts and Available Principal Receipts shall be applied as described below.

On each CBG Payment Date, the Cash Manager on behalf of the CB Guarantor shall transfer Available Revenue Receipts and Available Principal Receipts from the Revenue Ledger, the Principal Ledger, the Accrued Payments Ledger and the Reserve Ledger, as the case may be, to the Payment Ledger on the GI

Account, in an amount equal to the amount of all Available Revenue Receipts and all Available Principal Receipts standing to the credit of such ledgers on the GI Account.

The Cash Manager shall create and maintain ledgers for each Series of Covered Bonds and record amounts allocated to such Series of Covered Bonds in accordance with paragraphs (h), (i), (j) or (k) of the Guarantee Priority of Payments, and such amounts, once allocated, will only be available to pay amounts due under the Covered Bond Guarantee and amounts due under the Covered Bond Swap in respect of the relevant Series of Covered Bonds on the scheduled payment dates therefor.

On each CBG Payment Date on and from the date that a Notice to Pay is served on the CB Guarantor, but prior to service on the CB Guarantor of a CBG Acceleration Notice, the Cash Manager on behalf of the CB Guarantor will apply all Available Revenue Receipts and all Available Principal Receipts then standing to the credit of the Payment Ledger on the GI Account in accordance with the above to pay or provide for the following obligations of the CB Guarantor in the following order of priority (the **Guarantee Priority of Payments**) (in each case only if and to the extent that payments of provisions of a higher priority have been paid in full):

(a) *first*, an amount up to any Accrued Interest Adjustment Amounts required to be paid to the Seller (the CB Guarantor acknowledges and agrees that is has no entitlement to the monies comprising the Accrued Interest Adjustment Amount);

(b) *next*, in or towards payment of any repurchase price adjustment payable to the Seller in accordance with the terms of the Mortgage Sale Deed;

(c) *next*, in or towards payment of all amounts of interest then due and payable in respect of the Demand Loan pursuant to the terms of the Intercompany Loan Agreement;

(d) *next*, in or towards payment pro rata and pari passu according to the respective amounts thereof of:

(i) the CB Guarantor's fees then due or to become due and payable to the CB Guarantor under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(ii) the Bond Trustee's fees, Costs and any other amounts payable to the Bond Trustee by the CB Guarantor then due or to become due and payable to the Bond Trustee under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(iii) the Security Trustee's fees and any Costs then due or to become due and payable to the Security Trustee under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date;

(iv) the Agents' fees, Costs and any other amounts payable to the Agents by the CB Guarantor then due or to become due and payable to the Agents under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date; and

(v) any Trust Expenses then due or to become due and payable under the Transaction Documents to a party to a Transaction Document in the CBG Payment Period commencing on that CBG Payment Date;

(e) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof if the Servicer is not a member of the Westpac Group, the Servicer's fees and any costs, charges, liabilities and expenses then due or to become due and payable to the

Servicer in the CBG Payment Period commencing on that CBG Payment Date under the provisions of the Servicing Deed;

(f) *next*, in or towards payment of all amounts then due and payable to any person (other than a party to a Transaction Document) and incurred without breach by the CB Guarantor of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere in this Guarantee Priority of Payments) and any such amounts expected to become due and payable by the CB Guarantor in the CBG Payment Period commencing on that CBG Payment Date;

(g) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) the Servicer's fees and any costs, charges, liabilities and expenses then due or to become due and payable to the Servicer in the CBG Payment Period commencing on that CBG Payment Date under the provisions of the Servicing Deed, if the Servicer is a member of the Westpac Group;

(ii) the Cash Manager's fees and any costs, charges, liabilities and expenses then due or to become due and payable to the Cash Manager in the CBG Payment Period commencing on that CBG Payment Date under the provisions of the Cash Management Deed;

(iii) amounts (if any) then due and payable to the Account Bank (including any costs, charges, liabilities and expenses) pursuant to the terms of the Bank Account Agreement;

(iv) amounts then due and payable to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement; and

(v) amounts (including costs and expenses) then due and payable to the Administrative Agent pursuant to the terms of the Administration Deed;

(h) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of all amounts then due and payable to the relevant Interest Rate Swap Provider (including any termination payment due or to become due and payable by the CB Guarantor under the Interest Rate Swap, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the Interest Rate Swap;

(i) *next*, in or towards payment, *pro rata* and *pari passu* according to the respective amounts thereof (and without double counting), of:

(i) the amounts then due and payable or to become due and payable in the CBG Payment Period commencing on that CBG Payment Date to the relevant Covered Bond Swap Providers (other than in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the CB Guarantor under the relevant Covered Bond Swap Agreements, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the relevant Covered Bond Swap Agreement; and

(ii) (where appropriate, after taking into account all amounts received or receivable from the Covered Bond Swap Providers (other than in respect of principal) and available to make payments in respect thereof) Scheduled Interest that is Due for Payment (or that will become Due for Payment in the CBG Payment Period commencing on that CBG Payment Date) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* in respect of each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (i) (excluding all amounts received or to be received from the Covered Bond Swap Providers) would be insufficient to pay the AUD Equivalent of the Scheduled Interest that is or will be Due for Payment in respect of each Series of Covered Bonds under paragraph (i)(ii) above, the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the CB Guarantor to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under paragraph (i)(i) shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(j) *next*, in or towards payment, *pro rata* and *pari passu* according to the respective amounts thereof and after allowing for any payments made or to be made in respect of any Series of Hard Bullet Covered Bonds pursuant to the terms of the Participation Agreement, of:

(i) the amounts (in respect of principal) then due and payable or to become due and payable in the CBG Payment Period commencing on that CBG Payment Date to the relevant Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the CB Guarantor under the relevant Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(ii) (where appropriate, after taking into account all amounts in respect of principal received or receivable from the Covered Bond Swap Providers and available to make payments in respect thereof) Scheduled Principal that is Due for Payment (or that will become Due for Payment in the CBG Payment Period commencing on that CBG Payment Date) under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* in respect of each Series of Covered Bonds,

provided that if the amount available for distribution under this paragraph (j) (excluding all amounts received or to be received from the Covered Bond Swap Providers) would be insufficient to pay the AUD Equivalent of the Scheduled Principal that is or will be Due for Payment in respect of each Series of Covered Bonds under paragraph (j)(ii), the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the CB Guarantor to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds or provision to be made in respect thereof under paragraph (j)(i) shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(k) *next*, in or towards payment on the CBG Payment Date (if such date is an Interest Payment Date) or to provide for payment on any Interest Payment Date prior to the next following CBG 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:

(i) the amounts then due and payable or to become due and payable in the CBG Payment Period commencing on that CBG Payment Date to the relevant Covered Bond Swap Providers (whether or not in respect of principal) *pro rata* and *pari passu* in respect of each relevant Covered Bond Swap (including any termination payment due and payable by the CB Guarantor under the Covered Bond Swap Agreement, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) in accordance with the terms of the relevant Covered Bond Swap Agreement; and

(ii) the Final Redemption Amount or the relevant proportion thereof *pro rata* and *pari passu* under the Covered Bond Guarantee in respect of each relevant Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent on behalf of the Covered Bondholders,

provided that if the amount available for distribution under this paragraph (k) (excluding all amounts received or to be received from the Covered Bond Swap Provider) would be insufficient to pay the AUD Equivalent of the Final Redemption Amount in respect of the relevant Series of Covered Bonds under paragraph (k)(ii), the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis and the amount payable by the CB Guarantor to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each Series of Covered Bonds under paragraph (k)(i) shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(l) *next*, to deposit the remaining funds in the GI Account for application on the next following CBG Payment Date in accordance with the Guarantee Priority of Payments described in paragraphs (a) to (k) (inclusive), until the Covered Bonds have been fully repaid or repayment in full of the Covered Bonds has been provided for (such that the Required Redemption Amount has been accumulated in respect of each outstanding Series of Covered Bonds);

(m) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amounts then due and payable by the CB Guarantor under the Covered Bond Swap Agreements and the Interest Rate Swap Agreements, except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers;

(n) *next*, in or towards payment of all amounts (other than principal) then due and payable or to become due and payable in the CBG Payment Period commencing on that CBG Payment Date under the Intercompany Loan Agreement;

(o) *next*, in or towards repayment of the outstanding principal balance of the Intercompany Loan (other than in respect of the Demand Loan);

(p) *next*, in or towards payment of all amounts (other than principal) then due and payable or to become due and payable in the CBG Payment Period commencing on that CBG Payment Date under the Subordinated Loan Agreement;

(q) *next*, in or towards repayment of the outstanding principal balance of the Subordinated Loan;

(r) *next*, in or towards payment of or provision for any current or future obligation of the CB Guarantor, as determined by the Cash Manager; and

(s) *next*, to the Residual Income Unitholder by way of distribution of the remaining income of the CB Guarantor.

Any late amounts, other than Swap Collateral Excluded Amounts, received by the CB Guarantor under an Interest Rate Swap Agreement on or after the CBG Payment Date but prior to the next following CBG Payment Date will be applied by the CB Guarantor to the extent that any amounts were not able to be paid or provided for under the Guarantee Priority of Payments on the relevant CBG Payment Date due to the late receipt of payment by the CB Guarantor from an Interest Rate Swap Provider, promptly to pay or provide for those amounts in the order of priority specified in the above Guarantee Priority of Payments.

Any late amounts, other than Swap Collateral Excluded Amounts, received by the CB Guarantor under any Covered Bond Swap on or after the CBG Payment Date but prior to the next following CBG Payment Date will be applied by the CB Guarantor, promptly to make the corresponding payment or provision in respect of the relevant Series of Covered Bonds in accordance with, as applicable, paragraph (i), (j) and/or (k) of the Guarantee Priority of Payments.

If the CB Guarantor requires any available funds to be exchanged into a currency other than Australian Dollars, and such exchange would not be subject to or covered by the terms of a Covered Bond Swap Agreement, then the CB Guarantor (or the Cash Manager on its behalf) shall perform all necessary currency conversions at the then prevailing spot rate of exchange.

If any Swap Collateral Available Amounts are received by the CB Guarantor on a CBG Payment Date, such amounts shall be applied by the CB Guarantor or by the Cash Manager on its behalf on that CBG Payment Date in the same manner as it would have applied the receipts which such Swap Collateral Available Amounts replace.

If a Notice to Pay is served on the CB Guarantor and, prior to the first CBG Payment Date thereafter, any Scheduled Interest and/or Scheduled Principal is Due for Payment under the Covered Bond Guarantee then the CB Guarantor (or the Cash Manager on its behalf) shall, out of Available Revenue Receipts and Available Principal Receipts then standing to the credit of the Revenue Ledger, the Principal Ledger, the Accrued Payments Ledger and the Reserve Ledger on the GI Account, pay such Scheduled Interest and/or Scheduled Principal, together with any amounts, other than Swap Collateral Excluded Amounts, then due and payable under the relevant Covered Bond Swap, in accordance with paragraph (i) and paragraph (k) of the Guarantee Priority of Payments, as applicable, as if the relevant date was a CBG Payment Date and after providing for such portion (if any) of the payments and provisions to be made under paragraphs (a) to (h) of the Guarantee Priority of Payments on the first CBG Payment Date following service of the Notice to Pay on the CB Guarantor as the CB Guarantor (or the Cash Manager on its behalf) shall determine in its sole discretion.

Termination payments received in respect of Swaps, premiums received in respect of replacement Swaps and Tax Credits received in respect of Swaps

(a) If at any time the CB Guarantor receives any termination payment from a Swap Provider in respect of a Swap, such termination payment will first be used by the CB Guarantor to pay a replacement Swap Provider to enter into a replacement Swap with the CB Guarantor, unless a replacement Swap has already been entered into on behalf of the CB Guarantor.

(b) If at any time the CB Guarantor receives any premium from a replacement Swap Provider in respect of a replacement Swap, such premium will first be used by the CB Guarantor to

make any termination payment due and payable by the CB Guarantor with respect to the previous Swap (including any Excluded Swap Termination Amount), unless such termination payment has already been made on behalf of the CB Guarantor.

(c) If at any time the CB Guarantor receives or obtains any Tax Credits in respect of a Swap, the cash benefit relating to such Tax Credits (as determined in accordance with the relevant Swap Agreement) shall be paid by the CB Guarantor to the relevant Swap Provider as soon as practical after receipt of the same from the relevant taxing authority in accordance with the terms of the relevant Swap Agreement and shall not be applied in accordance with the Priorities of Payments.

Payment of funds following service of CBG Acceleration Notice

Following the occurrence of a CBG Event of Default and service by the Bond Trustee on the CB Guarantor of a CBG Acceleration Notice, the Charge shall become enforceable. All monies received or recovered by the Security Trustee or any Receiver (other than any Tax Credits, Third Party Amounts, Trust Back Assets, Demand Loan Repayment Assets (including certain principal amounts received in respect of the Demand Loan Repayment Assets), Swap Collateral Excluded Amounts, certain other amounts received in respect of the Loans and payable to parties other than the CB Guarantor and certain other amounts payable to third parties premium received by the CB Guarantor from a replacement Swap Provider to the extent it is used to make a termination payment due and payable by the CB Guarantor with respect to the Swap being replaced (including any Excluded Swap Termination Amount) or termination payment received from a Swap Provider which is applied to acquire a replacement for the relevant terminated Swap) will be applied, following enforcement of the Charge, in accordance with the Post-Enforcement Priority of Payments (as described below).

Post-Enforcement Priority of Payments

On and from the occurrence of a CBG Event of Default and delivery of a CBG Acceleration Notice by the Bond Trustee to the Security Trustee (or if there are no Covered Bonds outstanding, following the occurrence of a default in the payment or discharge of any of the other Secured Money on its due date), the Security Trustee must distribute any amount that it receives or recovers in respect of the Trust (other than any Tax Credits, Third Party Amounts, Trust Back Assets, Swap Collateral Excluded Amounts, Demand Loan Repayment Assets (including certain principal amounts in respect of the Demand Loan Repayment Assets) other than where a Payment Election has been made by the Intercompany Loan Provider and has not been revoked, certain other amounts received in respect of the Loans and payable to parties other than the CB Guarantor and certain other amounts payable to third parties (in each case to be applied in accordance with the Transaction Documents)) in the following order (the **Post-Enforcement Priority of Payments**) (in each case only if and to the extent that payments of provisions of a higher priority have been fully paid or otherwise provided for in full):

(a) *first*, to any person with a prior ranking claim to the extent of that claim;

(b) *next*, in or towards payment of all amounts of interest due and payable in respect of the Demand Loan pursuant to the terms of the Intercompany Loan Agreement;

(c) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) all amounts (including, fees and Costs) due and payable or to become due and payable to the CB Guarantor;

(ii) all amounts (including fees and Costs) due and payable or to become due and payable to the Bond Trustee (except amounts referred to in (h) below);

(iii) all amounts (including fees and Costs) due and payable or to become due and payable to the Security Trustee or any receiver acting under the Security Trust Deed;

(iv) all amounts (including, fees and Costs) due and payable or to become due and payable to the Agents;

(d) *next*, if the Servicer is not a member of the Westpac Group, in or towards payment of any remuneration due and payable to the Servicer and any Costs due or to become due and payable to the Servicer under the provisions of the Servicing Deed;

(e) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) any remuneration due and payable to the Cash Manager and any Costs due or to become due and payable to the Cash Manager under the provisions of the Cash Management Deed;

(ii) amounts (if any) due and payable to the Account Bank (including any Costs) pursuant to the terms of the Bank Account Agreement;

(iii) amounts due and payable to the Asset Monitor pursuant to the terms of the Asset Monitor Agreement, together with any applicable Taxes thereon; and

(iv) amounts (including Costs) due and payable to the Administrative Agent pursuant to the terms of the Administration Deed;

(f) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:

(i) all amounts due and payable or to become due and payable to each Interest Rate Swap Provider *pro rata* and *pari passu* in respect of each Interest Rate Swap Provider (including any termination payment due or to become due and payable by the CB Guarantor under the Interest Rate Swap, but excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the relevant Interest Rate Swap; and

(ii) all termination payments due and payable or to become due and payable to each Covered Bond Swap Provider *pro rata* and *pari passu* in respect of each Covered Bond Swap (excluding any Excluded Swap Termination Amount (except to the extent that such amounts have been paid out of any premiums received from the relevant replacement Swap Providers)) pursuant to the terms of the relevant Covered Bond Swap Agreement;

(g) *next*, (subject to paragraph (h) below) in or towards payment, *pro rata* and *pari passu* according to the respective amounts thereof (and without double counting), of all other amounts due and payable or to become due and payable to each Covered Bond Swap Provider (excluding any Excluded Swap Termination Amount) pursuant to the terms of the relevant Covered Bond Swap Agreement;

(h) *next*, (where appropriate, after taking into account all amounts received or receivable from the Covered Bond Swap Providers and available to make payments in respect thereof) all Guaranteed Amounts that are Due for Payment under the Covered Bond Guarantee in respect of each Series of Covered Bonds to the Bond Trustee or (if so directed by the Bond

Trustee) the Principal Paying Agent on behalf of the Covered Bondholders *pro rata* and *pari passu* in respect of each Series of Covered Bonds, provided that if the amount available for distribution under this paragraph (h) (excluding all amounts received or to be received from the Covered Bond Swap Providers) would be insufficient to pay the AUD Equivalent of the Guaranteed Amounts that are Due for Payment in respect of each Series of Covered Bonds under this paragraph (h), then:

(i) the shortfall shall be divided amongst all such Series of Covered Bonds on a *pro rata* basis; and

(ii) the amount payable to the relevant Covered Bond Swap Provider under the relevant Covered Bond Swap Agreement in respect of each relevant Series of Covered Bonds under paragraph (g) above shall be reduced by the amount of the shortfall applicable to the Covered Bonds in respect of which such payment is to be made;

(i) *next*, if the Servicer is a member of the Westpac Group, in or towards payment of any remuneration due and payable to the Servicer and any Costs due or to become due and payable to the Servicer under the provisions of the Servicing Deed;

(j) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of any Excluded Swap Termination Amounts then due and payable by the CB Guarantor under the Covered Bond Swap Agreements and the Interest Rate Swap Agreements, except to the extent that such amounts have been paid out of any premium received from the relevant replacement Swap Providers;

(k) *next*, in or towards payment of all amounts due and payable under the Intercompany Loan Agreement (other than amounts of interest and principal due and payable in respect of the Demand Loan under the Intercompany Loan Agreement);

(l) *next*, in or towards payment of all amounts then due and payable under the Subordinated Loan Agreement; and

(m) *next*, the remainder as a distribution to the Residual Income Unitholder.

For the avoidance of doubt, items described in paragraphs (i) to (m) inclusive above shall be paid only after all Guaranteed Amounts have been fully repaid or otherwise provided for.

Notwithstanding any other provision of a Transaction Document, the Security Trustee may only apply amounts in accordance with the Post-Enforcement Priority of Payments on and after the first CBG Payment Date following the earlier of:

(a) 28 days following the service of a Notice to Pay or a CBG Acceleration Notice on the CB Guarantor; and

(b) the date the Asset Percentage is recalculated following the service of a Notice to Pay or a CBG Acceleration Notice in accordance with the Intercompany Loan Agreement.

Any Tax Credits, Third Party Amounts, Trust Back Assets, Swap Collateral Excluded Amounts, Demand Loan Repayment Assets and certain principal amounts in respect of the Demand Loan Repayment Assets (other than where a Payment Election has been made by the Intercompany Loan Provider that has not been revoked), certain other amounts received in respect of the Loans and payable to parties other than the CB Guarantor and certain other amounts payable to third parties will be applied in accordance with the terms of the relevant Transaction Documents and shall not be applied in accordance with the Post-Enforcement Priority of Payments.

GST

If GST is payable on a supply made under or in connection with any of the Transaction Documents, the party providing the consideration for that supply must pay as additional consideration an amount equal to the amount of GST payable on that supply (the **GST Amount**). Subject to the prior receipt of a tax invoice, the GST Amount is payable at the same time that the other consideration for the supply is provided. If a tax invoice is not received prior to the provision of that other consideration, the GST Amount is payable within ten days of the receipt of a tax invoice. This does not apply to the extent that the consideration for the supply is expressly stated to be GST inclusive or the supply is subject to reverse charge. With the exception of any indemnity, reimbursement or similar payment to the Bond Trustee and the Agents, where any indemnity, reimbursement or similar payment under any Transaction Document is based on any cost, expense or other liability, it shall be reduced by any input tax credit entitlement in relation to the relevant cost, expense or other liability.

Payment Election

(a) Notwithstanding any other provision in a Transaction Document and subject to paragraph (c) below, any member of the Westpac Group may, at any time and in its sole discretion, by written notice to the CB Guarantor elect that any Senior Westpac Group Payments (as defined in paragraph (b) below) payable to it be paid as follows (each such notice a **Payment Election**):

(i) prior to service on the CB Guarantor of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice and in respect of Senior Westpac Group Payments referred to in the Pre-Acceleration Revenue Priority of Payments, pro rata and pari passu and at the same level as amounts payable by the CB Guarantor at paragraph (j) of the Pre-Acceleration Revenue Priority of Payments;

(ii) prior to service on the CB Guarantor of an Asset Coverage Test Breach Notice, a Notice to Pay or a CBG Acceleration Notice or following revocation of an Asset Coverage Test Breach Notice and in respect of principal repayable on the Demand Loan, pro rata and pari passu and at the same level as amounts payable by the CB Guarantor at paragraph (b) of the Pre-Acceleration Principal Priority of Payments;

(iii) following service on the CB Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to the service on the CB Guarantor of a Notice to Pay or a CBG Acceleration Notice and in respect of Senior Westpac Group Payments referred to in paragraph (a) of *Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts following service on the CB Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked*) other than any Senior Westpac Group Payments in respect of the Demand Loan, pro rata and pari passu and at the same level as amounts payable by the CB Guarantor at paragraph (j) of the Pre-Acceleration Revenue Priority of Payments;

(iv) following service on the CB Guarantor of a Notice to Pay, but prior to service on the CB Guarantor of a CBG Acceleration Notice and in respect of Senior Westpac Group Payments referred to in the Guarantee Priority of Payments and principal repayable on the Demand Loan, pro rata and pari passu and at the same level as amounts payable by the CB Guarantor at paragraph (i) of the Guarantee Priority of Payments; and

(v) following the occurrence of a CBG Event of Default and delivery of a CBG Acceleration Notice by the Bond Trustee to the Security Trustee and in respect of Senior Westpac Group Payments referred to in the Post-Enforcement Priority of

Payments and principal repayable on the Demand Loan, pro rata and pari passu and at the same level as amounts payable by the CB Guarantor at paragraph (h) of the Post-Enforcement Priority of Payments.

(b) For the purposes of the above, **Senior Westpac Group Payments** means any amounts payable in respect of the Demand Loan (including by repayment in kind in accordance with the Intercompany Loan Agreement) whether payable in or outside of the Priorities of Payments, and any amounts payable to a member of the Westpac Group as Covered Bond Swap Provider or Interest Rate Swap Provider.

(c) Where a Payment Election has been made by a member of the Westpac Group that has not been revoked, any Senior Westpac Group Payments payable to that member of the Westpac Group will be payable in accordance with paragraphs (i) to (v) above.

(d) Any Payment Election delivered to the CB Guarantor by a member of the Westpac Group is revocable by that member of the Westpac Group by written notice of revocation given to the CB Guarantor by that member of the Westpac Group prior to an Issuer Event of Default or a CBG Event of Default.

THE PORTFOLIO

General

Each New Portfolio acquired by the CB Guarantor (the **Portfolio**) consists of Loans and their Related Security sold by the Seller to the CB Guarantor from time to time, in accordance with the terms of the Mortgage Sale Deed, as more fully described under *Overview of the Principal Documents – Mortgage Sale Deed*.

Definitions

For the purposes hereof:

New Portfolio means the portfolio of Loans and their Related Security, particulars of which are set out in the Mortgage Sale Deed (other than any Loan and its Related Security redeemed in full on or before the first Assignment Date and for the avoidance of doubt, other than any Trust Back Assets), and all rights, title, interest and benefit of the Seller in and to:

(a) all payments of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest) and other sums due or to become due in respect of such Loans and Related Security described in the relevant New Portfolio Notice including, without limitation, the right to demand, sue for, recover and give receipts for all principal monies, interest and costs and the right to sue on all covenants and any undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Terms;

(b) (subject where applicable to the subsisting rights of redemption of Borrowers) all Priority Instruments, or any collateral security for the repayment of the relevant Loans secured by the Mortgages;

(c) the right to exercise all the powers of the Seller in relation thereto, subject to and in accordance with the applicable Mortgage Terms;

(d) all the estate and interest in the relevant Properties vested in the Seller; and

(e) to the extent they are assignable, each Valuation Report (in each case where available) and any right of action of the Seller against any solicitor, licensed conveyancer, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with such Loan and its Related Security, or any part thereof or affecting the decision of the Seller to make or offer to make any such Loan or part thereof.

Portfolio means each New Portfolio acquired by the CB Guarantor (other than any Loans and their Related Security which have been redeemed in full, repurchased by or extinguished in favour of the Seller pursuant to the Mortgage Sale Deed or otherwise sold by the CB Guarantor and for the avoidance of doubt, other than any Trust Back Assets).

Sales into the Portfolio

As of 24 October 2019, the aggregate Outstanding Principal Balance of Portfolios of Loans and their Related Security, which, in a series of sales, have been sold by the Seller to the CB Guarantor into the Portfolio, is approximately A$36.0 billion. In addition, the CB Guarantor also has other assets of approximately A$1.5 billion. These assets have been funded by the provision of Intercompany Loans, which, as at 24 October 2019, amounted to approximately A$37.5 billion.

Other

See also the following risk factors under *Risk factors – Risk factors relating to the Covered Bonds – Limited description of the Portfolio* and *– Risk factors relating to the CB Guarantor, including the ability of the CB Guarantor to fulfil its obligations in relation to the Covered Bond Guarantee – Maintenance of Portfolio.*

Certain information regarding the Loans

The statistical and other information contained in the tables below has been compiled by reference to the Loans in the Portfolio as at 24 October 2019 (the **Portfolio Cut-off Date**). Except as otherwise indicated, these tables have been prepared using the Current Balance as at the Portfolio Cut-off Date, which includes all principal and accrued interest for the Loans in the Portfolio as at the Portfolio Cut-off Date and may no longer be a true reflection of the Portfolio. Unless otherwise indicated in a supplement to this Prospectus, the following information does not include any New Loans sold into the Portfolio since the Portfolio Cut-off Date and it does not reflect any redemption or sales out of the Portfolio since the Portfolio Cut-off Date.

The characteristics of the Portfolio as at the relevant Issue Date are not expected to differ materially from the characteristics of the Portfolio as at the Portfolio Cut-off Date, however, it should be noted that Loans may be removed from the Portfolio in the event that any such Loans are repaid in full or the seller determines that they did not comply with the terms of the Mortgage Sale Deed (including the Eligibility Criteria) on or about the relevant Assignment Date. Although the Seller will take reasonable steps to ensure that any Loans that it determines did not comply with the Eligibility Criteria are removed from the Portfolio, there can be no assurance that all such Loans have been removed. The Seller may also choose, in certain circumstances, to repurchase any of the Loans in accordance with the terms of the Mortgage Sale Deed. The Intercompany Loan Provider may require the retransfer or extinguishment of the CB Guarantor's interest in the Loans as repayment in kind of the Demand Loan in accordance with the terms of the Intercompany Loan Agreement. Additionally, New Loans may be sold into the Portfolio from time to time. Any such sales will be made in accordance with the Mortgage Sale Deed and subject to compliance with the Eligibility Criteria. This information is provided for information purposes only.

The tables below show details of the Loans included the Portfolio, and stratify the Portfolio by reference to either Mortgage Account or Loan as appropriate. A Mortgage Account represents the total of all Loans secured on a single property. Columns stating percentage amounts may not add up to 100% due to rounding.

All amounts in AUD dollars

Portfolio Loan Summary	
Reporting Date	24-Oct-2019
Number of Housing Loans	121,029
Housing Loan Pool Size (AUD$)	36,048,804,121
Other Assets (Cash/Intercompany Balances)	1,451,195,879
Average Housing Loan Balance (AUD$)	297,853
Maximum Housing Loan Balance (AUD$)	2,000,000
Weighted Average Current Loan-to-Value Limit	64.11%
Weighted Average Current Loan-to-Value Ratio (Unindexed)	61.98%
Weighted Average Current Loan-to-Value Ratio (Indexed) [1]	62.14%
Weighted Average Interest Rate (%)	3.80%
Weighted Average Seasoning (months)	44
Weighted Average Term to Maturity (months)	308
Maximum Term to Maturity (months)	359
% of Owner Occupied (Product)	67.64%

[1] Index used: Australian Property Monitor quarterly index

Portfolio Profile Distribution	**Balance**		**Number of loans**	
	AUD$	%		%
Payment Type				
Principal and Interest	29,228,433,298.15	81.08%	102,507	84.70%
Interest Only	6,820,370,822.90	18.92%	18,522	15.30%
Others	0.00	0.00%	0	0.00%
Total	36,048,804,121.05	100.00%	121,029	100.00%
Interest Rate Type				
Fixed Interest Amount	11,526,844,367.56	31.98%	33,074	27.33%
Variable Interest Amount	24,521,959,753.49	68.02%	87,955	72.67%
Total	36,048,804,121.05	100.00%	121,029	100.00%

	Balance		Number of loans	
	AUD$	%		%
Geographic Distribution				
By States				
ACT	881,834,440.59	2.45%	3,172	2.62%
NSW	14,015,208,345.51	38.89%	41,221	34.05%
NT	178,061,110.16	0.49%	723	0.60%
QLD	5,843,974,930.21	16.21%	22,566	18.65%
SA	1,756,137,122.59	4.87%	7,675	6.34%
TAS	282,194,181.05	0.78%	1,557	1.29%
VIC	9,243,441,569.32	25.64%	29,947	24.74%
WA	3,847,952,421.62	10.67%	14,168	11.71%
Total	36,048,804,121.05	100.00%	121,029	100.00%
By Location				
Metropolitan	29,869,129,191.36	82.86%	92,910	76.77%
Non Metro	6,179,674,929.69	17.14%	28,119	23.23%
Total	36,048,804,121.05	100.00%	121,029	100.00%
By States and Location				
ACT - Metro	881,834,440.59	2.45%	3,172	2.62%
ACT - Non Metro	0.00	0.00%	0	0.00%
NSW - Metro	11,516,662,481.12	31.96%	30,340	25.07%
NSW - Non Metro	2,498,545,864.39	6.93%	10,881	8.99%
NT - Metro	123,401,484.97	0.34%	473	0.39%
NT - Non Metro	54,659,625.19	0.15%	250	0.21%
QLD - Metro	3,677,117,930.77	10.20%	13,207	10.91%
QLD - Non Metro	2,166,856,999.44	6.01%	9,359	7.73%
SA - Metro	1,586,362,524.50	4.40%	6,590	5.44%
SA - Non Metro	169,774,598.09	0.47%	1,085	0.90%
TAS - Metro	155,539,476.94	0.43%	745	0.62%
TAS - Non Metro	126,654,704.11	0.35%	812	0.67%
VIC - Metro	8,491,146,964.14	23.55%	26,165	21.62%
VIC - Non Metro	752,294,605.18	2.09%	3,782	3.12%
WA - Metro	3,437,063,888.33	9.53%	12,218	10.10%
WA - Non Metro	410,888,533.29	1.14%	1,950	1.61%
Total	36,048,804,121.05	100.00%	121,029	100.00%

	Balance		Number of loans	
	AUD$	%		%
Current Loan Balance				
<= 50,000	327,237,847.75	0.90%	11,983	9.89%
50,001 - 100,000	979,499,025.61	2.72%	12,770	10.55%
100,001 - 150,000	1,449,842,372.50	4.02%	11,450	9.46%
150,001 - 200,000	2,140,330,528.98	5.94%	12,099	10.00%
200,001 - 250,000	2,584,596,937.00	7.17%	11,409	9.43%
250,001 - 300,000	3,298,821,648.57	9.15%	11,943	9.87%
300,001 - 350,000	3,279,227,134.94	9.10%	10,082	8.33%
350,001 - 400,000	3,402,044,848.68	9.44%	9,052	7.48%
400,001 - 450,000	2,799,460,722.77	7.77%	6,583	5.44%
450,001 - 500,000	2,802,418,492.87	7.77%	5,891	4.87%
500,001 - 750,000	7,383,013,009.14	20.48%	12,343	10.20%
750,001 - 1,000,000	2,808,561,381.61	7.79%	3,272	2.70%
1,000,001 - 1,500,000	2,086,799,358.38	5.79%	1,733	1.43%
> 1,500,000 - 2,000,000	706,950,812.25	1.96%	419	0.35%
Total	36,048,804,121.05	100.00%	121,029	100.00%
Current Loan To Value Ratio (Unindexed)				
up to 50.00%	9,217,346,673.21	25.55%	46,028	38.04%
50.01% - 55.00%	2,096,316,391.44	5.82%	6,749	5.58%
55.01% - 60.00%	2,378,672,482.55	6.60%	7,407	6.12%
60.01% - 65.00%	2,711,275,802.82	7.52%	8,349	6.90%
65.01% - 70.00%	3,402,767,760.63	9.44%	10,180	8.41%
70.01% - 75.00%	4,695,748,041.48	13.03%	13,483	11.14%
75.01% - 80.00%	8,517,192,266.29	23.63%	21,848	18.05%
80.01% - 85.00%	1,174,943,879.11	3.26%	2,956	2.44%
85.01% - 90.00%	1,476,893,618.37	4.10%	3,249	2.68%
90.01% - 95.00%	377,214,115.17	1.05%	779	0.64%
95.01% - 100.00%	433,089.98	0.00%	1	0.00%
> 100.00%	0.00	0.00%	0	0.00%
Total	36,048,804,121.05	100.00%	121,029	100.00%
Current Loan To Value Ratio (Indexed) [2]				
up to 50.00%	10,154,553,204.84	28.17%	50,145	41.44%
50.01% - 55.00%	2,104,757,004.15	5.84%	6,851	5.66%
55.01% - 60.00%	2,365,567,470.97	6.56%	7,407	6.12%
60.01% - 65.00%	2,609,263,272.06	7.24%	8,051	6.65%
65.01% - 70.00%	2,997,558,467.25	8.32%	8,944	7.39%
70.01% - 75.00%	3,548,744,539.57	9.84%	10,242	8.46%
75.01% - 80.00%	4,867,503,121.29	13.50%	13,008	10.75%
80.01% - 85.00%	3,285,103,306.77	9.11%	7,846	6.48%
85.01% - 90.00%	2,083,386,001.59	5.78%	4,635	3.83%
90.01% - 95.00%	1,180,611,708.50	3.28%	2,376	1.96%
95.01% - 100.00%	489,896,075.45	1.36%	904	0.75%
> 100.00%	361,859,948.61	1.00%	620	0.51%
Total	36,048,804,121.05	100.00%	121,029	100.00%

[2] Index used: Australian Property Monitor quarterly index

	Balance		Number of loans	
	AUD$	%		%
Current Limit Loan To Value Ratio				
up to 50.00%	7,941,100,996.60	22.03%	39,502	32.65%
50.01% - 55.00%	1,979,383,801.95	5.49%	6,692	5.53%
55.01% - 60.00%	2,212,581,226.51	6.14%	7,217	5.96%
60.01% - 65.00%	2,560,171,479.25	7.10%	8,222	6.79%
65.01% - 70.00%	3,279,807,408.97	9.10%	10,279	8.49%
70.01% - 75.00%	4,830,001,624.96	13.40%	14,578	12.05%
75.01% - 80.00%	9,845,201,768.81	27.31%	26,446	21.85%
80.01% - 85.00%	1,283,662,942.27	3.56%	3,390	2.80%
85.01% - 90.00%	1,698,277,201.61	4.71%	3,812	3.15%
90.01% - 95.00%	417,889,901.31	1.16%	889	0.73%
95.01% - 100.00%	433,089.98	0.00%	1	0.00%
> 100.00%	292,678.83	0.00%	1	0.00%
Total	36,048,804,121.05	100.00%	121,029	100.00%
Seasoning				
Less Than 6 mths	1,279,559,629.11	3.55%	3,702	3.06%
6 mths - 1yr	4,501,926,275.50	12.49%	12,997	10.74%
1yr - 2yrs	6,517,856,510.47	18.08%	18,850	15.57%
2yrs - 3yrs	7,807,259,930.67	21.66%	23,292	19.24%
3yrs - 4yrs	5,877,932,822.32	16.31%	17,999	14.87%
4yrs - 5yrs	2,502,527,495.51	6.94%	8,249	6.82%
5yrs - 6yrs	1,370,933,643.66	3.80%	5,104	4.22%
6yrs - 7yrs	1,041,205,946.22	2.89%	4,291	3.55%
7yrs - 8yrs	778,167,839.91	2.16%	3,328	2.75%
8yrs - 9yrs	906,161,821.69	2.51%	3,668	3.03%
9yrs - 10yrs	1,059,453,159.14	2.94%	4,532	3.74%
More Than 10yrs	2,405,819,046.85	6.67%	15,017	12.41%
Total	36,048,804,121.05	100.00%	121,029	100.00%
Interest Only Expiry Date Remaining Period				
Less Than 6 mths	723,677,510.24	10.61%	2,042	11.03%
6 mths - 1yr	796,709,146.34	11.68%	2,133	11.52%
1yr - 2yrs	1,817,443,680.64	26.65%	4,781	25.81%
2yrs - 3yrs	1,513,682,507.15	22.19%	3,942	21.28%
3yrs - 4yrs	549,752,914.09	8.06%	1,484	8.01%
4yrs - 5yrs	570,829,358.14	8.37%	1,650	8.91%
More Than 5 yrs	848,275,706.30	12.44%	2,490	13.44%
Total	6,820,370,822.90	100.00%	18,522	100.00%

	Balance		Number of loans	
	AUD$	%		%
Fixed Rate Expiry Date Remaining Period				
Less Than 6 mths	1,955,007,852.59	16.96%	5,782	17.48%
6 mths - 1yr	2,048,399,239.72	17.77%	5,891	17.81%
1yr - 2yrs	5,244,557,483.78	45.50%	14,896	45.04%
2yrs - 3yrs	2,021,465,406.36	17.54%	5,707	17.26%
3yrs - 4yrs	158,036,209.27	1.37%	499	1.51%
4yrs - 5yrs	99,103,248.58	0.86%	298	0.90%
More Than 5 yrs	274,927.26	0.00%	1	0.00%
Total	11,526,844,367.56	100.00%	33,074	100.00%
Loan Product Distribution				
First Option Home Loan	151,097.91	0.01%	2	0.00%
Fixed Option Home Loan	6,270,401,921.75	17.39%	19,086	15.77%
Flexi First Option Home Loan	2,309,357,390.18	6.41%	10,577	8.74%
Flexi First Option Investment Loan	581,557,248.47	1.61%	2,272	1.88%
IPL - First Option	0.00	0.00%	0	0.00%
IPL - Fixed Rate	5,256,739,708.51	14.58%	13,988	11.56%
IPL - Variable Rate	3,644,531.00	0.01%	16	0.01%
Premium Option Home Loan	5,132,107.53	0.01%	42	0.03%
Rocket - Housing Loan Variable - MSS	15,799,726,763.03	43.83%	54,871	45.34%
Rocket - Variable - IPL - MSS	5,822,093,352.67	16.15%	20,175	16.67%
Others	0.00	0.00%	0	0.00%
Total	36,048,804,121.05	100.00%	121,029	100.00%
Remaining Tenor				
Less Than 1 yr	3,374,554.54	0.01%	60	0.05%
1yr - 5yrs	35,482,755.07	0.10%	845	0.70%
5yrs - 10yrs	171,311,496.46	0.48%	2,173	1.80%
10yrs - 15yrs	808,937,622.97	2.24%	6,105	5.04%
15yrs - 20yrs	2,862,393,841.02	7.94%	15,161	12.53%
20yrs - 25yrs	5,870,705,404.22	16.29%	22,915	18.93%
25yrs - 30yrs	26,296,598,446.77	72.94%	73,770	60.95%
Total	36,048,804,121.05	100.00%	121,029	100.00%
Delinquencies Information				
31-60 days	84,497,960.00	0.23%	259	0.21%
61-90 days	31,010,650.59	0.09%	95	0.08%
91-120 days	293,632.07	0.00%	2	0.00%
121 + days	0.00	0.00%	0	0.00%
Total	115,802,242.66	0.32%	356	0.29%

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 CB Guarantor, the Arrangers, the Dealers, the Agents, the Security Trustee or the Bond Trustee 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 CB Guarantor nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Covered Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

N Covered Bonds and any interests in them will not be cleared through any Clearing Systems (including Euroclear, Clearstream, Luxembourg, Austraclear, CMU and DTC).

Book-entry systems

DTC

DTC, New York, NY, will act as securities depositary for the Covered Bonds accepted into DTC's book-entry settlement system (**DTC Covered Bonds**). The DTC Covered Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorised representative of DTC. One fully-registered DTC Covered Bond certificate will be issued for each issue of the DTC Covered Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds U.S.$500 million, one certificate will be issued with respect to each U.S.$500 million of such principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC 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 member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for securities that its participants (**Direct Participants**) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerised book-entry transfers and pledges between Direct Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (**DTCC**). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (**Indirect Participants**). The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

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 Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are, however, 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 Direct and Indirect 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. or such other name as may be requested by an authorised representative of DTC. The deposit of DTC Covered Bonds with DTC and their registration in the name of Cede & Co. or such other DTC 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 shall be sent to DTC. 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. nor any other DTC nominee will consent or vote with respect to DTC Covered Bonds unless authorised by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an omnibus proxy (**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).

Redemption proceeds, distributions and dividend payments on the DTC Covered Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorised representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or the Principal Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect 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 Direct or Indirect Participant and not of DTC, the Principal Paying Agent, the CB Guarantor or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. for such other nominee as may be requested by an authorised representative of DTC is the responsibility of the Issuer or the Principal Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depositary with respect to the DTC Covered Bonds at any time by giving reasonable notice to the Issuer or an Agent. Under such circumstances, in the event that a successor depositary is not obtained, DTC Covered Bonds certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depositary). In that event, DTC Covered Bonds certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

The CMU Service

The CMU Service is a central depositary service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the **HKMA**) for the safe custody and electronic trading between the members of this service (**CMU Members**) of capital markets instruments (**CMU Instruments**) which are specified in the CMU Reference Manual as capable of being held within the CMU Service.

The CMU Service is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such person. Membership of the CMU Service is open to all members of the Hong Kong Capital Markets Association and "authorised institutions" under the Banking Ordinance (Cap. 155) of Hong Kong and any other domestic or overseas financial institutions approved from time to time by the HKMA.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU Service is limited. In particular (and unlike the European clearing systems), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Instruments. Instead, the HKMA advises the lodging CMU Member (or a designated paying agent) of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the lodging CMU Member (or the designated paying agent) will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Covered Bonds held in the CMU Service will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU Service.

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, Clearstream, Luxembourg and the CMU Service. 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 a 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 Direct 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 Direct or Indirect 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 Direct or Indirect Participant and not the responsibility of DTC, the Bond Trustee, the Security Trustee, the Agents 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, the CMU Service, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States may require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Covered Bonds represented by a Registered Global Covered Bond to such persons may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to pledge such Covered Bonds to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Covered Bonds may depend upon the ability to exchange such Covered Bonds for Covered Bonds in definitive form. The ability of any holder of Covered Bonds represented by a Registered Global Covered Bond accepted by DTC to resell, pledge or otherwise transfer such Covered Bonds may be impaired if the proposed transferee of such Covered Bonds is not eligible to hold such Covered Bonds through a Direct or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Registered Covered Bonds described under *Subscription and Sale and Transfer and Selling Restrictions,* cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg, Euroclear and the CMU Service, 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, Euroclear and the CMU Service 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, Euroclear and the CMU Service 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, Euroclear and the CMU Service. 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 Issuer, the CB Guarantor, the Arrangers, the Dealers, the Agents, the Bond Trustee or the Security Trustee will be responsible for any performance by DTC, Clearstream, Luxembourg, Euroclear or the CMU Service or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Covered Bonds represented by Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial interests.

TAXATION

The following Taxation section does not apply to N Covered Bonds.

AUSTRALIAN TAXATION

THE FOLLOWING IS A SUMMARY OF THE AUSTRALIAN WITHHOLDING TAX TREATMENT UNDER THE INCOME TAX ASSESSMENT ACTS OF 1936 AND 1997 OF AUSTRALIA (TOGETHER, THE AUSTRALIAN TAX ACT) AT THE DATE OF THIS PROSPECTUS OF PAYMENTS OF INTEREST BY THE ISSUER ON THE COVERED BONDS AND CERTAIN OTHER AUSTRALIAN TAX MATTERS.

IT IS NOT EXHAUSTIVE AND, IN PARTICULAR, DOES NOT DEAL WITH THE POSITION OF CERTAIN CLASSES OF HOLDERS OF COVERED BONDS (COVERED BONDHOLDERS) (INCLUDING, WITHOUT LIMITATION, AUSTRALIAN RESIDENTS, NON-RESIDENTS THAT HOLD THE SECURITIES THROUGH A PERMANENT ESTABLISHMENT IN AUSTRALIA, DEALERS IN SECURITIES, OR CUSTODIANS OR THIRD PARTIES THAT HOLD THE COVERED BONDS ON BEHALF OF ANY PERSON). NOR DOES IT DEAL WITH COVERED BONDS ISSUED BY THE ISSUER FROM A BRANCH OUTSIDE AUSTRALIA, OR WITH DUAL CURRENCY/PARTLY PAID, INDEXED OR ZERO COUPON INSTRUMENTS. IF SUCH INSTRUMENTS ARE ISSUED, THEIR AUSTRALIAN TAXATION TREATMENT WILL BE SUMMARISED IN THE RELEVANT FINAL TERMS.

THE FOLLOWING SUMMARY IS A GENERAL GUIDE AND SHOULD BE TREATED WITH APPROPRIATE CAUTION. IT IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED AS, LEGAL OR TAX ADVICE TO ANY PARTICULAR COVERED BONDHOLDER. PROSPECTIVE COVERED BONDHOLDERS SHOULD BE AWARE THAT THE PARTICULAR TERMS OF ISSUE OF ANY SERIES OF COVERED BONDS MAY AFFECT THE TAX TREATMENT OF THAT AND OTHER SERIES OF COVERED BONDS. COVERED BONDHOLDERS SHOULD CONSULT THEIR PROFESSIONAL ADVISERS ON THE TAX IMPLICATIONS OF AN INVESTMENT IN THE COVERED BONDS FOR THEIR PARTICULAR CIRCUMSTANCES.

1 Australian interest withholding tax (IWT)

Generally, payments of principal and interest on the Covered Bonds made by the Issuer to a Covered Bondholder that is not a resident of Australia for Australian tax purposes (**a Non-Resident**) (other than one deriving the interest in carrying on business in Australia at or through a permanent establishment in Australia) will not be subject to Australian taxes or duties other than IWT at a rate of 10% of the amount of an interest payment. However, IWT will not be payable if an exemption applies.

For IWT purposes, "interest" is defined to include amounts in the nature of, or paid in substitution for, interest and certain other amounts. Any premium or issue discount would be interest for these purposes.

There are also specific rules that can apply to treat a portion of the purchase price of the Covered Bonds as interest for IWT purposes when Covered Bonds that are originally issued at a discount, or with a maturity premium, or which do not pay interest at least annually, are sold by a Non-Resident (other than one holding the Covered Bonds as part of a business carried on by it at or through a permanent establishment in Australia) to:

- a resident of Australia for Australian tax purposes (**a Resident**) that does not acquire them in carrying on business at or through a permanent establishment in a country outside Australia; or

- a Non-Resident that acquires them in carrying on business in Australia at or through a permanent establishment in Australia.

Exemption from IWT under section 128F of the Australian Tax Act (section 128F)

Interest on the Covered Bonds will be exempt from IWT if the requirements of section 128F are satisfied in relation to the Covered Bonds.

The Issuer proposes to issue the Covered Bonds in a manner which will satisfy the requirements of section 128F.

The exemption from IWT available under section 128F is not intended to apply to related party loans. In particular, in order for that exemption to apply, the Issuer must not have known or had reasonable grounds to suspect, at the time of their issue, that any of the Covered Bonds, or an interest in the Covered Bonds, were being or would later be acquired either directly or indirectly by an Offshore Associate of the Issuer (other than one acting 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 (as defined in the Corporations Act)).

In addition, the exemption from IWT available under section 128F will not apply if, at the time of an interest payment in respect of a Covered Bond, the Issuer knew or had reasonable grounds to suspect that the recipient of the payment was an Offshore Associate of the Issuer (other than one receiving the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme (as defined in the Corporations Act)).

For these purposes, an **Offshore Associate** means an associate (as defined in section 128F) of the Issuer that is either:

- a Non-Resident that does not acquire the Covered Bonds and does not receive all payments under them in carrying on business in Australia at or through a permanent establishment in Australia; or

- a Resident that acquires the Covered Bonds and receives payments under them in carrying on business at or through a permanent establishment in a country outside Australia.

Accordingly, if you are an Offshore Associate of the Issuer, you should not acquire any of the Covered Bonds.

Payment of additional amounts because of a deduction or withholding in respect of IWT

If the Issuer is, at any time, compelled by law to deduct or withhold an amount in respect of IWT, then it must, subject to certain exceptions set out in Condition 8 (*Taxation*), pay such additional amounts as may be necessary in order to ensure that the aggregate amounts received by the Covered Bondholders after such deduction or withholding equal the amounts that would have been received by them had no such deduction or withholding been required.

However, it is noted that Condition 8 (*Taxation*) provides that the Issuer will not be obliged to pay such additional amounts on account of IWT which is payable by reason of the Covered Bondholder being an associate (as defined in section 128F) of the Issuer.

Payments by CB Guarantor

Under the Covered Bond Guarantee, the CB Guarantor may become required to pay amounts to Covered Bondholders in respect of interest payable by the Issuer on the Covered Bonds. It is unclear whether or not any payment by the CB Guarantor under the Covered Bond Guarantee on account of interest owing by the Issuer in respect of the Covered Bonds would be subject to IWT. There are good arguments that such

payments (other than interest paid on an overdue amount) do not constitute "interest" for IWT purposes, and therefore should not be subject to IWT. In any case, the Australian Taxation Office (**ATO**) has publicly stated in a Taxation Determination that the exemption from IWT under section 128F will extend to payments made by a guarantor on behalf of an issuer, provided that the guaranteed instruments were issued in a manner that satisfied the requirements of section 128F.

2 Withholding under section 126 of the Australian Tax Act (section 126) on Covered Bonds in bearer form

Section 126 imposes a withholding tax (see below for the rate of withholding tax) on the payment of interest on bearer debentures if the issuer fails to disclose the names and addresses of certain holders of those debentures to the ATO. Section 126 does not apply to the payment of interest on debentures held by Non-Residents that do not carry on business at or through a permanent establishment in Australia where the issue of the debentures satisfied the requirements of section 128F. However, the operation of section 126 in relation to debentures held in some circumstances can be complex. Section 126 will not apply in any circumstances if the name and address of the holder of the bearer debentures is disclosed to the ATO. The ATO has issued a Taxation Determination stating that where interests in debentures are held by persons through a clearing house which lodges the bearer debentures with a common depositary, the disclosure of the name and address of the clearing house will be sufficient for section 126 purposes.

The rate of withholding tax is 45% under current law.

Condition 8 (*Taxation*) provides that the Issuer will not be obliged to pay additional amounts on account of taxes which it is required to deduct and withhold under section 126 (or any equivalent provision) in respect of interest payable on such bearer Covered Bonds where the tax would not be payable were the Covered Bondholder not a Resident or a Non-Resident engaged in carrying on business in Australia at or through a permanent establishment in Australia.

3 Withholding for failure to provide Tax File Number (TFN) / Australian Business Number (ABN) on Covered Bonds in registered form

Withholding by the Issuer

The Issuer is required to deduct and withhold tax from payments of interest at a rate that is currently 47% on the Covered Bonds unless a TFN or, in certain circumstances, an ABN has been provided to the Issuer by the Covered Bondholder, or the Covered Bondholder has supplied the Issuer with proof of some other relevant exemption.

Provided that the requirements of section 128F have been satisfied with respect to the Covered Bonds, the TFN / ABN withholding rules will not apply to payments to Covered Bondholders that are Non-Residents and do not hold the Covered Bonds in carrying on business in Australia at or through a permanent establishment in Australia.

Condition 8 (*Taxation*) provides that the Issuer will not be obliged to pay additional amounts on account of taxes deducted or withheld on payments made in respect of Covered Bonds in certain circumstances including payments made to a Covered Bondholder that could lawfully avoid (but has not so avoided) such deduction or withholding by (i) providing (or procuring that a third party provides) the Covered Bondholder's TFN and/or ABN to the Issuer, or evidence that the Covered Bondholder is not required to provide a TFN and/or ABN to the Issuer or to an applicable revenue authority or, in the case of Covered Bonds issued by a branch of the Issuer located outside of Australia, by satisfying (or procuring that a third party satisfies) similar requirements or otherwise providing (or procuring that a third party provides) details of the holder's name and address to the Issuer or to an applicable revenue authority, and/or (ii) complying (or procuring that a third party complies) with any statutory requirements or making a declaration of non-residence or other claim or filing for exemption.

Withholding by the CB Guarantor

The CB Guarantor will not be an "investment body" as defined for the purposes of the TFN / ABN withholding rules. Therefore, in the event that the CB Guarantor is required to make payments to the Covered Bondholders, the CB Guarantor will not be required to comply with the TFN / ABN withholding rules.

4 Other Australian withholding taxes

Non-resident withholding tax

Under section 12-315 of Schedule 1 to the Taxation Administration Act 1953 of Australia (**TAA**), regulations may be made that require amounts to be withheld on account of tax liabilities of Non-Residents from certain payments that are made by an Australian entity to such Non-Residents.

These rules do not currently apply to payments in relation to the Covered Bonds, either by the Issuer or under the Covered Bond Guarantee. However, the possible application of any future regulations to payments received by Non-Residents in respect of the Covered Bonds will need to be monitored.

Supply withholding tax

Payments in respect of the Covered Bonds will be able to be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the TAA.

5 Other Australian tax matters

Gains on disposal of Covered Bonds by Non-Residents

Non-Residents that have never held their Covered Bonds in the course of carrying on business at or through a permanent establishment within Australia will not be subject to Australian income tax on gains realised by them on the sale or redemption of the Covered Bonds provided that such gains do not have an Australian source. A gain arising on the sale of Covered Bonds by a Non-Resident Covered Bondholder to another Non-Resident where the Covered Bonds are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia would not generally be regarded as having an Australian source.

Garnishee directions

The Commissioner of Taxation for Australia may give a direction under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the TAA or any similar provision requiring the Issuer or the CB Guarantor to deduct or withhold from any payment to any other party (including any Covered Bondholder) any amount in respect of tax payable by that other party. If the Issuer or the CB Guarantor is served with such a direction, the Issuer or the CB Guarantor intends to comply with that direction and make any deduction or withholding required by that direction.

Goods and services tax (GST)

Neither the issue, nor the receipt, of the Covered Bonds will give rise to a liability for GST in Australia on the basis that the supply of the Covered Bonds will comprise either an "input taxed financial supply" or (in the case of a supply to a Non-Resident Covered Bondholder outside Australia and certain areas offshore of Australia, which together comprise the "indirect tax zone") a "GST-free supply". Furthermore, neither the payment of principal or interest by the Issuer or amounts payable by the CB Guarantor, nor the disposal or redemption of the Covered Bonds, would give rise to any GST liability in Australia.

Estate duties

No Covered Bonds will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death.

Stamp duties

No ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any Covered Bonds.

UNITED KINGDOM TAXATION

The following is a summary of the Issuer's understanding of the current United Kingdom withholding tax treatment at the date hereof in relation to payments of interest and annual payments in respect of Covered Bonds. The comments do not deal with other United Kingdom Tax aspects of acquiring, holding or disposing of Covered Bonds. The comments relate only to the position of persons who are the absolute beneficial owners of Covered Bonds. The following is a general guide and should be treated with appropriate caution. Covered Bondholders who are in any doubt as to their Tax position should consult their professional advisers.

Covered Bondholders who may be liable to Tax 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 liable (and, if so, under the laws of which jurisdictions). In particular, Covered Bondholders should be aware that they may be liable to Tax under the laws of other jurisdictions in relation to payments in respect of Covered Bonds even if such payments may be made without withholding or deduction for or on account of Tax under the laws of the United Kingdom.

Payments by the Issuer

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. If interest paid on the Covered Bonds does have a United Kingdom source, then payments may be made without deduction or withholding on account of United Kingdom income tax in any of the circumstances set out at (A) to (C) below.

(A) Interest paid by banks

Interest on the Covered Bonds may be paid without withholding or deduction for or on account of United Kingdom Tax so long as the Issuer is a "bank" for the purposes of section 878 of the Income Tax Act 2007 (**ITA**) and so long as such payments are made by the Issuer in the ordinary course of its business.

(B) Covered Bonds listed on a recognised stock exchange

In addition to the exemption set out in **(A) Interest paid by banks** above, Covered Bonds issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a "recognised stock exchange". Pursuant to section 1005 of ITA, securities are listed on a recognised stock exchange for these purposes if they are (i) admitted to trading on that exchange and (ii) included in the Official List (within the meaning of and in accordance with Part 6 of FSMA) or are officially listed in a qualifying country outside the United Kingdom in accordance with provisions corresponding to those generally applicable in EEA States. The London Stock Exchange is a recognised stock exchange for these purposes. Whilst Covered Bonds are and continue to be quoted Eurobonds (which they will be if they are and continue to be (i) admitted to trading on the London Stock Exchange and (ii) included in the Official List as defined above), payments of interest on Covered Bonds may be made without withholding or deduction for or on account of United Kingdom Tax.

(C) Other cases

In cases not falling within one of the exemptions described in *(A) Interest paid by banks or (B) Covered Bonds listed on a recognised stock exchange* above, interest on the relevant Covered Bonds may fall to be paid under deduction of United Kingdom Tax at the basic rate (currently 20 per cent.), subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other exemption which may apply. However, this withholding will not apply if the relevant interest is paid on Covered Bonds with a maturity of less than one year from the date of issue and which are not issued under arrangements which are capable of rendering such Covered Bonds part of a borrowing with a total term of a year or more.

Payments by CB Guarantor

If the CB Guarantor makes any non-United Kingdom source payments in respect of Covered Bonds, such payments should be able to be made without withholding or deduction for or on account of United Kingdom Tax.

If the CB Guarantor makes any United Kingdom source payments in respect of Covered Bonds, such payments may be subject to United Kingdom withholding tax at the basic rate (currently 20 per cent.), subject to such relief as may be available under the provisions of any applicable double taxation treaty or any other exemption which may apply. Such payments by the CB Guarantor may not be eligible for the exemptions described in — *Payments by the Issuer* above.

Other rules relating to United Kingdom withholding tax

Covered Bonds may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Covered Bonds will not generally be subject to any United Kingdom withholding tax, as long as any payments in respect of the accrued discount do not constitute payments of interest.

Where Covered Bonds are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest may be subject to United Kingdom withholding tax.

Where interest has been paid under deduction of United Kingdom Tax, Covered Bondholders who are resident for Tax purposes in a jurisdiction that has a double taxation treaty with the United Kingdom may be able to recover all or part of the Tax deducted if there is an appropriate provision in that applicable double taxation treaty.

The references to "interest" above (including in — *Payments by the Issuer* and – *Payments by CB Guarantor* above) mean "interest" as understood in United Kingdom Tax law. The statements above do not take any account of any different definitions of "interest" which may prevail under any other law or which may be created by the terms and conditions of Covered Bonds or any related documentation.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer pursuant to Condition 16 (*Substitution of the Issuer*) of the Terms and Conditions of the Covered Bonds and does not consider the Tax consequences of any such substitution.

U.S. FEDERAL INCOME TAXATION

The following is a general discussion of certain U.S. federal income tax considerations relating to the purchase, ownership, and disposition of the Covered Bonds by U.S. Holders (as defined below) who purchase the Covered Bonds in an offering of Covered Bonds at their issue price (determined as set forth below) and hold the Covered Bonds as capital assets, within the meaning of section 1221 of the Code. This discussion does not address all of the tax considerations that may be relevant to U.S. Holders in light of

their particular circumstances (including accrual method U.S Holders that have an "applicable financial statement") or to U.S. Holders subject to special rules under U.S. federal income tax laws, such as banks, insurance companies, retirement plans, regulated investment companies, real estate investment trusts, dealers in securities, brokers, tax-exempt entities, certain former citizens or residents of the United States, U.S. Holders who hold the Covered Bonds as part of a "straddle," "hedging," "conversion" or other integrated transaction, U.S. Holders who mark their securities to market for U.S. federal income tax purposes or U.S. Holders whose functional currency is not the U.S. dollar. In addition, this discussion does not address the effect of any state, local or non-U.S. tax laws or any U.S. federal estate, gift or alternative minimum tax considerations.

This discussion is based on the Code, the Treasury Regulations promulgated thereunder and administrative and judicial pronouncements, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect. This discussion does not describe the U.S. federal income tax considerations relating to the purchase, ownership or disposition of (i) Bearer Covered Bonds, (ii) Covered Bonds with a maturity later than 30 years from its date of issuance, (iii) Covered Bonds that do not unconditionally require payments at least equal in the aggregate to their issue price (as determined below), (iv) "contingent payment debt instruments" (as defined under applicable Treasury Regulations), (v) Australian Domestic Covered Bonds, or (vi) certain "variable rate debt instruments" (as defined under applicable Treasury Regulations), and a general discussion of any materially different U.S. federal income tax considerations relating to any such Covered Bonds will be included in the applicable prospectus supplement if such Covered Bonds are offered to U.S. Holders.

For purposes of this discussion, the term **U.S. Holder** means a beneficial owner of a Covered Bond that is, for U.S. federal income tax purposes, (i) an individual citizen or resident of the United States, (ii) a corporation created or organised in or under the laws of the United States or of any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or certain electing trusts that were in existence on 19 August 1996 and were treated as domestic trusts on that date.

If an entity treated as a partnership for U.S. federal income tax purposes invests in a Covered Bond, the U.S. federal income tax considerations relating to such investment will generally depend in part upon the status and activities of such entity and its partners. Such an entity should consult its own tax advisor regarding the U.S. federal income tax considerations applicable to it and its partners of the purchase, ownership and disposition of such Covered Bond.

PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL INCOME AND OTHER TAX CONSIDERATIONS RELATING TO THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE COVERED BONDS IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES, AS WELL AS THE EFFECT OF ANY STATE, LOCAL OR NON-U.S. TAX LAWS.

Interest and original issue discount

Each U.S. Holder of a Covered Bond must include in income payments of "qualified stated interest" (as described below) in respect of such Covered Bond in accordance with such U.S. Holder's method of accounting for U.S. federal income tax purposes as ordinary interest income. In general, if the issue price of a Covered Bond, determined by the first price at which a substantial amount of the Covered Bonds of a series are sold (ignoring sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers), is less than the "stated redemption price at maturity" (as described below) of such Covered Bond by an amount that is equal to or more than a *de minimis* amount, a U.S. Holder will be considered to have purchased such Covered Bond with original issue discount (**OID**). In general, the *de minimis* amount is equal to 1/4 of 1% of the stated redemption price at maturity of a Covered Bond multiplied by the number of complete years to maturity (or, in the case of a

Covered Bond providing for the payment of any amount other than "qualified stated interest" (as defined below) prior to maturity, multiplied by the weighted average maturity of the Covered Bond). If a U.S. Holder acquires a Covered Bond with OID, then regardless of such U.S. Holder's method of accounting for U.S. federal income tax purposes, such U.S. Holder generally will be required to accrue its *pro rata* share of OID on such Covered Bond on a constant-yield basis and include such accruals in gross income, whether or not such U.S. Holder will have received any cash payment on such Covered Bond. Any amount not treated as OID because it is *de minimis* generally must be included in income (generally as gain from the sale of Covered Bonds) as principal payments are received in the proportion that each such payment bears to the original principal amount of the Covered Bond. Special rules apply to Covered Bonds with a fixed maturity of one year or less. See below under – *Short-term Covered Bonds*.

"Stated redemption price at maturity" generally means the sum of all payments to be made on a Covered Bond other than payments of "qualified stated interest". "Qualified stated interest" generally means stated interest that is unconditionally payable at least annually at a single fixed rate, or in the case of a variable rate debt instrument (as defined below), at a single qualified floating rate or single objective rate (as such terms are defined below). If a Covered Bond is a variable rate debt instrument but interest is payable at a rate other than a single qualified floating rate or a single objective rate, the special rules that apply to such Covered Bond will be described in the applicable prospectus supplement.

In the case of a Covered Bond that is a variable rate debt instrument, the amount of qualified stated interest and the amount of OID, if any, that accrues during an accrual period is generally determined by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or qualified inverse floating rate (each as defined below), the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate or (ii) in the case of an objective rate (as defined below, and other than a qualified inverse floating rate), a fixed rate that reflects the yield that is reasonably expected for the debt instrument, and the qualified stated interest (or, if there is no qualified stated interest, OID) allocable to an accrual period is increased (or decreased) if the interest actually paid during an accrual period exceeds (or is less than) the interest assumed to be paid during the accrual period pursuant to clause (i) or (ii), as applicable. If applicable to any Covered Bond, the special rules that apply to a variable rate debt instrument that provides for stated interest at a fixed rate under certain circumstances will be described in the applicable prospectus supplement.

A "variable rate debt instrument" is a debt instrument that (i) has an issue price that does not exceed the total noncontingent principal payments by more than an amount equal to the lesser of (a) 0.015 multiplied by the product of such total noncontingent principal payments and the number of complete years to maturity of the instrument (or, in the case of a Covered Bond providing for the payment of any amount other than qualified stated interest prior to maturity, multiplied by the weighted average maturity of the Covered Bond) or (b) 15% of the total noncontingent principal payments, (ii) provides for stated interest (compounded or paid at least annually) at the current value of (A) one or more qualified floating rates, (B) a single fixed rate and one or more qualified floating rates, (C) a single objective rate or (D) a single fixed rate and a single objective rate that is a qualified inverse floating rate, and (iii) does not provide for any principal payments that are contingent. The current value of a rate is the value of the rate on any day that is 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 "qualified floating rate" is generally a floating rate under which variations in the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which a debt instrument is denominated. A multiple of a qualified floating rate is not a qualified floating rate unless the relevant multiplier is (i) fixed at a number that is greater than 0.65 but not more than 1.35 or (ii) fixed at a number that is greater than 0.65 but not more than 1.35, increased or decreased by a fixed rate. A variable rate is not considered a qualified floating rate if the variable rate is subject to a cap, floor, governor (i.e., a restriction on the amount of increase or decrease in the stated interest rate) or similar restriction that is reasonably expected as of the Issue Date to cause the yield on the Covered Bond to be significantly more or less than the expected yield determined without the restriction (other than a cap, floor, governor or similar restriction that is fixed throughout the term of the Covered Bond).

An "objective rate" is a rate (other than a qualified floating rate) that is determined using a single fixed formula and that is based on objective financial or economic information. However, an objective rate does not include a rate based on information that is within the control of the Issuer (or certain related parties of the Issuer) or that is unique to the circumstances of the Issuer (or certain related parties of the Issuer), such as dividends, profits or the value of the Issuer's stock. A "qualified inverse floating rate" is an objective rate (i) that is equal to a fixed rate minus a qualified floating rate and (ii) the variations in which can reasonably be expected to inversely reflect contemporaneous variations in the qualified floating rate (disregarding any caps, floors, governors or similar restrictions that would not, as described above, cause a rate to fail to be a qualified floating rate). Notwithstanding the first sentence of this paragraph, a rate is not an objective rate 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. The U.S. Internal Revenue Service (**IRS**) may designate rates other than those specified above that will be treated as objective rates. As of the date of this Prospectus, no other rates have been designated.

If interest on a Covered Bond is stated at a fixed rate for an initial period of one year or less followed by a variable rate that is either a qualified floating rate or an objective rate for a subsequent period, and the value of the variable rate on the Issue Date is intended to approximate the fixed rate, the fixed rate and the variable rate together constitute a single qualified floating rate or objective rate, as the case may be. A fixed rate and a variable rate will be conclusively presumed to meet the requirements of the preceding sentence if the value of the variable rate on the Issue Date does not differ from the value of the fixed rate by more than 0.25 percentage points (25 basis points).

If a floating rate Covered Bond does not qualify as a variable rate debt instrument (as described above) or otherwise provides for contingent payments, or if a fixed rate Covered Bond provides for contingent payments, such Covered Bond may constitute a "contingent payment debt instrument". Interest payable on a contingent payment debt instrument is not treated as qualified stated interest. If applicable to any Covered Bond, the special rules applicable to contingent payment debt instruments will be described in the applicable prospectus supplement.

In general, the following rules apply if (i) a Covered Bond provides for one or more alternative payment schedules applicable upon the occurrence of a contingency or contingencies and the timing and amounts of the payments that comprise each payment schedule are known as of the Issue Date and (ii) either a single payment schedule is significantly more likely than not to occur or the Covered Bond provides the Issuer or the holder with an unconditional option or options exercisable on one or more dates during the term of the Covered Bond. If based on all the facts and circumstances as of the Issue Date a single payment schedule for a Covered Bond, including the stated payment schedule, is significantly more likely than not to occur, then, in general, the yield and maturity of the Covered Bond are computed based on this payment schedule. If the Issuer or a holder 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 (i) in the case of an option or options exercisable by the Issuer, 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 (ii) in the case of an option or options exercisable by a holder, the holder will be deemed to exercise or not exercise an option or combination of options in the manner that maximises the yield on the Covered Bond. Covered Bonds subject to the above rules will not be treated as contingent payment debt instruments as a result of the contingencies described above. 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 (a **Change in Circumstances**), then, except to the extent that a portion of the Covered Bond is repaid as a result of a Change in Circumstances and solely for purposes of the accrual of OID, the Covered Bond is treated as retired and then reissued on the date of the Change in Circumstances for an amount equal to the Covered Bond's adjusted issue price on that date.

A U.S. Holder may elect to treat all interest on any Covered Bond as OID and calculate the amount includible in gross income under the constant yield method. For purposes of this election, interest includes stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount,

and unstated interest, as adjusted by any amortisable bond premium or acquisition premium. The election must be made for the taxable year in which a U.S. Holder acquires a Covered Bond, and may not be revoked without the consent of the IRS.

Premium

If the amount paid by a U.S. Holder for a Covered Bond exceeds the stated redemption price at maturity of such Covered Bond, such U.S. Holder generally will be considered to have purchased such Covered Bond at a premium equal in amount to such excess. In this event, such U.S. Holder may elect to amortise such premium, based generally on a constant-yield basis, as an offset to interest income over the remaining term of such Covered Bond. In the case of a Covered Bond that may be redeemed prior to maturity, the premium amortisation and redemption date are calculated assuming that the Issuer and the U.S. Holder will exercise or not exercise redemption rights in a manner that maximises the U.S. Holder's yield. It is unclear how premium amortisation is calculated when the redemption date or the amount of any redemption premium is uncertain. The election to amortise bond premium, once made, will apply to all debt obligations held or subsequently acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the IRS.

Short-term Covered Bonds

Covered Bonds that have a fixed maturity of one year or less (**Short-Term Covered Bonds**) will be treated as issued with OID. In general, an individual or other U.S. Holder that uses the cash method of accounting is not required to accrue such OID unless such U.S. Holder elects to do so. If such an election is not made, any gain recognised by such U.S. Holder on the sale, exchange, retirement or other disposition of a Short-Term Covered Bond will be ordinary income to the extent of the OID accrued on a straight-line basis, or upon election under the constant yield method (based on daily compounding), through the date of sale, exchange, retirement or other disposition, and a portion of the deduction otherwise allowable to such U.S. Holder for interest on borrowings allocable to the Short-Term Covered Bond will be deferred until a corresponding amount of income on such Short-Term Covered Bond is realised. U.S. Holders who report income for U.S. federal income tax purposes under the accrual method of accounting and certain other U.S. Holders are required to accrue OID related to a Short-Term Covered Bond as ordinary income on a straight-line basis unless an election is made to accrue the OID under a constant yield method (based on daily compounding).

Sale, exchange, retirement or other disposition of Covered Bonds

In general, a U.S. Holder of a Covered Bond will have a tax basis in such Covered Bond equal to the cost of such Covered Bond to such U.S. Holder, increased by any amount includible in income by such U.S. Holder as OID and reduced by any amortised premium and any payments received with respect to the Covered Bond other than payments of qualified stated interest. Upon a sale, exchange, retirement or other disposition of a Covered Bond, a U.S. Holder will generally recognise gain or loss equal to the difference between the amount realised on the sale, exchange, retirement or other disposition (less any amount that is attributable to accrued but unpaid qualified stated interest, which will constitute ordinary interest income if not previously included in income) and such U.S. Holder's adjusted tax basis in such Covered Bond. Subject to the rules described below under – *Foreign Currency Covered Bonds*, such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if such U.S. Holder has held such Covered Bond for more than one year at the time of such sale, exchange, retirement or other disposition. Certain non-corporate U.S. Holders are entitled to preferential treatment for net long-term capital gains. The ability of a U.S. Holder to offset capital losses against ordinary income is limited. Such gain or loss generally will be from sources within the U.S.

Foreign Currency Covered Bonds

The following discussion generally describes special rules that apply, in addition to the rules described above, to Covered Bonds that are denominated in, or provide for payments determined by reference to, a

non-U.S. currency (**Foreign Currency Covered Bonds**). The amount of qualified stated interest paid with respect to a Foreign Currency Covered Bond that is includible in income by a U.S. Holder that uses the cash method of accounting for U.S. federal income tax purposes is the U.S. dollar value of the amount paid, as determined on the date of actual or constructive receipt by such U.S. Holder, using the spot rate of exchange on such date. In the case of qualified stated interest on a Foreign Currency Covered Bond held by a U.S. Holder that uses the accrual method of accounting, and in the case of OID (other than OID on a Short-Term Covered Bond that is not required to be accrued) for every U.S. Holder, such U.S. Holder is required to include the U.S. dollar value of the amount of such interest income or OID (which is determined in the non-U.S. currency) that accrued during the accrual period. The U.S. dollar value of such accrued interest income or OID generally is determined by translating such income at the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate of exchange for the partial period within the taxable year). Alternatively, such U.S. Holder may elect to translate such income at the spot rate of exchange on the last day of the accrual period (or, with respect to the first partial period of an accrual period that spans two taxable years, at the spot rate of exchange in effect on the last day of the taxable year of such partial period). If the last day of the accrual period is within five business days of the date of receipt of the accrued interest, a U.S. Holder that has made such election may translate accrued interest using the spot rate of exchange in effect on the date of receipt. The above election will apply to all debt obligations held by such U.S. Holder and may not be changed without the consent of the IRS. A U.S. Holder will recognise, as ordinary income or loss, foreign currency gain or loss with respect to such accrued interest income or OID on the date the interest or OID is actually or constructively received, reflecting fluctuations in currency exchange rates between the spot rate of exchange used to determine the accrued interest income or OID for the relevant accrual period and the spot rate of exchange on the date such interest or OID is actually or constructively received.

A U.S. Holder will calculate the amortisation of bond premium for a Foreign Currency Covered Bond in the applicable non-U.S. currency. Amortisation deductions attributable to a period will reduce interest payments in respect of that period, and therefore are translated into U.S. dollars at the spot rate of exchange used for those interest payments. Foreign currency gain or loss will be realised with respect to amortised premium on a Foreign Currency Covered Bond based on the difference between the spot rate of exchange at which the amortisation deductions were translated into U.S. dollars and the spot rate of exchange on the date such U.S. Holder acquired the Foreign Currency Covered Bond.

The amount realised with respect to a sale, exchange, retirement or other disposition of a Foreign Currency Covered Bond generally will be the U.S. dollar value of the payment received (less any amount that is attributable to accrued but unpaid qualified stated interest, which will constitute ordinary interest income if not previously included in income), determined on the date of disposition of such Foreign Currency Covered Bond (using the spot rate of exchange on such date). However, with respect to Foreign Currency Covered Bonds that are treated as traded on an established securities market, such amount realised will be determined using the spot rate of exchange on the settlement date in the case of (i) a U.S. Holder that is a cash method taxpayer or (ii) a U.S. Holder that is an accrual method taxpayer that elects such treatment. This election may not be changed without the consent of the IRS. Gain or loss that is recognised generally will be ordinary income or loss to the extent it is attributable to fluctuations in currency exchange rates between the date of purchase and the date of sale, exchange, retirement or other disposition. Such foreign currency gain or loss, together with any foreign currency gain or loss realised on such disposition in respect of accrued interest or OID, will be recognised only to the extent of the total gain or loss realised by such U.S. Holder on the sale, exchange, retirement or other disposition of the Foreign Currency Covered Bond. Any gain or loss realised by a U.S. Holder not treated as foreign currency gain or loss generally will be capital gain or loss (subject to the discussion above regarding Short-Term Covered Bonds).

A U.S. Holder that determines its amount realised in connection with the sale, exchange, retirement or other disposition of a Foreign Currency Covered Bond by reference to the spot rate of exchange on the date of such sale, exchange, retirement or other disposition (rather than on the settlement date) may recognise additional foreign currency gain or loss upon receipt of non-U.S. currency from such sale, exchange, retirement or other disposition.

A U.S. Holder will recognise an amount of foreign currency gain or loss on a sale or other disposition of any non-U.S. currency equal to the difference between (i) the amount of U.S. dollars, or the fair market value in U.S. dollars of any other property, received in such sale or other disposition and (ii) the tax basis of such non-U.S. currency. A U.S. Holder generally will have a tax basis in non-U.S. currency received from a sale, exchange, retirement or other disposition of a Foreign Currency Covered Bond equal to the U.S. dollar value of such non-U.S. currency on the date of receipt.

A Covered Bond that provides for payments in more than one currency generally will be treated as a "contingent payment debt instrument", and the special rules applicable to such instruments will be described in the applicable prospectus supplement.

Aggregation rules

The Treasury Regulations relating to OID contain special aggregation rules stating in general that, subject to certain exceptions, debt instruments issued in the same transaction or related transactions to a single purchaser may be treated as a single debt instrument with a single issue price, maturity date, yield to maturity and stated redemption price at maturity for purposes of the OID rules. Under certain circumstances, these provisions could apply to a U.S. Holder that purchases Covered Bonds from more than one series of Covered Bonds.

Substitution of the Issuer

If with respect to any series of Covered Bonds a New Company is substituted for the Issuer, such substitution could be treated for U.S. federal income tax purposes as a taxable exchange of such Covered Bonds as in place prior to such substitution for such Covered Bonds as in place after such substitution. See above under—*Sale, exchange, retirement or other disposition of Covered Bonds*. U.S. Holders should consult their own tax advisors as to the U.S. federal income tax considerations relating to such an event.

Medicare Tax

In addition to regular U.S. federal income tax, certain U.S. Holders that are individuals, estates or trusts are subject to a 3.8% tax on all or a portion of their "net investment income", which may include all or a portion of their interest income (including accrued OID) on, and net gain from the sale, exchange, retirement or other disposition of, a Covered Bond.

Backup withholding and information reporting

Backup withholding and information reporting requirements generally apply to interest (including OID) and principal payments made to, and the proceeds of sales by, certain non-corporate U.S. Holders. A U.S. Holder not otherwise exempt from backup withholding generally can avoid backup withholding by providing a properly executed IRS Form W-9 to the applicable withholding agent. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will generally be allowed as a refund or a credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is timely furnished by such U.S. Holder to the IRS.

Disclosure requirements for certain U.S. Holders recognising significant losses

A U.S. Holder that participates in any "reportable transaction" (as defined in the Treasury Regulations) must attach to its U.S. federal income tax return a disclosure statement on IRS Form 8886. Each U.S. Holder should consult its own tax advisor regarding the possible obligation to file IRS Form 8886 reporting foreign currency loss arising from, or any amounts received with respect to, the Covered Bonds.

Disclosure requirements for specified foreign financial assets

Individual U.S. Holders (and certain U.S. entities specified in U.S. Treasury Department guidance) who, during any taxable year, hold any interest in any "specified foreign financial asset" generally will be required to file with their U.S. federal income tax returns certain information on IRS Form 8938 if the aggregate value of all such assets exceeds certain specified amounts. "Specified foreign financial asset" generally includes any financial account maintained with a non-U.S. financial institution and may also include the Covered Bonds if they are not held in an account maintained with a financial institution. Substantial penalties may be imposed, and the period of limitations on assessment and collection of U.S. federal income taxes may be extended, in the event of a failure to comply. Each U.S. Holder should consult its own tax advisor regarding the possible application of this filing requirement.

FATCA WITHHOLDING

U.S. Foreign Account Tax Compliance Act (FATCA)

It is possible that, in order to comply with FATCA, the Issuer and/or the CB Guarantor (or, if the Covered Bonds are held through another financial institution, such other financial institution) may be required (pursuant to an agreement entered into with the United States or under applicable Law (including pursuant to the terms of any applicable intergovernmental agreement entered into between the United States and any other jurisdiction)) (i) to request certain information from the Covered Bondholders or beneficial owners of the Covered Bonds, which information may be provided to the IRS, and (ii) to withhold U.S. tax on any portion of any payment with respect to the Covered Bonds treated as a foreign passthru payment made two years or more after the date on which the final regulations that define "foreign passthru payments" are published if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the United States (and are not otherwise required to comply with the FATCA regime under applicable Law (including pursuant to the terms of any applicable intergovernmental agreement entered into between the United States and any other jurisdiction)).

If the Issuer, the CB Guarantor or any other person is required to withhold or deduct amounts arising under or in connection with FATCA from any payments made with respect to the Covered Bonds, the Covered Bondholders and the beneficial owners of the Covered Bonds will not be entitled to receive any gross up or other additional amounts on account of any such withholding or deduction. FATCA is complex and its application to the Covered Bonds remains uncertain. Each Covered Bondholder and beneficial owner is advised to consult their own tax advisors as to the application of FATCA to the Covered Bonds.

OTHER WITHHOLDINGS

There may be other occasions in other jurisdictions in which an amount of, or in respect of, tax is required to be withheld from a payment in respect of any Covered Bond and in respect of which neither the Issuer, nor the CB Guarantor, nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to such Covered Bond as set out in Condition 8 (*Taxation*) of the Covered Bonds or, in the case of the N Covered Bonds, the applicable N Covered Bond Condition.

ERISA CONSIDERATIONS

EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**) imposes certain requirements on employee benefit plans (as defined in section 3(3) of ERISA) subject to 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 *Risk Factors*.

Prohibited transactions

Section 406 of ERISA and section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the **Plans**)) and certain persons (referred to as **parties in interest** or **disqualified persons**) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a plan fiduciary, who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer, the CB Guarantor, the Bond Trustee, the Security Trustee or any other party to the transactions contemplated by the Transaction Documents may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of section 406 of ERISA or section 4975 of the Code may arise if any of the Covered Bonds is acquired or held by a Plan with respect to which the Issuer, the CB Guarantor, the Bond Trustee, the Security Trustee or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of section 406 of ERISA and section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any 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) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisors regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Covered Bonds.

Government plans (as defined in section 3(32) of ERISA), non-U.S. plans (as described in section 4(b)(4) of ERISA) and certain church plans (as defined in section 3(33) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of section 406 of ERISA and section 4975 of the Code, may nevertheless be subject to other federal, state, local or non-U.S. laws or regulations that are substantially similar to the prohibited transaction provisions of section 406 of ERISA or section 4975 of the Code.

ERISA representations

Each initial purchaser and subsequent transferee of any such Covered Bond (or any interest therein) will be deemed by such purchase or acquisition of any such Covered Bond (or any interest therein) to have

represented and warranted, on each day from the date on which the purchaser or transferee acquires such Covered Bond (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Covered Bond (or any interest therein), either that (a) it is not a Plan or an entity whose underlying assets include the assets of any Plan, and it is not purchasing the Covered Bonds (or any interest therein) on behalf of or with "plan assets" of any such Plan or entity, or a governmental, church or non-U.S. plan (**non-ERISA arrangement**) which is subject to any federal, state, local or non-US law or regulation that is substantially similar to the prohibited transaction provisions of section 406 of ERISA or section 4975 of the Code (**similar law**) or (b) its acquisition, holding and disposition of such Covered Bond (or any interest therein) will not constitute or result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code for which an exemption is not available, or in the case of a non-ERISA arrangement, its acquisition, holding and disposition of such Covered Bond (or any interest therein) will not constitute or result in a violation of any similar law.

Any Plan proposing to invest in such Covered Bonds (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any similar law).

The sale of any Covered Bonds to a Plan is in no respect a representation by the Issuer, the CB Guarantor, the Bond Trustee, the Security Trustee 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.

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, pursuant to a Programme Agreement (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 CB Guarantor a basis upon which such Dealers or any of them may from time to time agree to purchase Covered Bonds. Any such agreement for any particular purchase by a Dealer will extend to those matters stated under *Form of the Covered Bonds* and *International Terms and Conditions of the Covered Bonds (other than Australian Domestic Covered Bonds)* or *Australian Terms and Conditions of the Australian Domestic Covered Bonds*, as applicable, above. As at the date of this Prospectus, the Dealers are Barclays Capital Asia Limited, BNP Paribas, Merrill Lynch International, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank Aktiengesellschaft, HSBC Bank plc, J.P.Morgan Securities plc, Morgan Stanley & Co., International plc, Nomura International plc, RBC Europe Limited, The Toronto-Dominion Bank, UBS AG London Branch, Westpac Banking Corporation and Westpac Europe Limited, but the Issuer may appoint other dealers from time to time in accordance with the Programme Agreement which appointment may be for a specific issue or on an ongoing basis.

The Issuer may pay the Dealers commissions from time to time in connection with the sale of any Covered Bonds. In the Programme Agreement, the Issuer has agreed to reimburse and indemnify the Dealers for certain of their expenses and liabilities in connection with the establishment and any future updates of the Programme and the issue of Covered Bonds under the Programme. The Dealers are entitled to be released and discharged from their obligations in relation to any agreement to purchase Covered Bonds under the Programme Agreement in certain circumstances prior to payment to the Issuer.

In order to facilitate the offering of any Tranche of the Covered Bonds, certain persons participating in the offering of the Tranche may engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Covered Bonds during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Covered Bonds for their own account by selling more Covered Bonds than have been sold to them by the Issuer. Such persons may also elect to cover any such short position by purchasing Covered Bonds in the open market. In addition, such persons may stabilise or maintain the price of the Covered Bonds by bidding for or purchasing Covered Bonds in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Covered Bonds are reclaimed if Covered Bonds previously distributed in the offering are repurchased in connection with stabilisation transactions or otherwise. The effect of these transactions may be to stabilise or maintain the market price of the Covered Bonds at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Covered Bonds to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Under UK laws and regulations stabilising activities may only be carried on by the stabilising manager named in the applicable Final Terms and only for a period of 30 days following the Issue Date of the relevant Tranche of Covered Bonds.

Certain Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Dealers or their affiliates which have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which would consist of either the purchase of credit default swaps or

the creation of short positions in securities, including potentially any Covered Bonds issued under the Programme. Any such short positions could adversely affect future trading prices of any Covered Bonds issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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 initial and subsequent purchaser of Registered Covered Bonds will be deemed to have acknowledged, represented and agreed as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

(a) 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 the securities laws of any state of the United States or the securities laws of any other jurisdiction and, accordingly, neither the Covered Bonds nor the Covered Bond Guarantee may be offered, sold, delivered, transferred, pledged, encumbered or otherwise disposed of unless in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities law;

(b) that (i) it is a QIB, and is purchasing for its own account or solely for the account of one or more accounts for which it acts as a fiduciary or agent, each of which is a QIB, and such purchaser acknowledges that it is aware that the seller may rely upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder, or (ii) it is a purchaser acquiring such Registered Covered Bonds in an offshore transaction within the meaning of Regulation S and that it is not a U.S. person (and is not acquiring such Covered Bonds for the account or benefit of a U.S. person) within the meaning of Regulation S;

(c) that neither the Issuer nor the CB Guarantor has any obligation to register the Covered Bonds or the Covered Bond Guarantee under the Securities Act;

(d) if it holds Covered Bonds represented by a Rule 144A Global Covered Bond or a Definitive Rule 144A Covered Bond, that if in the future it decides to resell, pledge or otherwise transfer the Covered Bonds or any beneficial interests in the Covered Bonds, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Covered Bonds, only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller reasonably believes is a QIB purchasing the Covered Bonds for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable securities laws of any state of the United States and the securities laws of any other applicable jurisdiction;

(e) 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 (d) above, if then applicable;

(f) 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 initially offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Covered Bonds;

(g) that the Covered Bonds represented by a Rule 144A Global Covered Bond and Definitive Rule 144A Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), THE SECURITIES LAWS OF ANY STATE OF THE UNTIED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT IN CERTAIN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. 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 AND ANY GUARANTEE IN RESPECT THEREOF FOR ITS OWN ACCOUNT OR SOLELY FOR THE ACCOUNT OF ONE OR MORE ACCOUNTS FOR WHICH IT ACTS AS FIDUCIARY OR AGENT, EACH OF WHICH IS A QUALIFIED INSTITUTIONAL BUYER; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF (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 BENEFICIAL OWNER OF SUCH SECURITY AND ANY GUARANTEE IN RESPECT THEREOF (OR ANY PREDECESSOR OF SUCH SECURITY) OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY AND ANY GUARANTEE IN RESPECT THEREOF FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE ACCOUNTS FOR WHICH IT ACTS AS A FIDUCIARY OR AGENT, EACH OF WHICH IS A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT, (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF SUCH SECURITY SENT TO ITS REGISTERED ADDRESS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR 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 AND ANY GUARANTEE IN RESPECT THEREOF SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.";

(h) if it holds Covered Bonds represented by a Regulation S Global Covered Bond or a Definitive Regulation S Covered Bond, that if it should resell or otherwise transfer the Covered Bonds prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the Issue Date), it will do so only (i)(A) outside the United States in compliance with Rule 903 or 904 under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Covered Bonds represented by a Regulation S Global Covered Bond or a Definitive Regulation S Covered Bond will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), THE SECURITIES LAWS OF ANY STATES OF THE UNITED STATE OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF (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. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO U.S. PERSONS UNLESS MADE (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.";

(i) either (A) it is not an employee benefit plan subject to ERISA, a plan subject to Section 4975 of the Code, or an entity whose underlying assets include the assets of any such employee benefit plan or plan, and it is not purchasing the Covered Bonds (or any interest

therein) on behalf of or with "plan assets" of any such employee benefit plan, plan or entity, and it is not a governmental, church or non-U.S. plan (**non-ERISA arrangement**) which is subject to any federal, state, local or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of section 406 of ERISA or section 4975 of the Code (**similar law**) or (B) its acquisition, holding and disposition of such Covered Bonds (or any interest therein) will not constitute or result in a prohibited transaction under section 406 of ERISA or section 4975 of the Code for which an exemption is not available or, in the case of a non-ERISA arrangement, its acquisition, holding and disposition of such Covered Bonds (or any interest therein) will not constitute or result in a violation of any similar law; and

(j) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer and the Dealers through which it purchased any Covered Bonds; 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.

No sale of Rule 144A Covered Bonds in the United States to any one purchaser will be for less than U.S.$200,000 (or the approximate equivalent in another Specified Currency) principal amount and no Rule 144A Covered Bond will be issued in connection with such a sale in a smaller principal amount. If the 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 Rule 144A Covered Bonds.

Dealers 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 Dealers 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.$100,000 (or the approximate equivalent in another Specified Currency). While any Covered Bonds remain outstanding, the Issuer will, during any period in which it is not subject to Section 13 or 15(d) of the Exchange Act, or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any QIB who holds any Covered Bond and any prospective purchaser of a Covered Bond who is a QIB designated by such holder of such Covered Bond, upon the request of such holder or prospective purchaser, the information concerning the Issuer required to be provided to such holder or prospective purchaser by Rule 144A(d)(4) under the Securities Act.

Selling Restrictions

United States

Each Dealer has acknowledged, and each further Dealer appointed under the Programme Agreement will be required to acknowledge, that the Covered Bonds and the Covered Bond Guarantee have not been, and will not be, registered under the Securities Act, the securities laws of any state of the United States or the securities laws of any other jurisdiction and neither the Covered Bonds nor the Covered Bond Guarantee may be offered, sold, delivered, transferred, pledged, encumbered or otherwise disposed of directly or indirectly within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act. Accordingly, the Covered Bonds and the Covered Bond Guarantee are being offered hereby only (A) to QIBs in reliance upon the exemptions provided by Rule 144A and (B) outside the United States to persons other than U.S. persons in reliance upon Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered or sold to any person who is a U.S. person or who is within the United States or its possessions, or delivered within the United States or its possessions, except in certain transactions permitted by U.S. Treasury regulations. Each Dealer has agreed that it will not offer or sell a Covered Bond in bearer form to any person who is a U.S. person or who is within the United States or its possessions, or deliver a Covered Bond in bearer form within the United States or its possessions, except as permitted by the Programme Agreement. Terms used in this paragraph have the meanings given to them by the Code and U.S. Treasury regulations promulgated thereunder.

In connection with any Covered Bond represented by a Regulation S Global Covered Bond or any Definitive Regulation S Covered Bond (**Regulation S Covered Bond**) and the Covered Bond Guarantee, 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, sell or deliver any such Regulation S Covered Bond and the Covered Bond Guarantee 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, or (b) otherwise until 40 days after the later of the commencement of the offering and the Issue Date (**Distribution Compliance Period**), and except in either case in accordance with Regulation S under the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Regulation S Covered Bond during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of such Regulation S Covered Bond within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, during the Distribution Compliance Period, any offer or sale of any Regulation S Covered Bond within the United States by any dealer (who is not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in reliance upon the exemptions provided by Rule 144A or pursuant to another valid exemption.

The Programme Agreement will provide that selected Dealers, through their selling agents which are registered broker-dealers in the United States, may resell Covered Bonds in the United States to QIBs pursuant to Rule 144A under the Securities Act.

Each Dealer appointed under the Programme Agreement will be required to make the acknowledgements, representations and agreements in respect of transactions under Rule 144A as set forth under *Subscription and Sale and Transfer and Selling Restrictions—Transfer restrictions* in this Prospectus.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of 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 Regulation (EU) 2017/1129 (the Prospectus Regulation); and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds**.**

If the Final Terms in respect of any Covered Bonds specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area, 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 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 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 shall 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) 2017/1129.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) in relation to any Covered Bonds which have 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 as 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 CB Guarantor, or, in the case of the Issuer and WBC, would not, if either were not an authorised person, apply to the Issuer or WBC; 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.

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 the Australian Securities and Investments Commission (**ASIC**). The Prospectus is neither a prospectus nor a disclosure document for the purposes of the Corporations Act. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that unless the relevant Final Terms (or another supplement to any Prospectus) otherwise provides, it:

(a) has not made or invited, and will not make or invite, directly or indirectly, an offer of the Covered Bonds for issue, sale or purchase in or from Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish, the Prospectus or any other offering material or advertisement relating to any Covered Bonds in Australia,

unless:

(i) the aggregate consideration payable on acceptance of the offer by each offeree or invitee is at least A$500,000 (or its equivalent in an alternative currency, in either case, disregarding monies lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;

(ii) the offer or invitation does not constitute an offer to a "*retail client*" as defined for the purposes of section 761G of the Corporations Act;

(iii) such action complies with any other applicable laws, regulations or directives in Australia; and

(iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

Canada

Each Dealer has acknowledged and each further Dealer appointed under the Programme will be required to acknowledge that the Covered Bonds have not been and will not be qualified for sale under the securities laws of Canada or any province or territory thereof and has represented and agreed that it has not offered, sold or distributed, and that it will not offer, sell or distribute, any Covered Bonds, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of Canada or any province or territory thereof. Each Dealer has also agreed and each further Dealer appointed under the Program will be required to agree not to distribute or deliver this Prospectus, or any other offering material relating to the Covered Bonds in Canada in contravention of the securities laws of Canada or any province or territory thereof.

Hong Kong

In relation to each Tranche of Covered Bonds, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Covered Bonds other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under that Ordinance.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended (the **FIEA**)) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Covered Bonds directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

The Republic of France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell directly or indirectly, Covered Bonds to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the relevant Final Terms or any other offering material relating to the Covered Bonds, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*) other than individuals, all as defined in, and in accordance with Articles L.411-1, L.411-2, D.411-1 and D.411-4 of the *French Code monétaire et financier*.

Italy

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the offering of the Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, the Covered Bonds may not be offered, sold or delivered, nor may copies of the Prospectus or any other document relating to the Covered Bonds be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of *Legislative Decree No. 58 of 24 February 1998*, as amended (the **Financial Services Act**) and Article 34-ter, first paragraph, letter (b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time (**Regulation No. 11971**); or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Furthermore, 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 paragraph (a) or (b) above must:

(i) 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 **Banking Act**); and

(ii) comply with any other applicable laws and regulations or requirement imposed by Commissione Nazionale per le Società e la Borsa (CONSOB), the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act, and the implementing guidelines of the Bank of Italy (as amended from time to time)) and/or any other Italian authority.

The Netherlands

The Covered Bonds may not be offered or sold, directly or indirectly, as part of any initial distribution or at any time thereafter, directly or indirectly, to any person other than to professional market parties (*professionele marktpartijen*) as defined in *1:107 paragraph 2 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht*), as amended, restated or re-enacted at any time, in The Netherlands.

In addition and without prejudice to the relevant restrictions set out directly above, each Dealer has represented, warranted and agreed that Zero Coupon Covered Bonds (as defined below) in definitive form of the Issuer may only be transferred and accepted, directly or indirectly, within, from or into The Netherlands through the mediation of either the Issuer or a member firm of Euronext N.V. in full compliance with the *Dutch Savings Certificates Act (Wet inzake spaarbewijzen*) of 21 May 1985 (as amended) and its implementing regulations. No such mediation is required in respect of (i) the initial issue of such Zero Coupon Covered Bonds to the first Holders thereof, (ii) the transfer and acceptance of Zero Coupon Covered Bonds in definitive form between individuals not acting in the conduct of a business or profession, or (iii) the transfer and acceptance of such Zero Coupon Covered Bonds within, from or into The Netherlands if all Zero Coupon Covered Bonds (either in definitive form or as rights representing an interest in a Zero Coupon Covered Bond in global form) of any particular Series or Tranche are issued outside The Netherlands and are not distributed into The Netherlands in the course of initial distribution or immediately thereafter.

As used herein "**Zero Coupon Covered Bonds**" are Covered Bonds that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever.

In addition and without prejudice to the relevant restrictions set out directly above, each Dealer has represented, warranted and agreed, and each further Dealer appointed will be required to represent, warrant and agree, that as of 1 January 2012 it shall include in:

(a) any offer of Covered Bonds to the public in The Netherlands other than an offer:

(i) in respect of which a prospectus (and, as the case may be, any supplement or supplements if required) approved by the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) (**AFM**) (or, where appropriate, by the competent authority in another Member State of the European Economic Area) has been made generally available; or

(ii) only to qualified investors as defined in the Prospectus Regulation; and

(b) any advertisement relating to such an offer, and any document in which the prospect of such offer is held out, that:

(A) no prospectus approved by the AFM has been or will be made generally available; and

(B) such offer is not supervised by the AFM,

in such manner as prescribed by the AFM from time to time.

For purposes of this provision the expression Prospectus Regulation shall have the meaning set out on page iv.

New Zealand

In relation to each Tranche of Covered Bonds, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered, sold or delivered and will not directly or indirectly offer, sell or deliver any Covered Bonds in New Zealand and will not distribute any offering memorandum or advertisement (as defined in the Financial Markets Conduct Act 2013 of New Zealand (the **FMCA**)) in relation to any offer of the Covered Bonds, in New Zealand, other than to a "wholesale investor" as that term is defined in clause 3(2) of Schedule 1 to the FMCA, being:

(a) a person who is:

(A) an "investment business";

(B) "large"; or

(C) a "government agency",

in each case as defined in Schedule 1 to the FMCA; or

(b) a person who meets the "investment criteria" specified in clause 38 of Schedule 1 to the FMCA.

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 such Covered Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Covered Bonds or cause such Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or

sale, or invitation for subscription or purchase of, any Covered Bonds, whether directly or indirectly, to any person in Singapore other than:

(a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore, as modified or amended from time to time (the ''Securities and Futures Act'') pursuant to Section 274 of the Securities and Futures Act;

(b) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or

(c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Covered Bonds may not be circulated or distributed, nor may the Covered Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than:

(a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act;

(b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018; or

(c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where Covered Bonds are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

the securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Covered Bonds pursuant to an offer made under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) as specified in Section 276(7) of the Securities and Futures Act; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Notification under Section 309B of the Securities and Futures Act, Chapter 289 of Singapore – Unless otherwise stated in the Final Terms in respect of any Covered Bonds, all Covered Bonds issued or to be issued under the Programme shall be capital markets products other than prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Specified Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

Each Dealer has represented and agreed that this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in any Covered bonds described herein. The Covered Bonds may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Covered Bonds constitutes a prospectus as such term is understood pursuant to article 653a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this Prospectus nor any other offering or marketing material relating to the Covered Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the offering, nor the Issuer nor the Covered Bonds have been or will be filed with or approved by any Swiss regulatory authority. The Covered Bonds are not subject to the supervision by any Swiss regulatory authority, for example, the Swiss Financial Markets Supervisory Authority FINMA, and investors in the Covered Bonds will not benefit from protection or supervision by such authority.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will 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 the Prospectus or any Final Terms 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, WBC, the CB Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, WBC, the CB Guarantor or any of the Dealers has represented 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 such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme was authorised pursuant to a resolution of the Issuer's Directors passed on 20 January 1997 and an approval given on 31 October 2011 by the Issuer's Managing Director and Chief Executive Officer. The Issuer and the CB Guarantor have obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Covered Bonds.

Listing of Covered Bonds

The admission of Covered Bonds to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Covered Bonds which is to be admitted to the Official List and to trading on the London Stock Exchange's Regulated Market will be admitted separately as and when issued, subject only to the issue of a Temporary Global Covered Bond, a Permanent Global Covered Bond, a Regulation S Global Covered Bond or a Rule 144A Global Covered Bond, as the case may be, initially representing the Covered Bonds of such Tranche.

However, N Covered Bonds may be issued pursuant to the Programme which will not be admitted to the Official List or any other listing authority and/or Stock Exchange. Information contained in this Prospectus regarding N Covered Bonds shall not be deemed to form part of this Prospectus and the FCA has neither approved nor reviewed information contained in this Prospectus in connection with the offering and sale of N Covered Bonds.

Documents available

So long as Covered Bonds are capable of being issued under the Programme, copies of the following documents will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the London offices of the Issuer at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom and at the specified offices of the Paying Agents save that item (d) will not be available at the specified offices of the Paying Agents:

(a) the constitutive documents of the Issuer and the CB Guarantor;

(b) the audited financial statements of the Issuer for the financial years ended 30 September 2018 and 30 September 2019;

(c) the audited financial statements of the Westpac Covered Bond Trust for the financial year ended 30 September 2017 and 30 September 2018;

(d) when published, the audited financial statements of the Westpac Covered Bond Trust for the year ended 30 September 2019;

(e) the Transaction Documents, including the Bond Trust Deed (which contains the forms of Global Covered Bonds, Covered Bonds in definitive form, Coupons and Talons), the Australian Domestic Covered Bond Deed Poll and the Guarantee Deed Poll;

(f) this Prospectus;

(g) any future information memoranda, offering circulars, prospectuses and supplements to this Prospectus and any other documents incorporated herein or therein by reference;

(h) each Final Terms (save that any Final Terms relating to an unlisted Covered Bond will only be available for inspection by a holder of such Covered Bonds and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of such Covered Bond and its identity).

For the period of 12 months following the date of this Prospectus, the following documents can be inspected at https://www.westpac.com.au:

(a) the up to date memorandum and articles of association of the Issuer and the CB Guarantor; and

(b) all reports, letters, and other documents, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in the registration document.

In addition, copies of this Prospectus, any supplementary prospectus, any documents incorporated by reference and each Final Terms relating to Covered Bonds which are admitted to trading on the London Stock Exchange's Regulated Market will also be available for inspection on the website of the Regulatory News Service operated by the London Stock Exchange at:

www.londonstockexchange.com/exchange/news/market-news/market-news-home.html.

Clearing systems

The Covered Bonds, other than the N Covered Bonds, have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Covered Bonds allocated by Euroclear and Clearstream, Luxembourg, and if applicable, the FISN and/or CFI, will be specified in the applicable Final Terms. In addition, the Issuer may make an application for any Registered Covered Bonds (other than Australian Domestic Covered Bonds) to be accepted for trading in book-entry form by DTC, for any Bearer Covered Bonds to be accepted for clearance through the CMU Service and for any Australian Domestic Covered Bonds to be accepted for trading in the Austraclear System. The CUSIP and/or CINS numbers for each Tranche of Registered Covered Bonds cleared through DTC, together with the relevant ISIN and Common Code and, if applicable, the FISN and/or CFI, will be specified in the applicable Final Terms. The CMU Instrument Number for each Series of Covered Bonds intended to clear through the CMU Service will be specified in the applicable Final Terms. The Austraclear I.D. number and any relevant ISIN and Common Code for Australian Domestic Covered Bonds and, if applicable, the FISN and/or CFI, will be specified in the applicable Final Terms. 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.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041-0099. The address of Austraclear is 20 Bridge Street, Sydney, NSW 2000, Australia.

Significant or material change

Since 30 September 2019, there has been no material adverse change in the financial position or prospects of the Issuer and its controlled entities taken as a whole. The Issuer's material controlled entities are set out in note 31 to the Issuer's 2019 Annual Report, which are incorporated by reference and form part of this Prospectus. Westpac Banking Corporation is the ultimate parent of the Westpac Group.

Since 30 September 2019, the last day of the financial period in respect of which the most recent published audited consolidated financial statements of the Issuer have been prepared, there has been no significant

change in the financial position or the financial performance of the Issuer and its controlled entities taken as a whole.

Since 30 September 2018, there has been no material adverse change in the prospects of the CB Guarantor or the Westpac Covered Bond Trust.

Except as set out on page 342 under the heading the *Portfolio – Sales into the Portfolio*, since 30 September 2018, the last day of the financial period in respect of which the most recent published audited financial statements of the Westpac Covered Bond Trust have been prepared, there has been no significant change in the financial position or the financial performance of the CB Guarantor or the Westpac Covered Bond Trust.

Litigation

There are no, nor during the 12 months before the date of this Prospectus have there been any, legal, arbitration or governmental proceedings (including any such proceedings which are pending or threatened) of which the Issuer is aware, which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Issuer and its controlled entities, taken as a whole.

There are no, nor during the 12 months before the date of this Prospectus have there been any, legal, arbitration or governmental proceedings (including any such proceedings which are pending or threatened) of which the CB Guarantor is aware, which may have, or have had in the recent past, significant effects on the financial position or profitability of the CB Guarantor or the Westpac Covered Bond Trust.

Independent auditors

PricewaterhouseCoopers Australia (an Australian partnership which WBC refers to as **PwC Australia**), Chartered Accountants, audited the Issuer's financial statements for the years ended 30 September 2018 and 30 September 2019. PwC Australia partners are members or affiliate members of Chartered Accountants Australia and New Zealand.

PwC Australia also act as auditors of the Westpac Covered Bond Trust.

The liability of PwC Australia, with respect to claims arising out of its audit report in WBC's 2019 Annual Report, is subject to the limitations set forth in the Professional Standards Act 1994 of (NSW) (the **Professional Standards Act**) and Chartered Accountants Australia and New Zealand (NSW) Scheme adopted by Chartered Accountants Australia and New Zealand and approved by the New South Wales Professional Standards Council pursuant to the Professional Standards Act (the **NSW Accountants Scheme**) or, in relation to matters occurring on or prior to 8 October 2019, the predecessor scheme. The current NSW Accountants Scheme expires on 7 October 2024 unless further extended or replaced.

The Professional Standards Act and the NSW Accountants Scheme may limit the liability of PwC Australia for damages with respect to certain civil claims arising in, or governed by the laws of, New South Wales directly or vicariously from anything done or omitted in the performance of its professional services for the Issuer, including, without limitation, its audits of the Issuer's financial statements. The extent of the limitation depends on the timing of the relevant matter and is:

(a) in relation to matters occurring on or after October 8, 2013, a maximum liability for audit work of A$75 million; or

(b) in relation to matters occurring on or prior to October 7, 2013, to the lesser of (in the case of audit services) ten times the reasonable charge for the service provided and a maximum liability for audit work of A$75 million.

The limitations do not apply to claims for breach of trust, fraud or dishonesty.

In addition, there is equivalent professional standards legislation in place in other states and territories in Australia and amendments have been made to a number of Australian federal statutes to limit liability under those statutes to the same extent as liability is limited under state and territory laws by professional standards legislation.

These limitations of liability may limit recovery upon the enforcement in Australian courts of any judgment under U.S. or other foreign laws rendered against PwC Australia based on or related to its audit report on the Issuer's financial statements. Substantially all of PwC Australia's assets are located in Australia. However, the Professional Standards Act and the NSW Accountants Scheme have not been subject to extensive judicial consideration and therefore how the limitation will be applied by the courts and the effect of the limitation on the enforcement of foreign judgments are untested.

Reports

The Bond Trust Deed provides that the Bond Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Bond Trust Deed, whether or not any such report or 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.

Post-issuance information

The Cash Manager (on behalf of the Issuer) will prepare and make available a monthly Investor Report detailing, among other things, compliance with the Asset Coverage Test and other information relating to the Portfolio. This information will be available on a website maintained for this purpose. Initially this will be found in the "Westpac Covered Bonds" section on the "Secured Funding" page on the Issuer's Investor Centre website http://www.westpac.com.au/about-westpac/investor-centre/fixed-income-investors/wbc-covered-bonds-user-agreement/.

Yield of Fixed Rate Covered Bonds

The inclusion in this Prospectus or any Final Terms of an indication of the yield of any Fixed Rate Covered Bonds is an indication of the yield at the Issue Date and is calculated at the Issue Date on the basis of the Issue Price. Potential investors in any Fixed Rate Covered Bonds should not regard it as an indication of future yield.

Contracts (Rights of Third Parties) Act 1999 (UK)

The Contracts (Rights of Third Parties) Act 1999 (the **Act**) provides, *inter alia*, that persons who are not parties to a contract governed by the laws of England and Wales may be given enforceable rights under such contract. Unless specifically provided in the applicable Final Terms to the contrary, this Programme expressly excludes the application of the Act to any issue of Covered Bonds under the Programme.

No obligation to maintain listing

No assurance is made as to the liquidity of the Covered Bonds as a result of listing on the Official List of the FCA and trading by the London Stock Exchange, delisting the Covered Bonds from the Official List of the FCA and the London Stock Exchange may have a material effect on a Covered Bondholder's ability to continue to hold such Covered Bonds or to resell its Covered Bonds in the secondary market.

GLOSSARY

$, U.S.$, USD or **U.S. Dollars** means the lawful currency for the time being of the United States of America;

£, Sterling, sterling or **pounds sterling** means the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;

¥, Yen or **JPY** means the lawful currency for the time being of Japan;

€, Euro or **euro** means the lawful currency for the time being of the Member States of the European Union that have adopted or may adopt the single currency introduced at the start of the third stage of European Economic Monetary Union pursuant to the Treaty of Rome of 25 March 1957, as amended by, *inter alia*, the Single European Act of 1986 and the Treaty of European Union of 7 February 1992 and the Treaty of Amsterdam of 2 October 1997, establishing the European Community;

30/360, **360/360** or **Bond Basis** has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

30E/360 or **Eurobond Basis** has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

30E/360 (ISDA) has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

A$, Australian Dollars, Australian $ or **AUD** means the lawful currency for the time being of Australia;

ABN has the meaning given on page 151;

ACCC means the Australian Competition and Consumer Commission;

Accession Undertaking means a form of deed of accession to the Security Trust Deed substantially in the form set out in schedule 1 to the Security Trust Deed;

Account Bank means initially, Westpac Banking Corporation, and any other financial institution which accedes to the Bank Account Agreement as an Account Bank in accordance with the Bank Account Agreement;

Accountholders has the meaning given on page 81;

Accrual Feature has the meaning given on page 101;

Accrual Yield has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Accrued Interest means, in relation to a Loan as at any date, all interest and fees (other than Third Party Amounts) accrued but not yet due and payable on the Loan from (and including) the Mortgage Payment Day immediately preceding the relevant date to (but excluding) the relevant date;

Accrued Interest Adjustment Amount means an amount equal to:

(a) Arrears of Interest and Accrued Interest on the Loans and their Related Security comprised in any New Portfolio as of (but excluding) the Assignment Date of that Portfolio; and

(b) all amounts received by the Seller under those Loans and their Related Security applied by the Servicer or the Seller to payment of interest and fees under those Loans and their Related Security for the period from (but excluding) the Cut-Off Date for those Loans and their Related Security to (but excluding) the Assignment Date,

but without double counting or recovery for any such amounts;

Accrued Payments Ledger means the ledger of such name maintained by the Cash Manager pursuant to the Cash Management Deed, to record the credits and debits of certain Available Revenue Receipts and certain Available Principal Receipts relating to certain payments under the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments (as applicable) in accordance with the terms of the Participation Agreement;

Act has the meaning given on page 66;

Actual/360 has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Actual/365 has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Actual/365 (Fixed) has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Actual/Actual or **Actual/Actual (ISDA)** has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Actual/Actual (ICMA) has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

ADI has the meaning given on page vii;

Additional Business Centre(s) has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Additional Termination Event has the meaning given to it in the Interest Rate Swap Agreement and/or the relevant Covered Bond Swap Agreement, as the context may require;

Adjusted Aggregate Loan Amount has the meaning given on page 300;

Adjusted Required Redemption Amount has the meaning given to it on page 308;

Administration Deed means the administration deed dated 3 November 2011 and made between the CB Guarantor, the Security Trustee and the Administrative Agent;

Administrative Agent means, initially, Westpac Securitisation Management Pty Limited and thereafter, any successor Administrative Agent appointed pursuant to the Administration Deed;

Administrative Agent Termination Event has the meaning given to it in the Administration Deed;

Advances means an amount advanced, or to be advanced, by the Issuer to the CB Guarantor under the Intercompany Loan Agreement, including any Deemed Advances but, for the avoidance of doubt, excluding any deferred interest under Clause 6.3 of the Intercompany Loan Agreement;

Adverse Effect means an event which will materially and adversely affect the amount of any payment to the Covered Bondholders, or will materially and adversely affect the timing of such payment;

Adverse Rating Effect means an effect which results in the downgrading or withdrawal of the then current rating of any of the Covered Bonds by a Rating Agency;

Affected Party has the meaning given to it in the Interest Rate Swap Agreement and/or the relevant Covered Bond Swap Agreement, as the context may require;

Agency Agreement means the Offshore Agency Agreement and/or the Australian Agency Agreement, as the context so requires;

Agents means the Paying Agents, the Registrars, the Exchange Agent, the Transfer Agents and any Calculation Agent;

AGM has the meaning given on page 261;

Agreement Date means, in respect of any Covered Bond, the date on which agreement is reached for the issue of such Covered Bond as contemplated in the Programme Agreement which, in the case of the Covered Bonds issued on a syndicated basis or otherwise in relation to which a Subscription Agreement is entered into, shall be the date on which the relevant Subscription Agreement is signed by or on behalf of all the parties to it;

AML/CTF has the meaning given on page 29;

Amortisation Test has the meaning given to it on page 304;

Amortisation Test Aggregate Loan Amount has the meaning given to it on page 305;

Amortisation Test Outstanding Principal Balance has the meaning given to it on page 305;

applicable Final Terms has the meaning given on page 100;

Approved External Dispute Resolution Scheme means an external dispute resolution scheme approved under and in accordance with Clause 47(1)(i) of the NCCP and Regulation 10(3) of the Regulations;

APRA means the Australian Prudential Regulation Authority;

Arrangers means Barclays Capital Asia Limited and Westpac Banking Corporation;

Arrears of Interest means, in relation to a Loan as at any date, the aggregate of all interest and fees (other than any Third Party Amounts) which are due and payable and unpaid on that date;

ASIC means the Australian Securities and Investments Commission;

Asset Coverage Test has the meaning given to it on page 299;

Asset Coverage Test Breach Notice means the notice required to be served by the Bond Trustee in the form set out in schedule 6 (Form of Asset Coverage Test Breach Notice) to the Bond Trust Deed if the Adjusted Aggregate Loan Amount is less than the Australian Dollar Equivalent of the Principal Amount Outstanding of all Covered Bonds as of two consecutive Calculation Dates;

Asset Monitor means PricewaterhouseCoopers, or any substitute asset monitor appointed as such in accordance with the Asset Monitor Agreement;

Asset Monitor Agreement means the asset monitor agreement entered into on or about the first Issue Date between the Asset Monitor, the CB Guarantor, the Cash Manager, the Issuer, the Servicer and the Security Trustee;

Asset Monitor Fee has the meaning given to it in the Asset Monitor Agreement;

Asset Monitor Report means a report in the form set out in schedule 2 (Form of Asset Monitor Report) to the Asset Monitor Agreement containing the results of the tests conducted by the Asset Monitor in accordance with the Asset Monitor Agreement to be delivered to the Cash Manager, the CB Guarantor, the Issuer and the Security Trustee;

Asset Percentage has the meaning given to it on page 303;

Asset Percentage Adjusted Outstanding Principal Balance has the meaning given to it on page 301;

Asset Registers has the meaning given to it on page 277;

Assignment Date means each date on which a New Portfolio is assigned to the CB Guarantor in accordance with the terms of the Mortgage Sale Deed subject to the terms of the relevant New Portfolio Notice;

ASX means the Australian Securities Exchange (ASX);

ASXCGC has the meaning given on page 258;

ASXCGC Recommendations has the meaning given on page 258;

AUD Equivalent or **Australian Dollar Equivalent** means, in relation to the calculation of any amount in relation to a Covered Bond (including any calculations of the Required Redemption Amount of a Covered Bond):

(a) where the Covered Bond is denominated in a currency other than Australian Dollars, the Australian Dollar equivalent of the relevant amount ascertained using the Covered Bond Swap Rate relating to the relevant Series of Covered Bonds;

(b) where the Covered Bond is denominated in a currency other than Australian Dollars but the relevant Covered Bond Swap Agreement has been terminated and no replacement swap agreement has been entered into, the relevant amount in Australian Dollars calculated at the prevailing spot rate; and

(c) where the Covered Bond is denominated in Australian Dollars, the relevant amount in Australian Dollars;

AUSTRAC means the Australian Transaction Reports and Analysis Centre;

Austraclear means Austraclear Limited (ABN 94 002 060 773);

Austraclear System means the clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system;

Austraclear System Regulations means the regulations known as the "Austraclear Regulations", together with any instructions or directions, (as amended or replaced from time to time) established by Austraclear to govern the use of the Austraclear System and binding on the participants of that system;

Australian Agency Agreement means the agency agreement dated 15 January 2007 (as amended by a side letter dated prior to the first Issue Date and made between the Issuer and the Australian Agent)

Australian Agent means BTA Institutional Services Australia Limited ABN 48 002 916 396;

Australian Bond Basis has the meaning given on page 183;

Australian Credit Licence has the meaning given to that term in the NCCP;

Australian Domestic Covered Bond means a Covered Bond denominated in Australian Dollars, governed by Australian law and issued in uncertificated registered form under the Australian Domestic Covered Bond Deed Poll and in accordance with the Bond Trust Deed;

Australian Domestic Covered Bond Deed Poll means the deed poll dated on or about the first Issue Date made by Westpac Banking Corporation or such other deed poll made by Westpac Banking Corporation in respect of Australian Domestic Covered Bonds and acknowledged by Westpac Banking Corporation to be a deed poll for these purposes;

Australian Real Property Legislation means any law relating to the registration, priority or effectiveness of any mortgage over land in any State or Territory of Australia;

Australian Register means the register of the holders of Australian Domestic Covered Bonds maintained by the Australian Agent and Registrar in accordance with the Australian Agency Agreement;

Australian Registrar means BTA Institutional Services Australia Limited ABN 48 002 916 396;

Australian Tax Act has the meaning given on page 152;

ATO means the Australian Taxation Office;

Australian Terms and Conditions or **Australian Conditions** means the terms and conditions of the Australian Domestic Covered Bonds (as set out in the section entitled *Australian Terms and Conditions of the Australian Domestic Covered Bonds*);

Authorisation includes:

(a) any consent, authorisation, registration, filing, lodgement, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a Government Agency; or

(b) in relation to anything which will be fully or partly prohibited or restricted by law if a Government Agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of that period without intervention or action;

Authorised Investments means each of:

(a) an at call Australian Dollar deposit held with an Eligible Bank and convertible into cash within two Sydney Business Days of request for conversion;

(b) an Australian Dollar bill or certificates of deposit issued by an Eligible Bank with a remaining maturity of 30 days or less and maturing on or before the next following CBG Payment Date that:

(i) is eligible for repurchase transactions with the RBA; and

(ii) was not issued by the Issuer,

(d) provided the aggregate amount of such bills and certificates of deposit held by the CB Guarantor at any time may not exceed 15% of the aggregate Principal Amount Outstanding of the Covered Bonds at that time;

(c) a bond, note, debenture or other instrument issued or guaranteed by the Commonwealth of Australia or any State or Territory having a remaining maturity date of 30 days or less and maturing on or before the next following CBG Payment Date; and

(d) any other investments that are acceptable in accordance with the Banking Act or related laws or regulations, the investment in of which will not result in an Adverse Rating Effect, provided that, in each case and in the sole discretion of the Cash Manager it is not classified as a "securitisation exposure" or a "resecuritisation exposure" in accordance with Prudential Standard APS 120 (Securitisation) or any applicable prudential standard which updates or replaces it or any other applicable prudential standard; and

(e) in the case of paragraph (c) above, such bond, note, debenture or other instrument will have certain minimum long-term and short-term ratings, which will be at least:

(i) so long as Moody's is rating the Covered Bonds: A2 or P-1; and

(ii) so long as Fitch is rating the Covered Bonds: at least a long-term rating of AA- or at least a short-term rating of F1+;

Available Principal Receipts means, as of a Calculation Date, an amount equal to the aggregate of (without double counting):

(a) the amount of Principal Receipts received (whether by the CB Guarantor, the Servicer on its behalf or otherwise) during the immediately preceding Calculation Period;

(b) any other amount standing to the credit of the Principal Ledger;

(c) the proceeds of any Advances or Subordinated Advances (other than Deemed Advances or Deemed Subordinated Advances) (where such proceeds have not been applied to acquire New Portfolios, refinance an existing Advance or Subordinated Advance, invest in Substitution Assets or as a credit to the Pre-Maturity Liquidity Ledger or the Reserve Ledger);

(d) the proceeds from any sale of Loans (including, but not limited to, Selected Loans) pursuant to the terms of the Participation Agreement or the Mortgage Sale Deed to the extent that such proceeds represent principal;

(e) the proceeds from the sale of Substitution Assets or Authorised Investments pursuant to the terms of the Participation Agreement to the extent such proceeds represent principal;

(f) the amount of any Excess Proceeds standing to the credit of the GI Account;

(g) following the service of a Notice to Pay, the relevant amount standing to the credit of the Accrued Payments Ledger which is to be applied on the immediately following CBG Payment Date in accordance with the Participation Agreement; and

(h) following repayment of any Hard Bullet Covered Bonds by the Issuer or the CB Guarantor on the Maturity Date thereof or if the Issuer is no longer failing the Pre-Maturity Test, any amounts standing to the credit of the Pre-Maturity Liquidity Ledger in respect of such Series of Hard Bullet Covered Bonds (except where the CB Guarantor is required to retain such amounts on the Pre-Maturity Liquidity Ledger under the Transaction Documents) as provided in Clause 3.3(g) (The Pre-Maturity Test) of the Participation Agreement;

Less or excluding (as applicable and without double counting) any:

(a) Swap Collateral;

(b) principal received under the Covered Bond Swap Agreements;

(c) Trust Back Assets;

(d) Third Party Amounts;

(e) Tax Credits; and

(f) any amounts referred to in part 5 (Other Payments) of schedule 2 of the Cash Management Deed;

Available Revenue Receipts means, as of a Calculation Date, an amount equal to the aggregate of (without double counting):

(a) the amount of Revenue Receipts received (whether by the CB Guarantor or the Servicer on its behalf or otherwise) during the immediately preceding Calculation Period;

(b) other net income of the CB Guarantor received during the immediately preceding Calculation Period including:

(i) all interest received by the CB Guarantor on the CBG Accounts (other than the Swap Collateral Accounts, but including Swap Collateral Available Amounts);

(ii) all amounts received by the CB Guarantor representing income on any Substitution Assets and Authorised Investments in the preceding Calculation Period;

(iii) the proceeds received from any sale of Loans (including, but not limited to, Selected Loans) pursuant to the terms of the Participation Agreement or the Mortgage Sale Deed to the extent that such proceeds comprise Accrued Interest and Arrears of Interest or other interest or fee amounts;

(iv) amounts received by the CB Guarantor under the Interest Rate Swap Agreements (excluding any termination payment received from the relevant Interest Rate Swap Provider to the extent applied to acquire a replacement Interest Rate Swap); and

(v) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement for the relevant terminated Swap;

(c) prior to the service of a Notice to Pay or an Asset Coverage Test Breach Notice (if not revoked), amounts standing to the credit of the Reserve Fund in excess of the Reserve Fund Required Amount in each case as of that Calculation Date;

(d) following the service of a Notice to Pay or an Asset Coverage Test Breach Notice, amounts standing to the credit of the Reserve Fund in each case as of that Calculation Date;

(e) following the service of a Notice to Pay, the relevant amount standing to the credit of the Accrued Payments Ledger which is to be applied on the immediately following CBG Payment Date in accordance with the Participation Agreement;

(f) the proceeds of any Advance which the Cash Manager has determined shall be treated as Available Revenue Receipts under the Cash Management Deed;

(g) the amount of any premium received by the CB Guarantor from a new Swap Provider as consideration for the entry by the CB Guarantor into a new Swap during the immediately

preceding Calculation Period, except to the extent applied to pay any termination payment under the relevant Swap being replaced; and

(h) any other revenue receipts not referred to in paragraphs (a) to (g) (inclusive) above received during the previous Calculation Period and standing to the credit of the Revenue Ledger;

Less or excluding (as applicable and without double counting) any:

(i) Third Party Amounts;

(j) Tax Credits;

(k) any Swap Collateral Excluded Amounts;

(l) any Trust Back Assets;

(m) amounts in respect of interest received by the CB Guarantor under each Covered Bond Swap Agreement; and

(n) amounts received and listed in part 5 (Other Payments) of schedule 2 to the Cash Management Deed;

Bank Account Agreement means the bank account agreement between the CB Guarantor, the Account Bank, the Security Trustee and the Cash Manager dated 3 November 2011;

Banking Act has the meaning given on page vii;

Basel III means the announcement in December 2010 by the Basel Committee on Banking Supervision of a revised global capital adequacy framework, known as Basel III;

BBSW means the Bank Bill Swap reference rate;

BBSW Rate:

(a) in the case of an Australian Domestic Covered Bond, has the meaning given in the Australian Terms and Conditions; or

(b) in all other cases, means the rate (expressed as a percentage per annum), in respect of any day and any period, which is the rate for prime bank eligible securities having a tenor closest to the duration of that period which is displayed as the "AVG MID" on the Thomson Reuters Screen BBSW page (or any designation which replaces that designation on that page, or any page that replaces that page) at 12 p.m. (Sydney time) on the first day of that period. However, if such rate does not appear on the Thomson Reuters Screen BBSW Page (or any designation which replaces that designation on that page, or any page that replaces that page) by 12 p.m. (Sydney time) on that day, or it does appear but the Issuer or an Independent Adviser appointed by the Issuer determines that there is an obvious error in that rate, **BBSW Rate** means the rate determined by the Issuer or the Independent Adviser (as applicable) in good faith having regard to comparable indices in customary market usage. The rate calculated or determined by the Issuer or the Independent Adviser (as applicable) will be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001%).

Notwithstanding the above, if the Issuer or the Independent Adviser (as applicable) determines that the BBSW Rate has been permanently discontinued, **BBSW Rate** means

the rate which the Calculation Agent is directed by the Issuer or the Independent Adviser (as applicable) to substitute for the BBSW Rate (**Alternative Rate**), which will be the rate specified by ISDA to be the relevant fallback rate for the BBSW Rate, or such successor or substitute rate which is consistent with accepted market practice. As part of such substitution, the Issuer or the Independent Adviser (as applicable) shall direct the Calculation Agent to make such adjustments to the Alternative Rate or the spread thereon, as well as 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 Alternative Rate for debt obligations such as the Floating Rate Covered Bonds, and the Calculation Agent shall have no liability to any person for acting on the directions of the Issuer or the Independent Adviser (as applicable). The Calculation Agent may rely fully on the directions of and rate provided by the Issuer or the Independent Adviser (as applicable);

BCBS has the meaning given on page 75;

Bearer Covered Bonds means Covered Bonds in bearer form;

Bearer Definitive Covered Bond means a Bearer Covered Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Bond Trust Deed in exchange for either a Temporary Global Covered Bond or part thereof or a Permanent Global Covered Bond (all as indicated in the applicable Final Terms), such Bearer Covered Bond in definitive form being substantially in the form set out in Part 3 of schedule 2 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues) and having the relevant Terms and Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the relevant Terms and Conditions by reference as indicated in the applicable Final Terms and having the relevant information supplementing, replacing or modifying the Terms and Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and (except in the case of a Zero Coupon Covered Bond in bearer form) having Coupons and, where appropriate, Talons attached thereto on issue;

Bearer Global Covered Bonds means Global Covered Bonds in bearer form, comprising Temporary Global Covered Bonds and Permanent Global Covered Bonds, substantially in the forms set out in Parts 1 and 2, respectively, of schedule 2 to the Bond Trust Deed;

Beneficial Owner means each actual purchaser of each DTC Covered Bond;

Bond Trust Deed means the deed entered into on or about 11 November 2011 between the Issuer, the CB Guarantor and the Bond Trustee and includes any trust deed or other document executed by the Issuer, the CB Guarantor and the Bond Trustee in accordance with the provisions of the Bond Trust Deed and expressed to be supplemental to the Bond Trust Deed;

Bond Trustee means BNY Mellon Corporate Trustee Services Limited in its capacity as bond trustee under the Bond Trust Deed together with any successor or additional bond trustee appointed from time to time thereunder;

Borrower means, in relation to a Loan, each person specified as such in the relevant Mortgage Terms together with each Person (if any) from time to time assuming an obligation to repay such Loan or any part of it;

Broken Amount has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Business Day has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Business Day Convention has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Calculation Agent has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Calculation Date means the first day after the end of the immediately preceding Calculation Period;

Calculation of Interest Amount has the meaning given on pages 124, 125, 136, 194, 195 and 198;

Calculation Period means each Month, being the period from (and including) the first day of each Month to (and including) the last day of each Month, except that the first Calculation Period shall commence on (and include) the first Assignment Date under the Programme and end on (and include) the last day of the Month in which the first Assignment Date occurs;

Call or **Call Option** means the call option specified in the relevant Final Terms in respect of the applicable Series of Covered Bonds;

Capital Balance means for Loan at any date the principal balance of that Loan to which the Servicer applies the relevant interest rate at which interest on that Loan accrues;

Capitalised Interest means unpaid interest in respect of a Loan that has been capitalised and added to the Outstanding Principal Balance in respect of the Loan;

Cash Management Deed means the cash management deed dated 3 November 2011 between the CB Guarantor, Westpac Securitisation Management Pty Limited in its capacity as the Cash Manager, the Seller, the Servicer and the Security Trustee;

Cash Manager means Westpac Securitisation Management Pty Limited in its capacity as cash manager or any successor cash manager appointed from time to time;

Cash Manager Termination Event has the meaning given to it in Clause 10.2 (Cash Manager Termination Events) of the Cash Management Deed;

CB Guarantor means BNY Trust Company of Australia Limited (ABN 49 050 294 052) in its capacity as trustee of the Westpac Covered Bond Trust;

CBG Acceleration Notice means a notice in writing, substantially in the form set out in schedule 4 (Form of CBG Acceleration Notice) of the Bond Trust Deed, given by the Bond Trustee to the Issuer, the CB Guarantor and the Security Trustee that each Covered Bond of each Series is, and each Covered Bond of each Series shall, as against the Issuer (if not already due and repayable against it following an Issuer Acceleration Notice) and as against the CB Guarantor, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest, and all amounts payable by the CB Guarantor under the Covered Bond Guarantee shall thereupon immediately become due and payable subject to and in accordance with the Bond Trust Deed, and thereafter the Charge shall become enforceable;

CBG Account Agreements means the Bank Account Agreement and any other agreement entered into by the CB Guarantor in relation to the opening and operation of a CBG Account;

CBG Accounts means the GI Account and any additional or replacement accounts opened in the name of the CB Guarantor, including each Swap Collateral Account;

CBG Activities means the activities of the CB Guarantor set out in Clause 2 (CB Guarantor's Activities) of the Participation Agreement**,** including:

(a) acquiring, managing and selling Loans and their Related Security;

(b) acquiring, managing and selling Substitution Assets and Authorised Investments;

(c) borrowing money pursuant to the Intercompany Loan Agreement and Subordinated Loan Agreement; and

(d) entering into and performing its obligations and exercising its rights under the Transaction Documents;

CBG Assets means the following property, assets and rights of the CB Guarantor:

(a) the CB Guarantor's interest in the Loans and their Related Security and other related rights comprised in the Portfolio;

(b) all of the CB Guarantor's interests, rights and entitlements under and in respect of any Transaction Document to which it is a party;

(c) the rights and benefits of the CB Guarantor in the CBG Accounts (including the amounts credited to the CBG Accounts in respect of Excess Proceeds) and any other account of the CB Guarantor and all amounts standing to the credit of the CBG Accounts and such other accounts;

(d) the rights and benefits of the CB Guarantor in respect of all Authorised Investments and Substitution Assets held by or on behalf of the CB Guarantor from time to time;

(e) all other assets and undertaking of the CB Guarantor; and

(f) any proceeds of the foregoing,

but excludes all Trust Back Assets;

CBG Event of Default has the meaning given to it in the relevant Condition 9.2 (*CBG Events of Default*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

CBG Payment Date means the 14th day of each Month or if not a Sydney Business Day the next following Sydney Business Day, unless such next following Sydney Business Day falls in the following Month, in which case the date will be the preceding day that is a Sydney Business Day, provided that, for the avoidance of doubt, the first CBG Payment Date shall be after the first Assignment Date;

CBG Payment Period means the period from (and including) the 14th day of each Month to (but excluding) the 14th day of the immediately following Month, with the first CBG Payment Period commencing on the First Assignment Date;

CBG Secured Property has the meaning given to it in the relevant Condition 9.3 (*Enforcement*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Change in Circumstances has the meaning given on page 362;

Charge has the meaning given to it in the Security Trust Deed;

Clearing Systems means the Austraclear System, DTC, Euroclear, Clearstream, Luxembourg and/or the CMU Service;

Clearstream, Luxembourg means Clearstream Banking, société anonyme;

CMU Instruments has the meaning given on page 351;

CMU Instrument Position Report has the meaning specified in the CMU Rules;

CMU Lodging Agent means the person appointed by the Issuer from time to time as the agent in respect of the CMU Service;

CMU Member means any member of the CMU Service;

CMU Reference Manual means the reference manual relating to the operation of the CMU Service issued by the HKMA to CMU Members, as amended from time to time;

CMU Rules means all requirements of the CMU Service for the time being applicable to a CMU Member and includes:

(a) all the obligations for the time being applicable to a CMU Member under or by virtue of its membership agreement with the CMU Service and the CMU Reference Manual;

(b) all the operating procedures as set out in the CMU Reference Manual for the time being in force in so far as such procedures are applicable to a CMU Member; and

(c) any directions for the time being in force and applicable to a CMU Member given by the HKMA through any operational circulars or pursuant to any provision of its membership agreement with the HKMA or the CMU Reference Manual;

CMU Service means the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority;

Code of Banking Practice means the code so entitled issued by the Australian Bankers Association in November 1993, as amended or replaced from time to time;

Common Code means the nine-digit identification code issued jointly by CEDEL and Euroclear;

Common Depositary means the common depositary for Euroclear and Clearstream, Luxembourg, the initial common depositary being The Bank of New York Mellon, acting through its London Branch, in its capacity as the common depositary for Euroclear and Clearstream, Luxembourg;

Common Safekeeper means Clearstream, Luxembourg or any entity so determined pursuant to Clause 2.8 (Common Safekeeper) of the Offshore Agency Agreement;

CONSOB means The Commissione Nazionale per le Società e la Borsa;

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 of the provisions of the code set out in the appendix to the Consumer Credit Code (Tasmania) Act 1996;

Consumer Credit Legislation means "credit legislation" as defined in the NCCP including the National Credit Code;

Contractual Currency has the meaning given on page 169;

Controller has the meaning given in the Corporations Act;

Corporations Act means the Corporations Act 2001 of the Commonwealth of Australia;

Costs means any loss, damage, cost, charge, claim, demand, expense, judgment, decree, action, proceeding or other liability whatsoever, including, without limitation, in respect of:

(a) Taxes;

(b) in the case of the Bond Trustee and the Agents only, any amounts in respect of GST, VAT or other similar Tax;

(c) in the case of all parties other than the Bond Trustee and the Agents, any amounts in respect of GST, VAT or other similar Tax to the extent not recoverable from a government, Tax, revenue or other similar authority; and

(d) legal fees and expenses on a full indemnity basis;

Coupon means an interest coupon appertaining to a Bearer Definitive Covered Bond (other than a Zero Coupon Covered Bond), such coupon being:

(a) if appertaining to a Fixed Rate Covered Bond, substantially in the form set out in Part 5A of schedule 2 to the Bond Trust Deed or in such other form, having regard to the terms of issue of the Covered Bonds of the relevant Series, as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s); or

(b) if appertaining to a Floating Rate Covered Bond, substantially in the form set out in Part 5B of schedule 2 to the Bond Trust Deed or in such other form, having regard to the terms of issue of the Covered Bonds of the relevant Series, as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s); or

(c) if appertaining to a Bearer Definitive Covered Bond which is neither a Fixed Rate Covered Bond nor a Floating Rate Covered Bond, in such form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s);

Coupon Sheet has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Coupon Switch Option has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Coupon Switch Option Date has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Couponholders means the holders of the Coupons (which expression shall, unless the context otherwise requires, include the holders of the Talons);

Covered Bond means each covered bond issued or to be issued by the Issuer pursuant to the Programme Agreement (including N Covered Bonds provided that the relevant N Covered Bondholder, in the case of the initial N Covered Bondholder, has entered into the related N Covered Bond Confirmation and delivered such N Covered Bond Confirmation to the Issuer or, in the case of an assignee, has agreed to be bound by the terms of such N Covered Bond Confirmation by way of an N Covered Bond Assignment Agreement) and which is or is to be constituted under the Bond Trust Deed or in the case of the Australian Domestic Covered Bonds, the Australian Domestic Covered Bond Deed Poll, and which may be represented by a Global Covered Bond or any Definitive Covered Bond or, in the case of any N Covered Bond, by an N Covered Bond Certificate and includes any replacements for a Covered Bond issued pursuant to Condition 12 (*Replacement of Covered Bonds*);

Covered Bond Guarantee means the unconditional and irrevocable guarantee by the CB Guarantor in the Guarantee Deed Poll for the payment (following service of a Notice to Pay or a CBG Acceleration Notice) of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment;

Covered Bond Swap Agreement means each agreement between the CB Guarantor, a Covered Bond Swap Provider and the Cash Manager in respect of a Series or Tranche, as applicable, of Covered Bonds which provides a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the CB Guarantor under the Loans in the Portfolio and any relevant Interest Rate Swap and amounts payable by the CB Guarantor under the Covered Bond Guarantee in respect of Covered Bonds (after service of a Notice to Pay) in the form of an ISDA Master Agreement, including a schedule, one or more confirmations and a credit support annex (as the same may be amended, restated, supplemented, replaced or novated from time to time);

Covered Bond Swap Early Termination Event means a Termination Event or Event of Default (each as defined in the relevant Covered Bond Swap Agreement), excluding a Swap Provider Downgrade Event, pursuant to which the Non-defaulting Party or the party that is not the Affected Party (each as defined in the relevant Covered Bond Swap Agreement), as applicable, may terminate the Covered Bond Swap Agreement;

Covered Bond Swap Provider means each provider of a Covered Bond Swap under a Covered Bond Swap Agreement;

Covered Bond Swap Rate means, in relation to a Series of Covered Bonds, the exchange rate specified in the Covered Bond Swap relating to such Covered Bonds or, if the relevant Covered Bond Swap Agreement has terminated and has not been replaced, the applicable spot rate;

Covered Bond Swaps means the interest rate and currency swaps entered into in connection with each Series or Tranche of Covered Bonds under the terms of a Covered Bond Swap Agreement;

Covered Bondholders means the several persons who are for the time being holders of outstanding Covered Bonds (being, in the case of Bearer Covered Bonds, the bearers thereof and, in the case of Registered Covered Bonds, the several persons whose names are entered in the register of holders of the Registered Covered Bonds as the holders thereof) save that, in respect of the Covered Bonds of any Series, for so long as such Covered Bonds or any part thereof are represented by a Bearer Global Covered Bond deposited with a common depositary for Euroclear and Clearstream, Luxembourg, or, as the case may be, the common safekeeper, or so long as Austraclear, DTC, Euroclear, Clearstream, Luxembourg, or its nominee is the registered holder of a Registered Global Covered Bond or such Covered Bonds are held on behalf of the CMU Service, each person who is for the time being shown in the records of Austraclear, Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) or, as the case may be, DTC, or its nominee, as the holder of a particular principal amount of the Covered Bonds of such Series shall be deemed to be the holder of such principal amount of such Covered Bonds (and the holder of the relevant Global Covered Bond shall be deemed not to be the holder) for all purposes of the Bond Trust Deed other than with respect to the payment of principal or interest on such principal amount of such Covered Bonds and, in the case of DTC, or its nominee, voting, giving consents and making requests pursuant to the Bond Trust Deed, the rights to which shall be vested, as against the Issuer, the CB Guarantor and the Bond Trustee, solely in such common depositary or, as the case may be, DTC or the CMU Service, or its nominee and for which purpose such common depositary or, as the case may be, DTC, or its nominee shall be deemed to be the holder of such principal amount of such Covered Bonds in accordance with and subject to its terms and the provisions of the Bond Trust Deed and the expressions **Covered Bondholder**, **Holder** and **holder of Covered Bonds** and related expressions shall be construed accordingly;

CRA Regulation has the meaning given on page iii;

Credit Legislation has the meaning given to that term in the NCCP;

Credit Provider has the meaning given to that term in the NCCP;

Custodian means any custodian with whom the relevant Registered Global Covered Bonds have been deposited;

Customer Files means the file or files (in electronic form or otherwise) that contains all material information in relation to each Loan and its Related Security, including, amongst other things, the mortgage documentation applicable to the Loan;

Cut-Off Date means:

(a) in relation to the Loans and their Related Security purchased on any Assignment Date, the date specified as such in the relevant New Portfolio Notice;

(b) in relation to the repurchase of any Loans and their Related Security in accordance with a Loan Repurchase Notice, the date specified as such in the Loan Repurchase Notice;

(c) in relation to the repurchase of any Loans and their Related Security in accordance with Clause 9.2 (Product Switch or Further Advance), 9.3 (Repurchase following Repurchase Event) or 9.4 (General Repurchase) of the Mortgage Sale Deed, the date on which the CB Guarantor offers, or is deemed to have offered, to sell the relevant Loans and their Related Security to the Seller; and

(d) in relation to the repurchase of any Loans and their Related Security in accordance with a Selected Loan Offer Notice, the date specified as such in the relevant Selected Loan Offer Notice;

D_1 has the meaning given on pages 106, 107, 182 and 183;

D_2 has the meaning given on pages 106, 107, 182 and 183;

Day Count Fraction has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Dealers means each financial institution named as such in the Programme Agreement and any other dealers appointed from time to time in accordance with the Programme Agreement which appointment may be for a specific issue or on an ongoing basis. References to the **relevant Dealer(s)** shall, 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;

Deemed Advance means an advance deemed to constitute an Advance under the Intercompany Loan in accordance with the terms of the Intercompany Loan Agreement;

Deemed Advance Preconditions has the meaning given to it in Clause 5.3(b) of the Intercompany Loan Agreement;

Deemed Ratings has the meaning given on page 298;

Deemed Subordinated Advances has the meaning given to it on page 312;

Defaulted Loan means any Loan comprised in the Portfolio which is more than 90 days in Arrears;

Definitive Covered Bond means a Bearer Definitive Covered Bond and/or a Registered Definitive Covered Bond, as the context may require;

Definitive Regulation S Covered Bond means a Registered Covered Bond in definitive form sold to non-U.S. persons outside the United States in reliance on Regulation S;

Definitive Rule 144A Covered Bond means a Registered Covered Bond in definitive form sold in the United States to QIBs pursuant to Rule 144A;

Delinquent Loan means any Loan comprised in the Portfolio which is more than 30 days in Arrears;

Demand Loan has the meaning given to it in Clause 5.4 (Guarantee Loan and Demand Loan) of the Intercompany Loan Agreement;

Demand Loan Repayment Assets means the Loans, Related Securities, Authorised Investments and/or Substitution Assets specified in a notice served in accordance with the terms of the Intercompany Loan Agreement;

Demand Loan Repayment Date has the meaning given to it on page 278;

Demand Loan Repayment Event has the meaning given to it in Clause 7.4 (Mandatory Repayment upon Demand Loan Repayment Event) of the Intercompany Loan Agreement;

Designated Maturity has the meaning given to it in the ISDA Definitions;

Determination Date has the meaning given to it in the applicable Final Terms;

Direct Participants means direct participants in DTC and accountholders in Euroclear or Clearstream, Luxembourg or the CMU Service;

Directors means the directors for the time being of the Issuer or the CB Guarantor (as the case may be);

directive has the meaning given on page 113;

disqualified persons has the meaning given on page 367;

Distribution Compliance Period means the period that ends 40 days after the later of the commencement of the offering and the Issue Date;

Drawdown Date means, in respect of any Advance, the date on which that Advance is, or is to be, made by the Issuer to the CB Guarantor as specified in the Request relating to that Advance;

DTC means The Depository Trust Company or any successor clearing system;

DTC Covered Bonds has the meaning given to it in Clause 8.11 (Payments to Exchange Agent) of the Offshore Agency Agreement;

DTC Rules means the rules, regulations and procedures creating and affecting DTC and its operations;

DTCC means The Depository Trust & Clearing Corporation;

Due for Payment means the requirement of the CB Guarantor to pay any Guaranteed Amount:

(a) following service of a Notice to Pay but prior to service of a CBG Acceleration Notice:

(i) (except where paragraph (ii) below applies) on the date on which the Scheduled Payment Date in respect of such Guaranteed Amount is reached, and, if the applicable Final Terms specified that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, on the Interest Payment Date(s)

that would have applied if the Maturity Date or Final Maturity Date (as the case may be) of such Series of Covered Bonds had been the Extended Due for Payment Date or such other Interest Payment Date(s) specified in the applicable Final Terms (the **Original Due for Payment Date**); or

(ii) in relation to any Guaranteed Amount in respect of the Final Redemption Amount payable on the Maturity Date or Final Maturity Date (as the case may be) of a Series of Covered Bonds for which an Extended Due for Payment Date is specified in the applicable Final Terms, on the Extended Due for Payment Date, but only to the extent that the CB Guarantor, having received the Notice to Pay, no later than the date falling one Business Day (and for such purposes Business Days include Brussels business days) prior to the Extension Determination Date, does not have sufficient monies under the Guarantee Priority of Payments to pay the Guaranteed Amounts corresponding to the Final Redemption Amount in full in respect of such Series of Covered Bonds on the date falling on the earlier of:

(A) the date which falls two Business Days after service of the Notice to Pay on the CB Guarantor or, if later, the Maturity Date or Final Maturity Date (as the case may be) (in each case after the expiry of the grace period set out in the relevant Condition 9.1(a) (*Issuer Events of Default*) of the International Conditions or Condition 9.1 (*Issuer Events of Default*) of the Australian Conditions or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions); and

(B) the Extension Determination Date.

For the avoidance of doubt, the term 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 service of a CBG Acceleration Notice, on the date on which the CBG Acceleration Notice is served on the Issuer and the CB 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 GI Account including, without limitation, any Series of Hard Bullet Covered Bonds in respect of which the Pre-Maturity Liquidity Ledger is fully funded in accordance with Clause 3.3 (The Pre-Maturity Test) of the Participation Agreement) that has or have the earliest Maturity Date as specified in the applicable Final Terms (ignoring any acceleration of amounts due under the Covered Bonds prior to service of a CBG Acceleration Notice);

Early Redemption Amount has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Early Redemption Amount (Tax) has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Early Repayment Fee means any fee which a Borrower is required to pay in the event that his or her Loan becomes repayable for default or for any other mandatory reason or he or she repays all or any part of the relevant Loan before a specified date;

EEA States means all Member States, Iceland, Liechtenstein and Norway;

Eligibility Criteria means the criteria set forth in schedule 2 (Eligibility Criteria) of the Mortgage Sale Deed (or in the equivalent clause of any New Mortgage Sale Deed);

Eligible Asset Monitor means an asset monitor that:

(a) is an accountancy firm of international standing or of national standing in Australia that is registered as an auditor under Part 9.2 of the Corporations Act; or

(b) holds an Australian financial services licence under the Corporations Act that covers the provision of cover pool monitor services as described in the Banking Act; or

(c) is exempt under the Corporations Act from holding an Australian financial services licence in respect of the provision of cover pool monitor services as described in the Banking Act,

other than, in each case, the Issuer or an associated entity (within the meaning of the Corporations Act) of the Issuer;

Eligible Bank means an authorised deposit-taking institution (as defined in the Banking Act) whose:

(a) short-term, unsecured and unsubordinated debt obligations have a rating equivalent to or higher than:

(i) in the case of Moody's, P-1;

(ii) in the case of Fitch, F1; and

(iii) an equivalent rating from another Rating Agency; and

(b) long-term, unsecured and unsubordinated debt obligations have a rating equivalent to or higher than A by Fitch,

or in each case, such lower ratings that will not result in an Adverse Rating Effect provided that for the purposes of references to Eligible Bank in the definition of **Authorised Investments**, paragraph (b) above does not apply;

Eligible Seller means a Seller in respect of which the Seller's unsecured, unsubordinated long-term debt obligations are rated at least:

(a) BBB- from Fitch; and

(b) Baa3 from Moody's,

or such lower rating that will not result in an Adverse Rating Effect;

Encumbrance means any:

(a) security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement;

(b) security interest under the PPSA;

(c) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right of set-off;

(d) right that a person (other than the owner) has to remove something from land (known as a *profit à prendre*), easement, public right of way, restrictive or positive covenant, lease, or licence to use or occupy; or

(e) third party right or interest or any right arising as a consequence of the enforcement of a judgment,

or any agreement to create any of them or allow them to exist;

Equity Linked Interest Covered Bonds means Covered Bonds in respect of which payments of interest will be calculated by reference to the price, value, performance or some other factor relating to one or more reference assets, as set out in the applicable Final Terms;

ERISA has the meaning given on page 367;

ERISA Plans has the meaning given on page 367;

EU means the European Union;

EURIBOR means the Euro-zone inter-bank offered rate;

Euroclear means Euroclear Bank S.A./N.V.;

European Economic Area means the countries comprising the European Union together with Norway, Liechtenstein and Iceland;

Euro-zone means the region comprised of Member States that adopt the Euro;

Excess Proceeds means moneys received (following the occurrence of an Issuer Event of Default and the delivery of an Issuer Acceleration Notice) by the Bond Trustee from the Issuer or any administrator, voluntary administrator, liquidator, statutory manager or other similar officer appointed in relation to the Issuer;

Exchange Act means the U.S. Securities Exchange Act of 1934, as amended;

Exchange Agent means The Bank of New York Mellon in its capacity as exchange agent (which expression shall include any successor exchange agent);

Exchange Date means the date on or after the date which is 40 days after a Temporary Global Covered Bond is issued;

Exchange Event has the meaning given to it in the relevant Condition 2.6 (*Exchange of Permanent Global Covered Bonds for Definitive Covered Bonds or Registered Covered Bonds*) or the relevant Condition 2.10 (*Exchange Event for Registered Global Covered Bonds*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions (as applicable);

Excluded Scheduled Interest Amounts means any additional amounts relating to premiums, default interest or interest upon interest payable by the Issuer in respect of the Covered Bonds in accordance with the relevant Terms and Conditions following the occurrence of an Issuer Event of Default, or, as applicable, a CBG Event of Default;

Excluded Scheduled Principal Amounts means any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest payable by the Issuer in respect of the Covered Bonds in accordance with the relevant Terms and Conditions following the occurrence of an Issuer Event of Default, or, as applicable, a CBG Event of Default;

Excluded Swap Termination Amount means, in relation to a Swap Agreement, an amount equal to the amount of any termination payment due and payable under that Swap Agreement:

(a) to the relevant Swap Provider as a result of a Swap Provider Default with respect to such Swap Provider; or

(b) to the relevant Swap Provider following a Swap Provider Downgrade Event with respect to such Swap Provider;

Execution Date means the date on or before the first Issue Date on which the Bond Trust Deed, the Offshore Agency Agreement, the Guarantee Deed Poll and the Australian Domestic Covered Bond Deed Poll are executed by each of the respective parties thereto;

Extendable Covered Bonds means those Covered Bonds that have an Extended Due for Payment Date specified in relation to them in the applicable Final Terms;

Extended Due for Payment Date has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Extension Determination Date has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Extraordinary Resolution means a resolution passed at a meeting of Secured Creditors of a Series by at least 75% of the votes cast;

FATCA means sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986, as amended, including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-U.S. Laws enacted with respect thereto;

FCA means the UK Financial Conduct Authority (and prior to 1 April 2013, the **FSA**), or any successor authority;

FIEA has the meaning given on page 377;

Final Maturity Date has the meaning given to it in the relevant Terms and Conditions;

Final Redemption Amount has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Final Terms means (a) (with respect to Covered Bonds other than N Covered Bonds) the final terms or other pricing supplement prepared and issued in relation to a Tranche or Series of Covered Bonds and which has been confirmed by the Issuer in writing and (b) with respect to any N Covered Bond, (taken together) the N Covered Bond Conditions applicable to the N Covered Bond and the relevant N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms);

Financial Services Act means Legislative Decree No. 58 of 24 February 1998 of the Republic of Italy, as amended;

Fitch means Fitch Australia Pty Limited or any of its affiliates;

Fixed Coupon Amount has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

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

Fixed Rate Loans means those Loans where the interest rate payable by the Borrower does not vary and is fixed for a certain period of time by the Seller;

Fixed Rate Reset Covered Bonds means Covered Bonds which bear interest at a rate determined:

(a) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Fixed Rate Reset Date (or, if there is more than one Reset Period, the first Fixed Rate Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and

(b) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Reset Rate, as determined by the Calculation Agent on the relevant Reset Determination Date in accordance with the Conditions,

and such interest is payable in arrear on each Interest Payment Date, subject as provided in the Conditions;

Fixed Rate Reset Date has the meaning given on page 107;

Floating Rate has the meaning given to it in the ISDA Definitions;

Floating Rate Convention, **FRN Convention** or **Eurodollar Convention** has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Floating Rate Covered Bonds means Covered Bonds which bear interest at a rate determined:

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

(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

as set out in the applicable Final Terms;

Floating Rate Option has the meaning given to it in the ISDA Definitions;

FMA means the Financial Markets Authority;

FSMA means the Financial Services and Markets Act 2000 (UK), as amended;

Following Business Day Convention has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Foreign Currency Covered Bonds has the meaning given on page 364;

Form of Transfer means the form of transfer endorsed on a Registered Definitive Covered Bond substantially in the form set out in Part 9 (Form of Registered Definitive Covered Bond) of schedule 2 (Form of Global and Definitive Covered Bonds, Coupons and Talons) to the Bond Trust Deed;

Former Residence has the meaning given on pages 166, 168, 223 and 225;

Further Advance means, in relation to a Loan, any advance of money (including redraws) to the relevant Borrower following the making of the Initial Advance, which is secured by the same Mortgage as the Initial Advance;

GI Account means the account in the name of the CB Guarantor held with the Account Bank and maintained subject to the terms of the Bank Account Agreement, the Security Trust Deed and the Participation Agreement or such additional or replacement account as may for the time being be in place pursuant to the Cash Management Deed;

GIA Balance means, on any day, the amount standing to the credit of the GI Account as at the opening of business on such day;

GIA Rate means the rate of interest accruing on the GIA Balance being, on any day, not less than BBSW Rate (as determined by the Cash Manager, and, in the case of the period from 3 November 2011 to the end of the month immediately following 3 November 2011, the BBSW Rate that the Cash Manager determines applied during that month);

Global Covered Bond means a Bearer Global Covered Bond and/or a Registered Global Covered Bond, as the context may require;

Government Agency means:

(a) any body politic or government in any jurisdiction, whether federal, state, territorial or local;

(b) any minister, department, office, commission, instrumentality, agency, board, authority or organisation of any government or in which any government is interested;

(c) any corporation owned or controlled by any government;

(d) any court, judicial entity or authority; and

(e) any self-regulating organisation established under statute or any stock exchange;

GST has the meaning given to it in section 195-1 of the GST Act;

GST Act means the A New Tax System (Goods and Services Tax) Act 1999 of the Commonwealth of Australia;

GST Amount has the meaning given on page 340;

Guarantee means the Covered Bond Guarantee;

Guarantee Deed Poll means the deed poll dated prior to the first Issue Date made by the CB Guarantor;

Guarantee Loan has the meaning given to it in Clause 5.4 of the Intercompany Loan Agreement;

Guarantee Priority of Payments has the meaning given to it on page 332;

Guaranteed Amounts means:

(a) prior to the service of a CBG 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 CBG Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the Terms and Conditions plus all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds (other than, in each case, additional amounts payable under Condition 8 (*Taxation*) or, in the case of the

N Covered Bonds, the applicable N Covered Bond Conditions), including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts otherwise payable by the CB Guarantor under the Bond Trust Deed;

Guaranteed Amounts Due Date has the meaning given to it in the relevant Condition 9.2(a) (*CBG Events of Default*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Hard Bullet Covered Bonds means any Series of Covered Bonds that are scheduled to be redeemed in full on the Maturity Date thereof without any provision for scheduled redemption other than on the Maturity Date;

HKMA has the meaning given on page 76;

ICMA means The International Capital Markets Association;

in Arrears or **in arrears** means, in respect of a Mortgage Account or a Loan (as the case may be), the relevant Borrower fails to pay any amount in respect of that Mortgage Account or such Loan (as the case may be) on the day it was due. Delayed payments arising from payment holidays based on early repayments by the Borrower in accordance with the terms of the Mortgage Account or a Loan (as the case may be) or from maternity or paternity leave repayment reductions which are granted by the Seller or the Servicer will not constitute a failure to pay amounts when due for the purposes of this definition;

Inappropriate Person has the meaning given to it in the NCCP;

Including, for example, such as has the meaning given on page 189;

Indexed Valuation at any date in relation to a Property means:

(a) where the Valuation of that Property is equal to or greater than the Reference Indexed Valuation as at that date, the Reference Indexed Valuation; or

(b) where the Valuation of that Property is less than the Reference Indexed Valuation as at that date, the Valuation plus 85% of the difference between the Valuation and the Reference Indexed Valuation;

Indirect Participants means indirect participants in DTC and accountholders in Euroclear, Clearstream, Luxembourg and/or the CMU Service that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly;

Initial Advance means, in respect of any Loan, the original principal amount advanced by the Seller or any other Originator but excluding any Third Party Amounts in respect of such Loan;

Initial Demand Loan Repayment Asset Amount has the meaning given on page 279;

Initial Demand Loan Repayment Assets has the meaning given on page 279;

Initial Demand Loan Repayment Notice has the meaning given on page 279;

Initial Rate of Interest has the meaning given on page 107;

Insolvency Event means:

(a) in respect of a person other than a member of the Westpac Group:

(i) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);

(ii) it is in liquidation, in provisional liquidation, under administration or wound up or has had a Controller appointed to its property;

(iii) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent, and in the case of the CB Guarantor, on terms approved by the Security Trustee);

(iv) an application or order has been made (and, in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (i), (ii) or (iii) above;

(v) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;

(vi) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act (or it makes a statement from which the Security Trustee reasonably deduces it is so subject);

(vii) it is otherwise unable to pay its debts when they fall due; or

(viii) something having a substantially similar effect to (i) to (vii) happens in connection with that person under the law of any jurisdiction; and

(b) in respect of a person that is a member of the Westpac Group:

(i) an order is made or an effective resolution is passed for the Winding-Up of it;

(ii) it ceases to carry on all or substantially all of its business other than under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of it in relation to the outstanding Covered Bonds are assumed by the successor entity to which all, or substantially all of the property, assets and undertaking of it are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented;

(iii) an encumbrancer takes possession or a receiver is appointed of the whole or any substantial part of the assets or undertaking of, or an administrator, liquidator, receiver and manager or other Controller is appointed to it or a distress or execution is levied or enforced upon any substantial part of the assets or undertaking of it and is not removed, paid out or otherwise discharged within 60 days unless the same is being contested in good faith;

(iv) it is unable to pay its debts as they fall due;

Intercompany Loan means all Advances made by the Issuer to the CB Guarantor under the Intercompany Loan Agreement;

Intercompany Loan Agreement means the loan agreement dated 3 November 2011 between the Issuer, the CB Guarantor, the Cash Manager and the Security Trustee;

Intercompany Loan Facility Amount means A$7.5 billion or such other amount as the Issuer and the CB Guarantor (at the direction of the Cash Manager) agree from time to time;

Intercompany Loan Interest Amount has the meaning given to it in Clause 6.2(b) (Interest Amount) of the Intercompany Loan Agreement;

Intercompany Loan Ledger Amount has the meaning given to it in Clause 6.2(b) (Interest Amount) of the Intercompany Loan Agreement;

Intercompany Loan Ledger means the ledger of such name maintained by the Cash Manager pursuant to the Cash Management Deed to record all payments of interest and repayments of principal on each of the Advances;

Intercompany Loan Provider has the meaning given to it in the Details;

Interest has the meaning given on page 114;

Interest Accrual Period has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Interest Amount has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Interest Basis means the amount and type of interest payable on the Covered Bonds as specified in the applicable Final Terms;

Interest Commencement Date has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Interest Determination Date has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Interest Payment Date has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Interest Period has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Interest Period End Date has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Interest Rate Swap means the interest rate swap entered into by the CB Guarantor and the Interest Rate Swap Provider under the terms of the Interest Rate Swap Agreement in respect of certain interest revenues received by the CB Guarantor (including in respect of the Fixed Rate Loans, the Variable Rate Loans, the GI Account, the Substitution Assets and any Authorised Investments) (as the same may be amended, restated, supplemented, replaced or novated from time to time), together with any other interest rate swaps entered into from time to time under the terms of the Interest Rate Swap Agreement;

Interest Rate Swap Agreement means each agreement between the CB Guarantor, the Interest Rate Swap Provider and the Cash Manager dated the Execution Date governing the Interest Rate Swap in the form of an ISDA Master Agreement, including a schedule, one or more confirmations and a credit support annex (as the same may be amended, restated, supplemented, replaced or novated from time to time);

Interest Rate Swap Collateral Bank Account Agreement means any interest rate swap collateral bank account agreement entered into between (*inter alia*) the CB Guarantor and the IRS Swap Collateral

Account Bank (as the same may be amended, restated, supplemented, replaced or novated from time to time);

Interest Rate Swap Early Termination Event means a Termination Event or an Event of Default (each as defined in the Interest Rate Swap Agreement), excluding a Swap Provider Downgrade Event, pursuant to which the Non-defaulting Party or the party that is not the Affected Party (each as defined in the Interest Rate Swap Agreement), as applicable, may terminate the Interest Rate Swap Agreement;

Interest Rate Swap Provider means Westpac Banking Corporation in its capacity as interest rate swap provider under the Interest Rate Swap Agreement together with any successor or replacement interest rate swap provider;

Internal Revenue Code or **Code** means the U.S. Internal Revenue Code of 1986, as amended;

International Financial Reporting Standards means the International Financial Reporting Standards issued by the International Accounting Standards Board, together with International Accounting Standards 1-41, Standing Interpretations Committee Interpretations 7-32 and all Interpretations issued by the International Financial Reporting Interpretations Committee;

International Terms and Conditions or **International Conditions** means the terms and conditions of the Covered Bonds (other than the Australian Domestic Covered Bonds and the N Covered Bonds) (as set out in schedule 1 to the Bond Trust Deed);

Investment Company Act means the U.S. Investment Company Act of 1940, as amended;

Investments Ledger means the ledger of the same name maintained by the Cash Manager pursuant to the Cash Management Deed in respect of Authorised Investments and Substitution Assets acquired and disposed of by or on behalf of the CB Guarantor;

Investor's Currency has the meaning given on page 71;

Investor Report means the monthly report to be prepared and made available by the Cash Manager pursuant to Clause 8.3(a)(ii) (Information Covenants) of the Cash Management Deed setting out, *inter alia*:

(a) the balance outstanding and ratings on each Series of Covered Bonds issued and outstanding;

(b) summary statistics of the Portfolio (including total balance, number of loans, weighted average LVR, seasoning);

(c) the Asset Coverage Test or Amortisation Test, as applicable, summary;

(d) tables showing the distribution of the Portfolio (e.g. product type, interest rate, term to maturity, geographic diversity etc.); and

(e) the Reference Index referred to for purposes of the definition of Reference Indexed Valuation,

and otherwise in such form as the Issuer and the Cash Manager may determine is appropriate, as notified to the Rating Agencies and the CB Guarantor;

IRS means the U.S. Internal Revenue Service;

IRS Swap Collateral Account Bank means such Person for the time being acting as interest rate swap collateral account bank in accordance with the Interest Rate Swap Collateral Bank Account Agreement;

ISDA means the International Swaps and Derivatives Association, Inc.;

ISDA Definitions has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

ISDA Determination has the meaning given on pages 136 and 197;

ISDA Master Agreement means the 1992 ISDA Master Agreement (Multicurrency – Cross Border), as published by ISDA;

ISDA Rate has the meaning given to it in the relevant Condition 5.4 (*ISDA Determination*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

ISIN means the International Securities Identification Number;

Issue Date has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Issue Price means the price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which a Series or Tranche of Covered Bonds will be issued;

Issuer means Westpac Banking Corporation (ABN 33 007 457 141);

Issuer Acceleration Notice has the meaning given to it in the relevant Condition 9.1 (*Issuer Events of Default*), or in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Issuer Event of Default means any of the conditions, events or acts provided in the relevant Condition 9.1 or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

ITA means the Income Tax Act 2007 (UK);

Law includes common or customary law, and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure in any jurisdiction and any present or future directive, regulation, guideline, practice, concession, request or requirement whether or not having the force of law issued by any governmental body, agency or department or any central bank or other fiscal, monetary, Taxation, regulatory, self-regulatory or other authority or agency and includes the Banking Act;

Lead Manager means, in relation to any Tranche of Covered Bonds, the person named as the Lead Manager in the applicable Subscription Agreement or, when only one Dealer signs such Subscription Agreement, such Dealer;

Ledger means each of the Revenue Ledger, the Principal Ledger, the Reserve Ledger, the Pre-Maturity Liquidity Ledger, the Subordinated Loan Ledger, the Intercompany Loan Ledger, the Payment Ledger, and the Investments Ledger;

LIBOR means the London inter-bank offered rate;

Licensee means a holder of an Australian Credit Licence;

Linear Interpolation has the meaning given on pages 137 and 199;

Listing Particulars means, with regard to the issue of Covered Bonds to be listed, quoted and/or traded on or by a Stock Exchange, any listing particulars (including supplementary listing particulars) approved under the Prospectus Rules by the relevant authority:

(a) in accordance with the provisions of Section 75 of the FSMA (including any supplementary listing particulars published in accordance with the Programme Agreement, or otherwise) in the case of Covered Bonds which are, or are to be, listed on the London Stock Exchange; and/or

(b) in accordance with their equivalent in the case of Covered Bonds which are, or are to be, listed on a Stock Exchange other than the London Stock Exchange;

Loan means each loan, financial obligation or other liability made by, or owed to, the Seller or any other Originator, and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies (including all Further Advances, Accrued Interest and Arrears of Interest) due or owing at any time with respect to that loan, financial obligation or other liability by a Borrower on the security of a Mortgage (irrespective of whether that Mortgage has been granted by the Borrower) from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same;

Loan Guarantor means any Person who from time to time guarantees the obligations of a Borrower under a Loan;

Loan Offset Deposit Account means any deposit account maintained by a Borrower under or in respect of a loan in the portfolio with the Seller where an amount equal to the interest which would otherwise accrue on that account is offset against monies owed by the Borrower under the Loan, in accordance with the relevant Loan Terms;

Loan Offset Interest Amount means, in relation to any Borrower under a Loan in the Portfolio, the amount of any interest which would be payable by the Seller to that Borrower on amounts standing to the credit of the Borrower's Loan Offset Deposit Account, if interest was payable on that account;

Loan Repurchase Notice means a notice in substantially the form set out in schedule 4 to the Mortgage Sale Deed served by the Administrative Agent on the Seller in relation to the repurchase of Loans in the Portfolio by the Seller in accordance with the terms of the Mortgage Sale Deed;

Loan Terms means, in respect of a Loan or Related Security, any agreement or other document that evidences the Borrower's payment or repayment obligations or any other terms and conditions of that Loan or Related Security;

Loans Register means a register of Loans comprised in the Portfolio maintained by the Servicer and stored on computer disk or other electronic form. In relation to Mortgages it shall contain the information in respect of each Mortgage set out in schedule 1 of the Servicing Deed;

local banking day has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

local time has the meaning given to it in Clause 1.3 (Other defined terms) of the Offshore Agency Agreement";

London Stock Exchange means the London Stock Exchange plc;

LTV Adjusted Outstanding Principal Balance has the meaning given to it on page 300;

Luxembourg Registrar means The Bank of New York Mellon SA/NV, Luxembourg Branch, in its capacity as registrar (and any successor registrar);

LVR means, at any time in relation to a Loan (and any other Loans under the same Mortgage Account) and their Related Security, the Outstanding Principal Balance of such Loan(s) at that time, plus any other amount secured by any Mortgage for such Loan(s) (other than any Other Secured Liabilities owed to the

Seller), at the date of determination divided by the aggregate value of the Property (determined as at the date of origination or the most recent valuation undertaken if later) subject to the related Mortgages comprised in the Portfolio for such Loan(s), expressed as a percentage;

M_1 has the meaning given on pages 106, 107, 182 and 183;

M_2 has the meaning given on pages 106, 107, 182 and 183;

Margin has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Master Definitions and Construction Agreement means the master definitions and construction agreement dated 3 November 2011 between, among others, the Issuer, the CB Guarantor, the Administrative Agent, the Bond Trustee and the Security Trustee, as amended on 11 November 2011, 29 November 2012, 11 November 2014, 25 November 2016 and 19 November 2018;

Maturity Date has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Maximum Rate of Interest has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions

Maximum Redemption Amount has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Member State means, at any time, a state that has joined the European Union at that time;

Mid-Market Swap Rate has the meaning given on pages 109 and 185;

Mid-Swap Benchmark Rate has the meaning given on pages 109 and 186;

Mid-Swap Maturity has the meaning given on pages 109 and 186;

Mid-Swap Re-Offer Spread has the meaning given on pages 109 and 186;

Minimum Rate of Interest has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Minimum Redemption Amount has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Modified Following Business Day Convention has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Month means calendar month;

Moody's means Moody's Investors Service Pty Limited or any of its affiliates;

Mortgage means, in relation to a Loan, each registered mortgage over Property and the improvements on it situated in any State or Territory of Australia, and over any other asset, securing, amongst other things, payment of interest and the repayment of principal and all other monies in respect of the Loan or any guarantee given in respect of the Loan notwithstanding that by its terms the mortgage may secure other liabilities;

Mortgage Account means the mortgage account into which all Loans secured on the same Property are incorporated;

Mortgage Insurance Policy means a policy of insurance under which a Mortgage Insurer insures the CB Guarantor against loss under a Loan;

Mortgage Insurer means:

(a) Genworth Financial Mortgage Insurance Pty Limited;

(b) QBE Lenders Mortgage Insurance Limited;

(c) Housing Loans Insurance Corporation;

(d) Westpac Lenders Mortgage Insurance Limited; or

(e) any other mortgage insurer in respect of a Loan as notified by the Seller or the Servicer to the Administrative Agent, the CB Guarantor, the Security Trustee and the Rating Agencies from time to time;

Mortgage Payment means the amount which the relevant Mortgage Terms require a Borrower to pay on each Mortgage Payment Day in respect of that Borrower's Loan;

Mortgage Payment Day means the date on which interest (and principal in relation to a repayment mortgage) is due to be paid by a Borrower on a Loan or, if any such day is not a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place in which payment is due, the next following day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place in which payment is due;

Mortgage Pool means the Mortgages and/or Loans comprised in the Portfolio owned from time to time by the CB Guarantor;

Mortgage Sale Deed means the mortgage sale deed entered into on 3 November 2011 and made between the Seller, the CB Guarantor and the Administrative Agent;

Mortgage Terms means all the terms and conditions applicable to a Loan and each Mortgage that services that Loan;

National Credit Code or **NCC** means the National Credit Code set out in Schedule 1 of the NCCP;

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 provisions of the Offshore Agency Agreement and in accordance with, and constituted by, the Bond Trust Deed, in the form of a German *Namensschuldverschreibung* substantially in the form set out in schedule 9 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the CB Guarantor, the Bond Trustee 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 Confirmation (incorporating the N Covered Bond Confirmation Terms) relating thereto;

N Covered Bond Assignment Agreement means the assignment agreement attached to each N Covered Bond, substantially in the form set out at schedule 9 to the Bond Trust Deed;

N Covered Bond Certificate means the certificate representing the N Covered Bond, substantially in the form set out in schedule 9 to the Bond Trust Deed;

N Covered Bond Conditions means the terms and conditions of each N Covered Bond (as set out in schedule 9 to the Bond Trust Deed) (as amended or supplemented by the provisions of the relevant N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms));

N Covered Bond Confirmation means an agreement in the form of a confirmation and made between the initial N Covered Bondholder, the CB Guarantor, the Issuer and the Bond Trustee substantially in the form set out in schedule 9 to the Bond Trust Deed;

N Covered Bond Confirmation Terms means the set of confirmation terms relating to each N Covered Bond Confirmation, substantially in the form set out in schedule 9 to the Bond Trust Deed as the same may be amended from time to time in accordance with the Bond Trust Deed;

N Covered Bondholder means the registered holder of an N Covered Bond as recorded as such in the Register;

NCCP means the National Consumer Credit Protection Act 2009 of the Commonwealth of Australia;

Negative Carry Factor has the meaning given to it in paragraph (b) of schedule 1 (Adjusted Aggregate Loan Amount Calculation) of the Participation Agreement;

New Company has the meaning given to it in Clause 18.5 (Substitution of the Issuer) of the Bond Trust Deed;

New Entity has the meaning given to it in Clause 18.6 (Merger, Consolidation and Amalgamation) of the Bond Trust Deed;

New Loans means each new loan specified in a New Portfolio Notice;

New Mortgage Sale Deed means any new mortgage sale deed entered into between, *inter alia*, any New Seller and the CB Guarantor, which shall be substantially in the same form and contain substantially the same provisions (provided that variations may be made to the representations and warranties in relation to the relevant New Seller Loans and their Related Security if they would not result in an Adverse Rating Effect) as the Mortgage Sale Deed;

New Portfolio means in each case the portfolio of New Loans and their Related Security (other than any New Loans and their Related Security which have been redeemed in full prior to the relevant Assignment Date and for the avoidance of doubt, other than any Trust Back Assets), particulars of which are set out in the relevant New Portfolio Notice or in a document stored upon electronic media (including, but not limited to, a CD-ROM) which relates to the relevant New Portfolio Notice, and all right, title, interest and benefit of the Seller in and to:

(a) all payments of principal and interest (including, for the avoidance of doubt, all Accrued Interest and Arrears of Interest) and other sums due or to become due in respect of such New Loans and their Related Security described in the relevant New Portfolio Notice including, without limitation, the right to demand, sue for, recover and give receipts for all principal monies, interest and costs and the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Terms;

(b) subject where applicable to the subsisting rights of redemption of Borrowers, all Priority Instruments, or any collateral security for the repayment of the relevant New Loans;

(c) the right to exercise all the powers of the Seller in relation thereto, subject to and in accordance with the applicable Mortgage Terms;

(d) all the estate and interest in the relevant Properties vested in the Seller; and

(e) to the extent that they are assignable, each Valuation Report (in each case, where available) and any right of action of the Seller against any solicitor, barrister, licensed conveyancer, valuer or other person in connection with any report, valuation, opinion, certificate or other

statement of fact or opinion given in connection with any relevant New Loan and its Related Security, or any part thereof or affecting the decision of the Seller to make or offer to make any relevant New Loan or part thereof;

New Portfolio Notice means a notice in the form set out in schedule 3 (New Portfolio Notice) to the Mortgage Sale Deed served in accordance with the terms of the Mortgage Sale Deed;

New Residence has the meaning given on pages 166, 168, 223 and 225;

New Seller means any member of the Westpac Group that accedes to the relevant Transaction Documents and sells New Seller Loans and their Related Security to the CB Guarantor in the future pursuant to a New Mortgage Sale Deed;

New Seller Loans means Loans originated by a New Seller;

New Servicer means any entity appointed as a substitute servicer in accordance with the Servicing Deed;

NGCB or **New Global Covered Bond** means a Temporary Global Covered Bond in the form set out in Part 1 (Form of Temporary Global Covered Bond) of schedule 2 (Form of Global and Definitive Covered Bonds, Coupons and Talons) to the Bond Trust Deed or a Permanent Global Covered Bond in the form set out in Part 2 (Form of Permanent Global Covered Bond) of schedule 2 (Form of Global and Definitive Covered Bonds, Coupons and Talons) to the Bond Trust Deed, in either case where the applicable Final Terms specifies that the Covered Bonds are in NGCB form;

No Adjustment has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Non-defaulting Party has the meaning given to it in the Interest Rate Swap Agreement and/or the relevant Covered Bond Swap Agreement, as the context may require;

non-ERISA arrangement has the meaning given on pages 368 and 373;

Not Applicable has the meaning given on pages 114 and 190;

notice means, in respect of notice to be given to Covered Bondholders, a notice validly given pursuant to the relevant Condition 14 (*Notices*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Notice Period means the notice period that applies to the relevant Covered Bonds as specified in the applicable Final Terms;

Notice to Pay has the meaning given to it in the relevant Condition 9.1 (*Issuer Events of Default*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions and is substantially in the form set out in schedule 5 (Form of Notice to Pay) to the Bond Trust Deed;

NSFR has the meaning given on page 74;

NSS means the New Safekeeping Structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations;

NSW means the State of New South Wales, Australia;

NYSE has the meaning given on page 258;

OCC means the Comptroller of the Currency;

Official List means the official list of the FCA;

Offshore Agency Agreement means the agency agreement dated on or about the first Issue Date and made between (*inter alia*) the Issuer, the CB Guarantor, the Bond Trustee, the Principal Paying Agent, the Exchange Agent, the Luxembourg Registrar and the Transfer Agent;

Offshore Associate has the meaning given on page 355;

OID has the meaning given on page 360;

Omnibus Proxy means the omnibus proxy mailed by DTC to the Issuer as soon as possible after the record date in accordance with DTC's usual procedures;

Optional Redemption Amount has the meaning (if any) given in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Optional Redemption Amount (Call) has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Optional Redemption Amount (Put) has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Optional Redemption Date has the meaning (if any) given in the applicable Final Terms;

Optional Redemption Date (Call) has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Optional Redemption Date (Put) has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Original Due for Payment Date has the meaning given to it in paragraph (a) of the definition of **Due for Payment**;

Originator means each of Westpac Banking Corporation and any of its Related Bodies Corporate that have, from time to time, existed;

OTC has the meaning given on page 248;

Other Secured Liability means a loan, financial obligation or other liability made by, or owed to, the Seller or any other Originator, that is at any time secured (in whole or in part) by a Related Security, other than a Loan comprised in the Portfolio;

outstanding and **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 pursuant to the relevant Terms and Conditions;

(b) those Covered Bonds in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the relevant Terms and Conditions has occurred and the redemption monies (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent in the manner provided in the Offshore Agency Agreement (and where appropriate notice to that effect has been given to the relative Covered Bondholders in accordance with Condition 14 (*Notices*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions) and remain available

for payment against presentation (unless the relevant Covered Bonds are in NGCB form) of the relevant Covered Bonds and/or Coupons;

(c) those Covered Bonds which have been purchased and cancelled in accordance with Conditions 6.8 (*Purchase*) and 6.9 (*Cancellation*) or, in the case of the N Covered Bonds, the applicable 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 10 (*Prescription*) or, in the case of the N Covered Bonds, the applicable 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 12 (*Replacement of Covered Bonds*) or, in the case of the N Covered Bonds, the applicable 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 12 (*Replacement of Covered Bonds*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions; and

(g) any Bearer Global Covered Bond to the extent that it shall have been exchanged for Bearer Definitive Covered Bonds or another Bearer Global Covered Bond pursuant to its provisions, the provisions of the Bond Trust Deed and the Agency Agreement;

PROVIDED THAT for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of the holders of the Covered Bonds of any Series, to give instruction or direction to the Bond Trustee and for the purposes of a resolution in writing as envisaged by paragraph 19 of schedule 7 (Provisions for Meetings of Covered Bondholders) the Bond Trust Deed;

(ii) the determination of how many and which Covered Bonds of any Series are for the time being outstanding for the purposes of the Bond Trust Deed and the relevant Terms and Conditions;

(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 the Issuer or any of its Subsidiaries or the CB Guarantor as beneficial owner (unless and until ceasing to be so held), and (B) those N Covered Bonds in respect of which (i) a duly executed N Covered Bond Confirmation (incorporating the N Covered Bond Confirmation Terms) relating to the relevant Series of N Covered Bonds has not been executed and/or delivered to the Registrar, or (ii) where an N Covered Bond has been assigned, a duly executed N Covered Bond Assignment Agreement relating to the relevant Series of N Covered Bonds has not been executed and/or delivered to the Registrar, shall be deemed not to remain outstanding;

Outstanding Principal Balance means, in relation to a Loan at any date (being the **determination date**), the aggregate at such date (but avoiding double counting) of:

(a) the Initial Advance;

(b) any Capitalised Interest; and

(c) Further Advances

in each case relating to such Loan less any prepayment, repayment or payment of the foregoing made on or prior to such date;

Overnight Cash Rate means the variable rate of interest paid on overnight deposits in the GI Account;

Overpayment means a payment by a Borrower in an amount greater than the amount due on a Mortgage Payment Day which:

(a) is permitted by the terms of such Loan or by agreement with the Borrower; and

(b) reduces the Outstanding Principal Balance of such Loan;

Partial Portfolio means part of any portfolio of Selected Loans;

Participation Agreement means the Participation Agreement entered into on or about the date of the Master Definitions Schedule between the CB Guarantor, the Seller, the Servicer, the Subordinated Loan Provider, the Account Bank, the Security Trustee, the Issuer, Cash Manager and the Administrative Agent;

parties in interest has the meaning given on page 367;

Paying Agents means the Principal Paying Agent and any other paying agent appointed pursuant to the terms of the Agency Agreement;

Payment Election has the meaning given on page 340;

Payment Ledger means the ledger of such name maintained by the Cash Manager pursuant to the Cash Management Deed, to record the credits and debits of the Available Revenue Receipts and Available Principal Receipts for application in accordance with the relevant Priority of Payments;

Permanent Global Covered Bond means a global covered bond substantially in the form set out in Part 2 (Form of Permanent Global Covered Bond) of schedule 2 (Forms of Global and Definitive Covered Bonds, Coupon and Talons) to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues), together with the copy of the applicable Final Terms annexed thereto, 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 in exchange for the whole or part of any Temporary Global Covered Bond issued in respect of such Covered Bonds;

Person means a reference to any person, individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, governmental entity or other entity of similar nature (whether or not having separate legal personality);

Portfolio means any New Portfolio acquired by the CB Guarantor (other than any Loans and, as applicable, their Related Security which have been redeemed in full, repurchased by, transferred to or extinguished in favour of the Seller pursuant to the Mortgage Sale Deed, the Intercompany Loan Agreement or otherwise sold by the CB Guarantor and for the avoidance of doubt, other than any Trust Back Assets);

Portfolio Cut-off Date has the meaning given on page 343;

Post-Enforcement Priority of Payments has the meaning given on page 337;

Potential CBG Event of Default has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Potential Issuer Event of Default has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

PPSA has the meaning given on page 47;

Pre-Acceleration Principal Priority of Payments has the meaning given to it on page 330;

Pre-Acceleration Priority of Payments means the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments;

Pre-Acceleration Revenue Priority of Payments has the meaning given to it on page 372;

Preceding Business Day Convention has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Pre-Maturity Liquidity Ledger means the ledger of such name maintained by the Cash Manager pursuant to the Cash Management Deed to record the credits and debits of monies available to repay any Series of Hard Bullet Covered Bonds on the Maturity Date thereof if the Pre-Maturity Test has been breached;

Pre-Maturity Test has the meaning given to it in schedule 5 (Pre-Maturity Test) of the Participation Agreement;

Pre-Maturity Test Date has the meaning given to it in schedule 5 (Pre-Maturity Test) of the Participation Agreement;

Premises means the premises on which the Relevant Documents in respect of the Portfolio are stored by the Servicer, as notified by the Servicer to the CB Guarantor and the Security Trustee from time to time upon request of the CB Guarantor or the Security Trustee (as the case may be);

Principal has the meaning given on page 114;

Principal Amount Outstanding has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Principal Financial Centre has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Principal Ledger means the ledger of such name maintained by the Cash Manager pursuant to the Cash Management Deed to record the credits and debits of Principal Receipts in accordance with the terms of the Participation Agreement;

Principal Paying Agent means, in relation to all or any Series of Australian Domestic Covered Bonds, the Australian Registrar, and, in relation to all or any other Series of the Covered Bonds (including, for the avoidance of doubt, the N Covered Bonds), The Bank of New York Mellon or, in each case if applicable, any successor principal paying agent in relation to all or any Series of the Covered Bonds;

Principal Receipts means any payment in respect of principal received in respect of any Loan comprised in the Portfolio whether as all or part of a Mortgage Payment in respect of such Loan, on redemption (including partial redemption) of such Loan, on enforcement of such Loan (including the proceeds of sale

of the relevant Property) or on the disposal of such Loan or otherwise (without double counting but including principal received or treated as received after completion of the enforcement procedures) and, for the avoidance of doubt, excludes all payments in respect of Trust Back Assets and principal amounts referred to in Clause 7.1(i) (Repayment of Demand Loan in kind) of the Intercompany Loan Agreement;

Priorities of Payments means the orders of priority for the allocation and distribution of amounts standing to the credit of the CBG Accounts in different circumstances, as provided for in Clause 4 (Application of funds) of the Participation Agreement and schedule 1 (Distribution of Payments after a CBG Event of Default and delivery of a CBG Acceleration Notice) of the Security Trust Deed;

Priority Instrument means a memorandum, deed, agreement, instrument, authorisation or other document (whether paper or electronic) whereby a mortgagee of a Property agrees with the Seller to postpone its mortgage or security interest (as appropriate) over the Property so that the sums secured by it will rank for repayment after the sums secured by the relevant Mortgage;

Product Switch means a variation to the terms and conditions applicable to a Loan or Related Security (including any release of a Related Security) comprised in the Portfolio other than:

(a) any variation agreed with a Borrower to control or manage arrears on such Loan;

(b) any variation in the term of such Loan;

(c) any variation imposed by Law;

(d) any variation of the principal available and/or the rate of interest payable in respect of such Loan where that variation or rate is offered to:

  (i) Borrowers under Loans comprised in the Portfolio which constitute 10% or more by Outstanding Principal Balance of all Loans comprised in the Portfolio in any CBG Payment Period; or

  (ii) to all Borrowers of Loans comprised in the Portfolio which are Variable Rate Loans or to all Borrowers of Loans comprised in the Portfolio which are Fixed Rate Loans; or

(e) any variation in the frequency with which the interest payable in respect of such Loan is charged;

Programme means the WBC Global Covered Bond Programme established by the Issuer on the Programme Date;

Programme Agreement means the programme agreement, dated 11 November 2011, as amended and restated on 29 November 2012 and as further amended and restated on 14 November 2014, and as supplemented on 18 November 2015, 25 November 2016, 10 November 2017 and on 19 November 2018, between the Issuer, the CB Guarantor, the Arrangers and the Dealers together with any accession letters and/or agreements supplemental thereto, and shall include any distribution agreement entered into by certain Dealers in respect of the issuance of a specific Series of Covered Bonds, as such may be further amended from time to time;

Programme Date has the meaning given to it in the Programme Agreement;

Programme Resolution means any Extraordinary Resolution to direct the Bond Trustee to accelerate the Covered Bonds pursuant to the relevant Terms and Conditions or to direct the Bond Trustee itself to take an action or to direct the Bond Trustee to require the Security Trustee to take any enforcement action pursuant to the relevant Terms and Conditions or any other Extraordinary Resolution which, under the express

provision of any Transaction Document or the relevant Terms and Conditions, is required to be passed by the Covered Bondholders of all series then outstanding as if they were a single series;

Property 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 terms of which lease is expressed to expire not earlier than five years after the maturity of the relevant Mortgage, and whether at law or in equity) wherever situated and including any fixtures to land; and

(b) any parcel and any lot, common property and land comprising a parcel within the meaning of the Strata Schemes (Freehold Development) Act 1973 (NSW) or the Community Land Development Act 1989 (NSW) or any equivalent legislation in any other Australian jurisdiction;

Prospectus means this prospectus prepared in connection with the Programme and constituting (in the case of Covered Bonds to be listed on the London Stock Exchange), to the extent specified in it, the Listing Particulars, as revised, supplemented or amended from time to time by the Issuer and the CB Guarantor including any documents which are from time to time incorporated in the Prospectus by reference except that:

(a) in relation to each Tranche of Covered Bonds only, the applicable Final Terms shall be deemed to be included in the Prospectus; and

(b) for the purpose of the Programme Agreement in respect of the Agreement Date and the Issue Date, the Prospectus means the Prospectus as at the Agreement Date, but not including any subsequent revision, supplement or amendment to it or incorporation of information in it;

Prospectus Directive Regulation means Regulation EC 809/2004;

Prospectus Regulations means Regulation (EU) 2017/1129;

Prospectus Rules means:

(a) in the case of Covered Bonds which are, or are to be, admitted to the Official List and admitted to trading on the London Stock Exchange's Regulated Market, the prospectus rules made under Section 84 of the FSMA; and

(b) in the case of Covered Bonds which are, or are to be, listed on a Stock Exchange other than the London Stock Exchange, the prospectus rules and regulations for the time being in force for that Stock Exchange;

protected account has the meaning given in the Banking Act;

PTCE has the meaning given on page 367;

Purchase Price means the purchase price to be paid by the CB Guarantor to the Seller in consideration of the Seller's sale of the relevant New Portfolio to the CB Guarantor;

Purchaser means any third party or the Seller or a New Seller to whom the CB Guarantor offers to sell Selected Loans in accordance with the Mortgage Sale Deed or the Participation Agreement;

Put or **Put Option** means the put option specified in the relevant Final Terms in respect of the applicable Series of Covered Bonds;

Put Option Notice has the meaning given to it in the relevant Condition 1.2 (*Definitions*), or in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Put Option Receipt has the meaning given to it in the relevant Condition 1.2 (*Definitions*), or in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

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

Rate of Exchange has the meaning given to it in the relevant Condition 5.5 or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Rate of Interest has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Rating Agencies means Moody's and Fitch and each is a **Rating Agency**;

Rating Agency Confirmation has the meaning given on pages 172 and 229;

Ratings Notification means, in relation to an event or circumstance, that the Cash Manager or the Administrative Agent, as the case may be, has confirmed in writing to the CB Guarantor and the Security Trustee that it has notified the Rating Agencies of the event or circumstance and that the Cash Manager or the Administrative Agent, as the case may be, is satisfied that the event or circumstance will not result in an Adverse Rating Effect;

RBA means the Reserve Bank of Australia;

RBA Bond Basis has the meaning given on page 183;

RBNZ means the Reserve Bank of New Zealand;

Real Property Act means the Real Property Act 1900 (NSW);

Reasonable, Prudent Mortgage Lender means a reasonable prudent mortgage lender lending to borrowers in Australia in respect of assets of a type similar to the Portfolio;

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted) by the Security Trustee as a receiver, manager, or receiver and manager of the property charged or secured under the Security Trust Deed;

Reconstruction Documents has the meaning given on pages 168 and 225;

Record Date has the meaning given to it in International Condition 7.2(b);

Redeemed Covered Bonds has the meaning given on page 144;

Redemption Amount has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Redemption/Payment Basis means the redemption and repayment provisions that apply to a Series of Covered Bonds as specified in the applicable Final Terms;

Reference Banks has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Reference Day has the meaning given on pages 130 and 133;

Reference Index means any index of house prices in Australia that a Reasonable, Prudent Mortgage Lender would use for valuation purposes;

Reference Indexed Valuation in relation to a Property at any date means the Valuation of the Property increased or decreased as appropriate by the increase or decrease in the Reference Index since the date of that Valuation;

Reference Price means, in respect of a Zero Coupon Covered Bond, the meaning given to it in the applicable Final Terms;

Reference Rate has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Register means the register of holders of the Registered Covered Bonds maintained by the Registrar or, in relation to the N Covered Bonds, the register maintained by the Registrar in relation to the N Covered Bonds issued under the Programme;

Registered Covered Bond means a Covered Bond in registered form and includes each Australian Domestic Covered Bond and each N Covered Bond;

Registered Definitive Covered Bond means a Registered Covered Bond in definitive form issued or, as the context may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Bond Trust Deed either on issue or in exchange for a Registered Global Covered Bond or part thereof (all as indicated in the applicable Final Terms), such Registered Covered Bond in definitive form being substantially in the form set out in Part 9 of schedule 2 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and having the relevant Terms and Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Terms and Conditions by reference (where applicable to the Bond Trust Deed) as indicated in the applicable Final Terms and having the relevant information supplementing, replacing or modifying the relevant Terms and Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and having a Form of Transfer endorsed thereon;

Registered Global Covered Bonds means Global Covered Bonds in registered form, comprising Rule 144A Global Covered Bonds and Regulation S Global Covered Bonds, substantially in the form set out in Part 8 of schedule 2 to the Bond Trust Deed;

Registrar means the Australian Registrar and/or the Luxembourg Registrar, as the context so requires and in the case of the N Covered Bonds has the meaning given to it in the applicable N Covered Bond Conditions;

Registrar General means the office of the Registrar General authorised under the Real Property Act;

Regular Date has the meaning given on pages 111 and 187;

Regular Period has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Regulation S means Regulation S under the Securities Act;

Regulation S Covered Bond means a Covered Bond represented by a Regulation S Global Covered Bond and/or a Definitive Regulation S Covered Bond, as the context may require;

Regulation S Global Covered Bond means a Registered Global Covered Bond representing Covered Bonds sold to non-U.S. persons outside the United States in reliance on Regulation S and substantially in the form set out in Part 8 of schedule 2 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues);

Regulations means the National Consumer Credit Protection Regulations 2010;

Related Body Corporate has the meaning given in the Corporations Act;

Related Entity has the meaning given in the Corporations Act;

Related Security means, in relation to a Loan, the security for the repayment of that Loan including the relevant Mortgage, any guarantee and all other matters applicable thereto, including the related Title Documents (if any) relating to the related property subject to the relevant Mortgage and any applicable Mortgage Insurance Policy;

Relevant Agreement means an agreement (whether oral or in writing) between the Issuer and any Dealer(s) for the issue by the Issuer and the subscription as principal by such Dealer(s) (or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) at the relevant time) of any Covered Bonds and shall include, without limitation, any Subscription Agreement;

Relevant Banking Day has the meaning given on page 120;

Relevant CB Guarantor Information has the meaning given on page iv;

Relevant Date has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Relevant Documents means, with respect to a Loan:

(a) the Mortgage Terms;

(b) the mortgage document in relation to each Mortgage for that Loan;

(c) the certificate or other indicia of title (if any) in respect of the Property in relation to the Mortgage for that Loan; or

(d) any amendment or replacement of such documents and any other document which is entered into by or executed in favour of the Seller or the CB Guarantor (as the case may be) in connection with that Loan after the relevant Assignment Date,

but does not include any document or agreement which relates only to an Other Secured Liability;

Relevant Financial Centre has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Relevant Implementation Date has the meaning given to it in schedule 1 of the Programme Agreement;

Relevant Member State has the meaning given to it in schedule 1 of the Programme Agreement;

Relevant Screen Page has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

relevant Series of Covered Bonds has the meaning given on page 61;

Relevant Time has the meaning given to it in Clause 1.3 (Other defined terms) of the Offshore Agency Agreement;

Remittance Date means, in relation to a Calculation Period, the date which is two Sydney Business Days prior to the CBG Payment Date following the end of that Calculation Period.

repay, **redeem** and **pay** shall each include both of the others and cognate expressions shall be construed accordingly;

Replacement Agent has the meaning given on page 159;

Representations and Warranties means the representations and warranties set out in schedule 1 (Representation and Warranties) to the Mortgage Sale Deed. Each of **Representation** and **Warranty** shall be construed accordingly;

Repurchase Completion Date has the meaning given on page 291;

Repurchase Event has the meaning given to it on page 288;

Request means a written request on behalf of the CB Guarantor to the Issuer for an Advance or Subordinated Advance (as the case may be) to be made, and being (in the case of the request under the Intercompany Loan Agreement) in the form of schedule 1 (Request) to the Intercompany Loan Agreement;

Required Outstanding Principal Balance in relation to any sale of Selected Loans and their Related Security means the amount of the aggregate Outstanding Principal Balance required in relation to those Selected Loans under the Participation Agreement;

Required Redemption Amount means, in respect of a Series of Covered Bonds, the amount calculated as follows:

the Principal Amount Outstanding of the relevant Series of Covered Bonds	x	1+ Negative Carry Factor x (days to maturity of the relevant Series of Covered Bonds/365)

Reserve Bank Act has the meaning given on page vii;

Reserve Fund means the reserve fund that the CB Guarantor will be required under the Transaction Documents to establish on the GI Account which will be credited with:

(a) Available Revenue Receipts, or Advances made to the CB Guarantor by the Issuer, up to an amount equal to the Reserve Fund Required Amount;

(b) any Advances made to the CB Guarantor by the Issuer which the Issuer directs the CB Guarantor to credit thereto; and

(c) any Subordinated Advances made to the CB Guarantor by the Issuer which the Issuer directs the CB Guarantor to credit thereto;

Reserve Fund Required Amount means:

(a) if the Issuer's short-term, unsecured, unsubordinated debt obligations are rated at least F1+ by Fitch and P-1 by Moody's and its long-term, unsecured, unsubordinated debt obligations are rated at least A by Fitch, or in each case, such lower rating that will not result in an

Adverse Rating Effect, nil or such other amount as the Issuer shall advise the CB Guarantor from time to time and;

(b) if paragraph (a) does not apply, an amount determined by the Cash Manager to be equal to the sum of:

(i) the greater of the Australian Dollar Equivalent of:

(A) an amount equal to the interest accrued on each Series of outstanding Covered Bonds for three months; and

(B) in respect of each Series of Covered Bonds in respect of which an Interest Payment Date falls due in the next three months, an amount equal to the interest due for payment on each such Series of Covered Bonds; and

(ii) an amount equal to one-quarter of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (f) (inclusive) of the Pre-Acceleration Revenue Priority of Payments;

Reserve Ledger means the ledger of such name maintained by the Cash Manager pursuant to the Cash Management Deed, to record the crediting of Available Revenue Receipts, Advances and Subordinated Advances (if directed by the Issuer) to the Reserve Fund and the debiting of such Reserve Fund in accordance with the terms of the Participation Agreement;

Reset Date has the meaning given to it in the ISDA Definitions;

Reset Determination Date has the meaning given on page 112;

Reset Period has the meaning given on page 112;

Reset Rate has the meaning given on page 112;

Reset Rate Time has the meaning given on page 112;

Reset Reference Rate has the meaning given on page 112;

Residual Capital Unitholder means the person or persons identified as such in the Trust Deed;

Residual Income Unitholder means the person or persons identified as such in the Trust Deed;

Restricted Period means, with respect to any Registered Covered Bond offered and sold in reliance on Regulation S, the period of 40 consecutive days beginning on and including the later of the commencement of the offering and the Issue Date;

Restrictive Legend has the meaning given on page 121;

Revenue Ledger means the ledger of such name maintained by the Cash Manager pursuant to the Cash Management Deed, to record credits and debits of Revenue Receipts in accordance with the terms of the Participation Agreement;

Revenue Receipts means any payment received in respect of any Loan comprised in the Portfolio, including any payment received from the Seller in respect of interest amounts on a Loan comprised in the Portfolio (otherwise than in respect of a Loan, comprised in the Portfolio, that has been repurchased by the Seller), whether as all, or part, of a Mortgage Payment in respect of such Loan, on redemption (including partial redemption) of such Loan, on enforcement of such Loan (including the proceeds of sale of the

relevant Property) or on the disposal of such Loan or otherwise, which in any such case is not a Principal Receipt in respect of such Loan and, for the avoidance of doubt, excludes all payments in respect of Third Party Amounts;

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

Rule 144A Covered Bond means either a Covered Bond represented by a Rule 144A Global Covered Bond and/or a Definitive Rule 144A Covered Bond, as the context may require;

Rule 144A Global Covered Bond means a Registered Global Covered Bond representing Covered Bonds sold in the United States to QIBs pursuant to Rule 144A and substantially in the form set out in Part 8 (Form of Registered Global Covered Bond) of schedule 2 (Forms of Global and Definitive Covered Bonds, Receipts and Talons) to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues);

S&P means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. or any of its affiliates;

Sale Adviser has the meaning given on page 309;

Scheduled Interest means, in relation to a Series of Covered Bonds, an amount equal to the amount in respect of interest which is or would have been due and payable under such Covered Bonds as specified in the relevant Condition 5 (*Interest*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions (but excluding, in each case, any Excluded Scheduled Interest Amounts payable by the Issuer following service of an Issuer Acceleration Notice):

(a) (where applicable) as if the Issuer Event of Default and the service of an Issuer Acceleration Notice had not occurred and the relevant Series of Covered Bonds had not become due and repayable prior to their Maturity Date or Final Maturity Date (as the case may be) by the Issuer; and

(b) (if the applicable Final Terms specifies that an Extended Due for Payment Date is applicable to the relevant Covered Bonds and the Maturity Date or Final Maturity Date (as the case may be) of the relevant Series of Covered Bonds is so extended) as if the Maturity Date or Final Maturity Date (as the case may be) 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, in each case, any additional amounts the Issuer would be obliged to pay as a result of any gross-up under the relevant Condition 8 (*Taxation*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Scheduled Payment Date means, in relation to payments under the Covered Bond Guarantee in respect of a Series of Covered Bonds, each Interest Payment Date or the Maturity Date or Final Maturity Date (as the case may be) or any other date in respect of which any principal or interest is payable by the Issuer in accordance with the relevant Terms and Conditions (other than pursuant to Condition 9.2 (*CBG Events of Default*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions) as if an Issuer Event of Default and the service of an Issuer Acceleration Notice had not occurred and the relevant Series of Covered Bonds had not become due and repayable prior to their Maturity Date or Final Maturity Date (as the case may be) by the Issuer;

Scheduled Principal means, in relation to a Series of Covered Bonds, an amount equal to the amount in respect of principal which is or would have been due and repayable under such Covered Bonds on each

Interest Payment Date or the Maturity Date or Final Maturity Date (as the case may be) or any other date in respect of which any principal is payable by the Issuer (as the case may be) as specified in the relevant Condition 6.1 (*Scheduled redemption*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions (but excluding, in each case, any Excluded Scheduled Principal Amounts payable by the Issuer following service of an Issuer Acceleration Notice):

(a) (where applicable) as if the Issuer Event of Default and the service of an Issuer Acceleration Notice had not occurred and the relevant Series of Covered Bonds had not become due and repayable prior to their Maturity Date or Final Maturity Date (as the case may be) by the Issuer; and

(b) (if the applicable Final Terms specifies that an Extended Due for Payment Date is applicable to such relevant Covered Bonds and the Maturity Date or Final Maturity Date (as the case may be) of the relevant Series of Covered Bonds is so extended) as if the Maturity Date or Final Maturity Date (as the case may be) of such Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date);

Screen Rate Determination means, if specified as applicable in the applicable Final Terms, the manner in which the Rate of Interest on Floating Rate Covered Bonds is to be determined in accordance with the relevant Condition 5.3(c) (*Screen Rate Determination*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

SEC means the U.S. Securities and Exchange Commission;

Secured Creditors means:

(a) the Security Trustee (in its own capacity and on behalf of the other Secured Creditors) and any receiver or other appointee thereof;

(b) the Bond Trustee (in its own capacity and on behalf of the Covered Bondholders) and any appointee thereof;

(c) each of the Covered Bondholders and the Couponholders;

(d) the Issuer;

(e) the Seller;

(f) the Servicer;

(g) the Account Bank;

(h) the Cash Manager;

(i) the Swap Providers;

(j) each of the Agents;

(k) the Administrative Agent;

(l) the Intercompany Loan Provider;

(m) the Subordinated Loan Provider;

(n) the Asset Monitor;

(o) the CB Guarantor (in its personal capacity); and

(p) any other person which the CB Guarantor and the Administrative Agent agree is to be a Secured Creditor from time to time;

Secured Money means all amounts that, at any time, for any reason or circumstance in connection with the Transaction Documents (including any transaction in connection with them), whether at law or otherwise, and whether or not of a type within the contemplation of the parties at the date of this deed:

(a) are payable, owing but not currently payable, contingently owing, or remain unpaid, by the CB Guarantor to any Secured Creditor; or

(b) any Secured Creditor has advanced or paid on the CB Guarantor's behalf or at the CB Guarantor's express or implied request; or

(c) any Secured Creditor is liable to pay by reason of any act or omission on the CB Guarantor's part, or that any Secured Creditor has paid or advanced in protecting or maintaining the Secured Property or the Charge following an act or omission on the CB Guarantor's part; or

(d) are reasonably foreseeable as likely, after that time, to fall within any of the above paragraphs;

Secured Property has the meaning given to it in the Security Trust Deed;

Securities Act means the U.S. Securities Act of 1933, as amended;

Securities and Futures Act has the meaning given on page 380;

Security Trust means the trust created under the Security Trust Deed;

Security Trust Deed means the Security Trust Deed entered into on or about 26 October 2011 between (*inter alia*) the CB Guarantor, the Bond Trustee and the Security Trustee;

Security Trustee means BTA Institutional Services Australia Limited (ABN 48 002 916 396);

Selected Loan Offer Notice means a notice in the form set out in schedule 5 (Selected Loan Offer Notice) to the Mortgage Sale Deed served in accordance with the terms of the Mortgage Sale Deed;

Selected Loan Repurchase Notice means a notice in the form set out in schedule 7 to the Mortgage Sale Deed served in accordance with the terms of the Mortgage Sale Deed;

Selected Loans means Loans and their Related Security comprised in the Portfolio to be sold by the CB Guarantor pursuant to the terms of Clause 3 (Asset Coverage and Sale of Loans) of the Participation Agreement and Clause 13 (Sale of Selected Loans) of the Mortgage Sale Deed;

Selection Date has the meaning given on pages 144 and 206;

Seller means WBC in its capacity as Seller under the Mortgage Sale Deed, and **Sellers** means, together, the Seller and any New Sellers;

Seller Power of Attorney means a power of attorney to be provided by the Seller substantially in the form set out in schedules 7 (Seller Power of Attorney – General (other than for Queensland and Western

Australia)), 8 (Seller Power of Attorney – Queensland) and 9 (Seller Power of Attorney – Western Australia) to the Mortgage Sale Deed, as the case may be;

Seller's Policy means the originating, underwriting, administration, management arrears and enforcement policies and procedures applied by the Seller or any other Originator (as the case may be) in its ordinary course of business from time to time as those policies and procedures are amended from time to time;

Senior Westpac Group Payments has the meaning given on page 341;

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 and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the expressions **Covered Bonds of the relevant Series**, **holders of Covered Bonds of the relevant Series** and related expressions shall be construed accordingly;

Series Reserved Matter means each of the matters described in sub-paragraphs (a) to (f) of Paragraph 5 of schedule 7 (Provisions for Meetings of Covered Bondholders) to the Bond Trust Deed and includes any alterations to this definition;

Servicer means Westpac Banking Corporation in its capacity as servicer under the Servicing Deed together with any successor servicer appointed from time to time;

Servicer Termination Event has the meaning given to it in Clause 19.1 (Servicer Termination Event) of the Servicing Deed;

Servicer's Remittance Rating means, in respect of the Seller, at least a short-term rating of F1 and a long-term rating of A from Fitch and at least a short-term rating of P-1 from Moody's.

Servicer's Policy means:

(a) prior to a Title Perfection Event, the Seller's Policy (for so long as it exists and thereafter such policies as would be applied by a Reasonable, Prudent Mortgage Lender in the conduct of its servicing business); and

(b) following a Title Perfection Event:

(i) the Seller's Policy, provided that a member of the Westpac Group is the Servicer; or

(ii) if sub-paragraph (i) does not apply, such policies as would be applied by a Reasonable, Prudent Mortgage Lender in the conduct of its servicing business (as determined by the Servicer acting reasonably) and, where commercially reasonable, conforms with the Seller's Policy;

Services means the services to be provided by the Servicer pursuant to the Servicing Deed;

Servicing Deed means the servicing deed entered into on or about the date of the Participation Agreement between the CB Guarantor, the Servicer, the Seller and the Security Trustee;

Short-Term Covered Bonds has the meaning given on page 363;

Solvent Reconstruction has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Specified Currency has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Specified Denomination means, in respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds specified in the applicable Final Terms;

Specified Interest Payment Date, in respect of Floating Rate Covered Bonds has the meaning (if any) given to it in the applicable Final Terms;

Specified Period has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Standard Documentation means the standard documentation or any update or replacement therefor as the Seller may from time to time introduce acting in accordance with the standards of a Reasonable, Prudent Mortgage Lender;

Statutory Test has the meaning given to it in Clause 1.2 (Defined Terms) of the Asset Monitor Agreement;

Stock Exchange means any competent listing authority, quotation system and/or stock or securities exchange on or by which any Covered Bonds may from time to time be listed, quoted and/or admitted to trading and references to the **relevant Stock Exchange** shall, 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, quoted and/or admitted to trading;

Subordinated Advance means an amount advanced, or to be advanced, by the Issuer to the CB Guarantor under the Subordinated Loan Agreement, including Deemed Subordinated Advances;

Subordinated Loan means the aggregate outstanding principal amount of the Subordinated Advances pursuant to the Subordinated Loan Agreement;

Subordinated Loan Agreement means the subordinated loan agreement entered into on 3 November 2011 between the CB Guarantor, the Issuer, the Cash Manager and the Security Trustee;

Subordinated Loan Facility means the facility made available by the Subordinated Loan Provider to the CB Guarantor under the Subordinated Loan Agreement;

Subordinated Loan Ledger means the ledger of the same name maintained by the Cash Manager pursuant to the Cash Management Deed in respect of the Subordinated Loan to record the balance of the Subordinated Loan from time to time;

Subordinated Loan Provider means WBC in its capacity as subordinated loan provider;

Subscription Agreement means an agreement supplemental to the Programme Agreement (by whatever name called) in or substantially in the form set out in schedule 6 (Form of Subscription Agreement) of the Programme Agreement or in such other form as may be agreed between the Issuer, the CB Guarantor and the Lead Manager or one or more Dealers (as the case may be);

Subsidiary of an entity means another entity which:

(a) is a subsidiary of the first entity within the meaning of Part 1.2 of Division 6 of the Corporations Act; or

(b) is part of the consolidated entity constituted by the first entity and the entities it is required by law to include in the consolidated financial statements it prepares, or would be if the first entity was required by law to prepare consolidated financial statements;

Substitution Assets means each of:

(a) an at call Australian Dollar deposit held with an Eligible Bank and convertible into cash within two Sydney Business Days of request for conversion;

(b) an Australian Dollar bill or certificate of deposit issued by an Eligible Bank with a remaining maturity of less than 100 days that:

(i) is eligible for repurchase transactions with the RBA; and

(ii) was not issued by the Issuer,

(e) provided the aggregate amount of such bills and certificates of deposit held by the CB Guarantor at any time may not exceed 15% of the aggregate outstanding balance of Covered Bonds at that time;

(c) a bond, note, debenture or other instrument issued or guaranteed by the Commonwealth of Australia or any State or Territory; and

(d) any other investments that are acceptable in accordance with the Banking Act or related laws or regulations, the investment in of which will not result in an Adverse Rating Effect,

provided that:

(i) in each case, in the sole discretion of the Cash Manager is not classified as a "securitisation exposure" or a "resecuritisation exposure" in accordance with the Prudential Standard APS 120 (Securitisation) or any applicable prudential standard;

(ii) in the case of paragraph (c) above, such bond, note, debenture or other instrument will have certain minimum long-term and short-term ratings, which will be at least:

(A) so long as Moody's is rating the Covered Bonds: A2 or P-1 for exposures maturing within one month, Aa3 and P-1 for exposures maturing within one month to one year and Aaa and P-1 for exposures maturing over one year; and

(B) so long as Fitch is rating the Covered Bonds: at least a long-term rating of AA- or at least a short-term rating of F1+ for exposures maturing within one year and a long-term rating of at least AAA (or the highest rating of the Covered Bonds on issue) for exposures maturing over one year;

(iii) (A) so long as Moody's is rating the Covered Bonds: the maximum aggregate total exposure to Substitution Assets shall not exceed 20% of the aggregate Principal Amount Outstanding of the Covered Bonds; and

(B) so long as Fitch is rating the Covered Bonds: the maximum aggregate total exposure to Substitution Assets shall not exceed 20% of the aggregate Principal Amount Outstanding of the Covered Bonds;

Substitution Documents has the meaning given on pages 166 and 223;

sub-unit has the meaning given to it in the relevant Condition 5.2(d) (*Calculation of interest amount*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Swap Agreements means the Covered Bond Swap Agreements together with the Interest Rate Swap Agreements, and each a **Swap Agreement**;

Swap Collateral means, at any time, any asset (including, without limitation, cash and/or securities) which is paid or transferred by a Swap Provider to the CB Guarantor as collateral in respect of the performance by such Swap Provider of its obligations under the relevant Swap Agreement together with any interest, income or distribution received in respect of such asset and any equivalent of such asset into which such asset is transformed;

Swap Collateral Account means any account in the name of the CB Guarantor into which Swap Collateral in respect of an Interest Rate Swap or a Covered Bond Swap may be deposited in accordance with the terms of any such Swap;

Swap Collateral Available Amounts means, at any time, the amount of Swap Collateral which under the terms of the relevant Swap Agreement may be applied in satisfaction of the relevant Swap Provider's obligations to the CB Guarantor following termination of a Swap to the extent that such obligations relate to payments to be made in connection with the Pre-Acceleration Priority of Payments or the Guarantee Priority of Payments;

Swap Collateral Excluded Amounts means, at any time, the amount of Swap Collateral which may not be applied at that time in satisfaction of the relevant Swap Provider's obligations to the CB Guarantor under the terms of the relevant Swap Agreement, including Swap Collateral which is to be returned to the relevant Swap Provider upon termination of the relevant Swap;

Swap Provider Default means the occurrence of an Event of Default (as defined in the relevant Swap Agreement) with respect to the relevant Swap Provider, where the relevant Swap Provider is the Defaulting Party (as defined in the relevant Swap Agreement);

Swap Provider Downgrade Event means the occurrence of an Additional Termination Event (as defined in the relevant Swap Agreement) following a failure by the Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the relevant Swap Agreement;

Swap Providers means the Covered Bond Swap Providers and the Interest Rate Swap Provider, and each a **Swap Provider**;

Swaps means the Covered Bond Swaps together with the Interest Rate Swap, and each a **Swap**;

Sydney Business Day means a day (other than a Saturday and a Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in Sydney;

Talon has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

TARGET 2 means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System, and any successor or replacement system;

TARGET Settlement Day has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions;

Tax Credit has the meaning given to it in the relevant Swap Agreement;

Taxes means all present and future taxes, levies, imposts, duties (including stamp and transaction duties), fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, except if imposed on, or calculated having regard to the net income of the relevant party, but including, without limitation, income tax, company tax, corporation tax, goods and services tax or value added tax or other tax in respect of added value 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** and **Taxation** and cognate expressions shall be construed accordingly;

Temporary Global Covered Bond means a temporary global covered bond substantially in the form set out in Part 1 of schedule 2 to the Bond Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues), together with the copy of the applicable Final Terms annexed thereto, 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;

Terms and Conditions or **Conditions** means:

(a) the International Terms and Conditions or International Conditions; and/or

(b) the Australian Terms and Conditions or Australian Conditions; and/or

(c) the N Covered Bond Conditions,

as the context may require;

Test Date means the fifth Sydney Business Day following each Calculation Date;

TFN has the meaning given on pages 151 and 210;

Third Party Amounts means each of:

(a) all payments in respect of Trust Back Assets;

(b) payments of any deferred establishment fees, rates or insurance premiums paid by a Borrower to the Seller;

(c) amounts under a direct debit which are repaid to the bank making the payment if such a bank is unable to recoup that amount itself from the customer's account; or

(d) payments by Borrowers of Early Repayment Fees and other charges (excluding any amounts in respect of interest) due to the Seller,

which amounts shall be paid by or on behalf of the CB Guarantor (in amounts identified by the Servicer) to the Seller on receipt and identification by the Servicer as Third Party Amounts;

Threshold Rate means, at any time, the minimum rate of interest (expressed as a percentage) that, if set on all Variable Rate Loans comprised in the Portfolio (where permitted under the terms of the relevant Loan and to the extent permitted by applicable Law), would, when calculated on an overall portfolio basis, be sufficient (assuming that all relevant parties comply with their obligations at all times under the Transaction Documents, the Loans and the Related Security comprised in the Portfolio), when aggregated with the income produced by the rate of interest on all other Loans comprised in the Portfolio and other Authorised Investments and Substituted Assets of the Trust, to ensure that the CB Guarantor will have available to it sufficient Revenue Receipts to enable it to comply with its obligations under the Transaction Documents as they fall due;

Title Documents, in respect of a Loan, include the original of:

(a) the certificate or other indicia of title (if any) in respect of the relevant Property;

(b) the original or duplicate of any Related Security documents;

(c) any valuation report obtained in connection with the Mortgage or any Related Security;

(d) any deed of priority or similar document entered into in connection with the Loan or Related Security;

(e) the relevant Loan Terms; and

(f) all other documents required to evidence the interest of the lender of record in the relevant Property and Related Security,

as applicable;

Title Perfection Event has the meaning given to it in Clause 6.1 (Title Perfection Events) of the Mortgage Sale Deed;

Tranche means an issue of Covered Bonds (other than N Covered Bonds) which are identical in all respects (including as to listing and admission to trading);

Transaction Documents means:

(a) the Mortgage Sale Deed and each New Portfolio Notice delivered thereunder;

(b) the Servicing Deed;

(c) the Administration Deed;

(d) the Asset Monitor Agreement;

(e) the Intercompany Loan Agreement;

(f) the Subordinated Loan Agreement;

(g) the Participation Agreement;

(h) the Cash Management Deed;

(i) the Interest Rate Swap Agreement;

(j) each Covered Bond Swap Agreement;

(k) the Bank Account Agreement;

(l) the Bond Trust Deed;

(m) the Security Trust Deed (and each document entered into pursuant to the Security Trust Deed);

(n) the Trust Deed;

(o) each Agency Agreement;

(p) the Programme Agreement;

(q) the Master Definitions and Construction Agreement;

(r) the Australian Domestic Covered Bond Deed Poll;

(s) the Guarantee Deed Poll;

(t) each of the Final Terms ((i) in respect of any Series of Covered Bonds other than N Covered Bonds, as applicable in the case of each issue of listed Covered Bonds subscribed for pursuant to a subscription agreement or (ii) in respect of any Series of N Covered Bonds) entered into from time to time;

(u) each Relevant Agreement (as applicable in the case of each issue of listed Covered Bonds subscribed for pursuant to a subscription agreement) entered into from time to time;

(v) each Interest Rate Swap Collateral Bank Account Agreement entered into from time to time;

(w) each Covered Bond Swap Collateral Bank Account Agreement entered into from time to time; and

(x) each other document which is agreed to be a Transaction Document by the Security Trustee, the CB Guarantor and the Administrative Agent from time to time;

Transfer Agent means, in relation to all or any Series of Registered Covered Bonds, The Bank of New York Mellon (or, in the case of N Covered Bonds, the Registrar), acting through its London branch at One Canada Square, London E14 5AL, United Kingdom, in its capacity as transfer agent or, if applicable, any successor transfer agent in relation to all or any Series of the Covered Bonds;

transfer date has the meaning given on page 121;

Trust means the trust known as the **Westpac Covered Bond Trust** constituted under the Trust Deed;

Trust Assets means, in relation to the Trust, all the CB Guarantor's rights, property and undertaking which are the subject of the Trust:

(a) of whatever kind and wherever situated; and

(b) whether present or future;

Trust Back means the trust (if any) referred to in Clause 14 of the Mortgage Sale Deed;

Trust Back Assets means any right, title, interest and benefit in and to:

(a) any Other Secured Liability; and

(b) any Related Security that secures any Other Secured Liability (to the extent that such Related Security secured the Other Secured Liability),

in each case assigned by the Seller to the CB Guarantor pursuant to the Mortgage Sale Deed and which is subject to Clause 14 (Constitution and Entitlement of the Trust Back) of the Mortgage Sale Deed. Trust Back Assets includes any proceeds of or any amount received under, or as a consequence of the exercise of, a right, title, interest or benefit in respect of any Other Secured Liability or any Related Security that secures any Other Secured Liability (to the extent that such Related Security secured the Other Secured Liability);

Trust Deed means the trust deed entered into on or about 26 October 2011 between the CB Guarantor and the Administrative Agent;

Trust Expenses means all Costs incurred by the CB Guarantor in connection with the Trust under the Transaction Documents and any other amounts payable by the CB Guarantor under the Transaction

Documents, in respect of which the CB Guarantor is entitled to be reimbursed or indemnified out of the Trust Assets, and includes any Costs to be paid or reimbursed to BNY Trust Company Australia Limited in its personal capacity (but in each case excluding any amount of a type otherwise referred to in the relevant Priority of Payments and excluding any amounts referred to in Clause 4.2(b) (Payments in accordance with Priorities of Payments) of the Master Definitions and Construction Agreement;

Trust Indenture Act means the U.S. Trust Indenture Act of 1939, as amended;

U.S. Holder has the meaning given on page 360;

U.S. person has the meaning given in Regulation S;

Unit has the meaning given to it in the Trust Deed;

Unitholder means, in respect of the Trust, either a Residual Capital Unitholder or a Residual Income Unitholder;

Unrestricted Global Covered Bond means a Regulation S Global Covered Bond after the Restricted Period has ended;

Utilisation Date means the date on which a Subordinated Advance is made or deemed to be made;

Valuation means, in relation to any Property, the value given to that Property by reference to either:

(a) the latest Valuation Report (if obtained) in respect of that Property; or

(b) if no such Valuation Report has been obtained, such valuation of that Property as determined by the Seller or the Servicer in accordance with the Seller's Policy from time to time, or, if the Seller's Policy is no longer applicable, using a methodology which would be acceptable to a Reasonable, Prudent Mortgage Lender;

Valuation Report means the valuation report or reports for mortgage purposes obtained by the Seller or the relevant Originator in respect of a Property whether obtained at the time the Loan in respect of the relevant Property was originated or subsequently;

Variable Rate Loans means those Loans which are subject to a rate of interest which may at any time be varied in accordance with the relevant Mortgage Terms (and shall, for the avoidance of doubt, exclude Fixed Rate Loans and include Loans subject to a capped rate of interest);

VAT means, in relation to any jurisdiction in the European Union, the value added tax provided for in Directive 2006/112/EC and charged under the provisions of any national legislation implementing that directive or Directive 77/388/EEC, together with legislation supplemental thereto and, in relation to any other jurisdiction, the equivalent Tax, if any, in that jurisdiction;

WBC means Westpac Banking Corporation (ABN 33 007 457 141);

Westpac Group means Westpac Banking Corporation and each of its Related Bodies Corporate;

WIB has the meaning given on page 234;

Winding-Up means, in respect of any member of the Westpac Group, any procedure whereby the member may be wound-up, dissolved, liquidated, sequestered or cease to exist as a body corporate or a trust (as applicable) whether brought or instigated by a Covered Bondholder or any other person, other than, in respect of the Issuer, under or in connection with a scheme of amalgamation or reconstruction not involving a bankruptcy or insolvency where the obligations of it in relation to the Covered Bond Guarantee are assumed by the successor entity to which all, or substantially all, of the property, assets and undertaking of

it are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented;

WSM means Westpac Securitisation Management Pty Limited (ABN 73 081 709 211);

Y_1 has the meaning given on pages 105, 106, 182 and 183;

Y_2 has the meaning given on pages 105, 106, 182 and 183; and

Zero Coupon Covered Bond has the meaning given to it in the relevant Condition 1.2 (*Definitions*) or, in the case of the N Covered Bonds, the applicable N Covered Bond Conditions.

ISSUER
Westpac Banking Corporation
Level 18
275 Kent Street
Sydney NSW 2000

CB GUARANTOR
BNY Trust Company of Australia Limited
Level 2
1 Bligh Street
Sydney NSW 2000

SECURITY TRUSTEE
BTA Institutional Services Australia Limited
Level 2
1 Bligh Street
Sydney NSW 2000

BOND TRUSTEE
BNY Mellon Corporate Trustee Services Limited
One Canada Square
40th Floor
London E14 5AL

PRINCIPAL PAYING AGENT AND EXCHANGE AGENT

The Bank of New York Mellon
One Canada Square
40th Floor

London E14 5AL

REGISTRAR

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building-Polaris
2-4 rue Eugene Ruppert
L2453 Luxembourg

LEGAL ADVISERS

To the Issuer
and the
Seller as to English law
Slaughter and May
One Bunhill Row
London EC1Y 8YY

To the Issuer
and the
Seller as to Australian law
King & Wood Mallesons
Level 61
Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

To the Issuer
and the
Seller as to U.S. law
Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022

To the Arrangers and the Dealers
as to U.S. law
Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019

To the Arrangers and the Dealers
as to English law

Allen & Overy LLP
One Bishops Square
London E1 6AD

To the Bond Trustee
as to English law

Allen & Overy LLP
One Bishops Square
London E1 6AD

To the CB Guarantor and Security Trustee
as to Australian law
Clayton Utz
Level 15
1 Bligh Street
Sydney
New South Wales

AUDITORS
To the Issuer

PricewaterhouseCoopers
One International Towers Sydney
Watermans Quay
Barangaroo NSW 2000
Australia

ARRANGERS

Barclays Capital Asia Limited
41st Floor Cheung Kong Center
2 Queen's Road Central
Hong Kong

Westpac Banking Corporation
Level 2, Westpac Place
275 Kent Street
Sydney NSW 2000
Australia

DEALERS

Barclays Capital Asia Limited
41st Floor Cheung Kong Center
2 Queen's Road Central
Hong Kong

BNP Paribas
10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

Deutsche Bank Aktiengesellschaft
Mainzer Landstrasse 11-17
60329 Frankfurt am Main
Germany

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Merrill Lynch International
2 King Edward Street
London EC1A 1HQ
United Kingdom

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Nomura International plc
1 Angel Lane
London EC4R 3AB
United Kingdom

RBC Europe Limited
Riverbank House
2 Swan Lane
London EC4R 3BF
United Kingdom

The Toronto-Dominion Bank
60 Threadneedle Street
London EC2R 8AP
United Kingdom

UBS AG London Branch
5 Broadgate
London EC2M 2QS
United Kingdom

Westpac Banking Corporation
Level 18, Westpac Place
275 Kent Street
Sydney NSW 2000
Australia

Westpac Europe Limited
Camomile Court
23 Camomile Street
London EC3A 7LL
United Kingdom