

## IMPORTANT NOTICE

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# Suncorp-Metway Limited

(ABN 66 010 831 722)

U.S.\$5 billion

Global Covered Bond Programme

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

Perpetual Corporate Trust Limited (ABN 99 000 341 533) as trustee of the

## Suncorp Covered Bond Trust

Under this U.S.\$5 billion global covered bond programme (the **Programme**), Suncorp-Metway Limited, acting through its head office in Brisbane (the **Issuer** or **Suncorp**), 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).

Perpetual Corporate Trust Limited, in its capacity as trustee of the Suncorp Covered Bond Trust (the **Covered Bond 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 Suncorp Covered Bond Trust. Recourse against the Covered Bond Guarantor under the Covered Bond Guarantee is limited to the Portfolio and the other assets of the Suncorp Covered Bond Trust. The Suncorp Covered Bond Trust has not yet been allocated an Australian Business Number (or ABN).

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.\$5 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 Services Authority (the **FSA** or the **U.K. Listing Authority**, as applicable) in its capacity as competent authority under the Financial Services and Markets Act 2000 (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 U.K. Listing Authority (the **Official List**) and 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 series of 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 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

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 U.K. Listing Authority and the London Stock Exchange on or before the date of issue of such Tranche of Covered Bonds.

The Programme provides that Covered Bonds may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or regulated or unregulated markets as may be agreed between the Issuer, the Covered Bond Guarantor, the Bond Trustee (as defined below), the Arrangers (as defined below) and the relevant Dealer(s). The Issuer may also issue Covered Bonds not listed or admitted to trading on any regulated or unregulated market.

**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 any U.S. state securities laws. The Covered Bonds and the Covered Bond Guarantee are being offered and sold without registration under the Securities Act to 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 Covered Bond Guarantor, may agree with any Dealer and the Bond Trustee that Covered Bonds may be issued in a form not contemplated by the 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.

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 Pty 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 Investors Service Limited is established in the European Union and is registered under Regulation (EU) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, Moody's Investors Service Limited is included on the list of credit rating agencies published by European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation. Moody's Investors Service Pty Limited is established in Australia and is not established in the European Union or registered under the CRA Regulation. Fitch Ratings Ltd is established in the European Union and is registered under the CRA Regulation. As such, Fitch Ratings Ltd is included on the list of credit rating agencies published by ESMA on its website in accordance with the CRA Regulation. Fitch Australia Pty Ltd is established in Australia and is not established in the European Union and has not applied for registration under the CRA Regulation. On 22 December 2011, ESMA published in a press release its decision to endorse Australia's regulatory regime on credit ratings (pursuant to Art 4(3) of the CRA Regulation). As at the date of this Prospectus, Fitch Ratings Ltd endorses on an ongoing basis the credit ratings published by Fitch and Moody's Investors Service Limited endorses on an ongoing basis the credit ratings published by Moody's.

Information on the ratings of the Issuer can be found on page 237 under the heading ***Suncorp-Metway Limited – Credit Ratings***.

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, unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

Arrangers for the Programme

BARCLAYS

DEUTSCHE BANK

Dealers

BARCLAYS

DEUTSCHE BANK

SUNCORP-METWAY LIMITED

The date of this Prospectus is **17 May 2012**.

This prospectus (the **Prospectus**) has been approved by the U.K. Listing Authority as a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**) and has been published in accordance with the prospectus rules made under the FSMA. 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. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

- (a) the first paragraph of the section entitled *Structure Overview – Structure Overview – Covered Bond Guarantee*;
- (b) the section *Overview of the Programme – Covered Bond Guarantee*;
- (c) Condition 4.2 (*Status of the Covered Bond Guarantee*) in the sections *International Terms and Conditions of the Covered Bonds (other than Australian Domestic Covered Bonds)* and *Australian Terms and Conditions of the Australian Domestic Covered Bonds* (in each case excluding the last two paragraphs thereof);
- (d) the sections entitled "*Suncorp Covered Bond Trust – Trustee of the Suncorp Covered Bond Trust*" and "*Suncorp Covered Bond Trust – Management*";
- (e) the section entitled *Overview of the Principal Documents – Guarantee Deed Poll*; and
- (f) 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 Covered Bond Guarantor Information**). To the best of the knowledge and belief of the Covered Bond Guarantor (having taken all reasonable care to ensure that such is the case), the Relevant Covered Bond Guarantor Information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such Relevant Covered Bond Guarantor Information.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE UNIFORM SECURITIES ACT WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN

ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

\* \* \*

Copies of each Final Terms (in the case of Covered Bonds to be admitted to the Official List) will be available 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 [www.londonstockexchange.com/en-gb/pricesnews/marketnews/](http://www.londonstockexchange.com/en-gb/pricesnews/marketnews/).

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 FSA for the purpose of the Prospectus Directive.

The information contained in this Prospectus was obtained from the Issuer and (in respect of the Relevant Covered Bond Guarantor Information only) the Covered Bond 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 Covered Bond Guarantor Information only) the Covered Bond 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, the Covered Bond Guarantor (other than in respect of the Relevant Covered Bond Guarantor Information), 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 Covered Bond Guarantor Information only) the Covered Bond 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 Covered Bond Guarantor Information) the Covered Bond 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 Covered Bond Guarantor Information only) the Covered Bond 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 Covered Bond Guarantor Information only) the Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor (including in respect of the Suncorp 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 Covered Bond Guarantor (including in respect of the Suncorp 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 Covered Bond 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 Covered Bond Guarantor, the Bond Trustee, the Agents, the Suncorp 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 Covered Bond 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 Covered Bond Guarantor and the Suncorp 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 Covered Bond Guarantor expressly does not undertake to review the financial condition or affairs of the Suncorp Covered Bond Trust during the life of the Programme or to advise any investor in the Covered Bonds of any information concerning the Suncorp 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 in reliance upon Regulation S to non-U.S. persons in offshore transactions (each as defined in Regulation S). 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 Covered Bond 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 Covered Bond 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, the United States, the European Economic Area (including the United Kingdom, the Netherlands, the Republic of Italy and the Republic of France), Japan, Singapore 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 which has

implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Covered Bonds. Accordingly any person making or intending to make an offer in a Relevant 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 Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, 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 (other than Australian Domestic 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, outside Australia (and on a market operated outside Australia), 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 Covered Bond 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.

### **Australian banking legislation**

The Issuer is an "authorised deposit-taking institution" (**ADI**) as that term is defined under the Banking Act 1959 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 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, 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 an ADI due to APRA shall in a winding-up of the ADI have, subject to section 13A(3) of the Banking Act, priority over all other unsecured debts of the ADI. Further, section 86 of the Reserve Bank Act provides that in a winding-up of a bank, debts due by the bank to the RBA shall, subject to section 13A(3) of the Banking Act, have priority over all other debts of the bank.

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 Covered Bond 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 Covered Bond 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.

## U.S. INFORMATION

THE COVERED BONDS AND THE COVERED BOND GUARANTEE OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT 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 CERTAIN PERSONS IN RELIANCE ON REGULATIONS 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. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the Code), and the U.S. Treasury regulations promulgated thereunder.

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230 (CIRCULAR 230), COVERED BONDHOLDERS (AS DEFINED BELOW) ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DOCUMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY COVERED BONDHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON COVERED BONDHOLDERS UNDER THE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE ISSUER OF THE TRANSACTIONS ADDRESSED HEREIN; AND (C) COVERED BONDHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

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

This Prospectus 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 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. Each purchaser or holder of Covered Bonds represented by a Regulation S Global Covered Bond, or any Covered Bond issued in registered form in exchange or substitution therefore, 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 meaning given to them in *Form of the Covered Bonds*.

## AVAILABLE INFORMATION

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 Suncorp-Metway Limited, Suncorp-Metway Centre, 36 Wickham Terrace, Brisbane, Queensland 4000, Australia, Attention: Client Service Manager, Securitisation.

### **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 Suncorp-Metway Limited, Suncorp-Metway Centre, 36 Wickham Terrace, Brisbane, Queensland 4000, Australia. The Covered Bond Guarantor is established in Australia under the Corporations Act and registered in New South Wales with its principal address at Level 12, 123 Pitt Street, Sydney, New South Wales, 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 upon the federal 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 21E of the Exchange 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 our intent, belief or current expectations with respect to the business and operations, market conditions, results of operations and financial condition of the Issuer (including, without limitation, future loan loss provisions and financial support to certain borrowers) or the Covered Bond Guarantor. The Issuer uses words such as "will", "may", "expect", "intend", "plan", "seek", "would", "should", "could", "continue", "estimate", "anticipate", "believe", "probability", "risk", or other similar words to identify forward-looking statements. These forward-looking statements reflect the current views of the Issuer with respect to future events and are subject to change, certain risks, uncertainties and assumptions which are, in many instances, beyond the control of the Issuer, 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 expectations of the Issuer or that the effect of future developments on the Issuer will be those anticipated. Actual results could differ materially from those which the Issuer expects, 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;

- market volatility, including uncertain conditions in funding, equity and asset markets;
- adverse asset, credit or capital market conditions;
- changes to the Issuer's credit ratings;
- inflation, interest rate, exchange rate, market and monetary fluctuations;
- market liquidity and investor confidence;
- changes in consumer spending, saving and borrowing habits in Australia, New Zealand and in other countries in which the Issuer conducts its operations;
- the effects of competition in the geographic and business areas in which the Issuer conducts its operations;
- the ability to maintain or to increase market share and control expenses;
- the timely development and acceptance of new products and services and the perceived overall value of these products and services by users;
- technological changes and risks associated with changes to the Issuer's technology systems;
- demographic changes and changes in political, social or economic conditions in any of the major markets in which the Issuer operates;
- stability of Australian and international financial systems and disruptions to financial markets and any losses or business impacts the Issuer may experience as a result;
- the impact of natural disasters, such as the Queensland floods; and
- various other factors beyond the control of the Issuer.

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 should carefully consider the foregoing factors and other uncertainties and events.

The Issuer is under no obligation, and does not intend, 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.

**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 shall be deemed to be incorporated in, and to form part of, this Prospectus and approved by the FSA for the purpose of the Prospectus Directive:

1. the consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon and the notes thereto) of the Issuer's 2009/2010 annual report (the **Issuer's 2009/2010 Annual Report**) in respect of the year ended 30 June 2010;
2. the consolidated audited annual financial statements (including the directors' remuneration report, auditors' report thereon) of the Issuer's 2010/2011 annual report (the **Issuer's 2010/2011 Annual Report**) in respect of the year ended 30 June 2011; and
3. the consolidated unaudited financial statements of the Issuer in respect of the six months ended 31 December 2011.

The Issuer's 2009/2010 Annual Report shows the consolidated financial position of the Issuer prior to the NOHC Restructure. The Issuer's 2010/2011 Annual Report shows the consolidated financial position of the Issuer for a period commencing prior to the NOHC Restructure and ending following the NOHC Restructure. The consolidated unaudited financial statements of the Issuer in respect of the six months ended 31 December 2011 referred to above are in respect of a period following the NOHC Restructure. Information on the NOHC Restructure is set out below in the section headed Suncorp-Metway Limited.

Financial statements have not yet been prepared in respect of the Suncorp Covered Bond Trust.

Except as provided in any supplement hereto, any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a subsequent statement which is deemed to be contained herein or deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise) provided, however, that such statement shall only form part of the Prospectus to the extent that it is contained in a document all or the relevant portion of which is incorporated by reference by way of a supplementary prospectus published in accordance with Article 16 of the Prospectus Directive. Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus will be available for viewing on the website of the Issuer at [www.suncorpgroup.com.au](http://www.suncorpgroup.com.au).

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.

The Issuer has undertaken, in connection with the listing of the Covered Bonds on the London Stock Exchange's Regulated Market or on any other listing authority or stock exchange in a Member State, that upon becoming aware that there has been a significant change affecting any matter contained or incorporated by reference in this Prospectus or a significant new factor or matter has arisen, the inclusion of information

in respect of which would have been required to be included or incorporated by reference in this Prospectus if it had arisen before this Prospectus was issued, or if a material mistake or inaccuracy relating to the information contained or incorporated by reference in the Prospectus capable of affecting the assessment of the Covered Bonds has arisen between the Programme Date (as defined below) and the time when trading of any Tranche of Covered Bonds begins on a regulated market, the Issuer will publish a supplementary 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 Banking Act was amended with effect from 17 October 2011 by the Banking Amendment (Covered Bonds) Act 2011 of Australia to provide for the issue of covered bonds by ADIs.

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 Suncorp under the Programme will be "covered bonds" and the Covered Bond Guarantor is the covered bond special purpose vehicle.
- Issue restriction and maintenance of the cover pool: The Banking Act provides that:
  - (i) Suncorp 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 Suncorp would exceed 8%, or such other percentage prescribed by regulation, of the value of Suncorp'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 Covered Bond 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 and the functions to be performed by the Asset Monitor under the Asset Monitor Agreement satisfy the applicable requirements of the Banking Act for a cover pool monitor. 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 paragraph (a) below, such directions could apply to any aspect of the business carried on by Suncorp and its subsidiaries (and include, in the case of the Covered Bonds, a direction that Suncorp not make a payment to the Covered Bondholders or transfer an asset to the Covered Bond Guarantor even if contractually obliged to do so). The Covered Bond Guarantor is not a subsidiary of Suncorp. 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 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; and
  - (iv) the power to direct a covered bond special purpose vehicle (such as the Covered Bond 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 Suncorp, the liabilities of Suncorp 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. In addition, APRA's powers to give directions as described above are also subject to secrecy requirements which means that investors will not necessarily receive any notice or otherwise be aware that APRA has given any direction to Suncorp or the Covered Bond Guarantor.

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

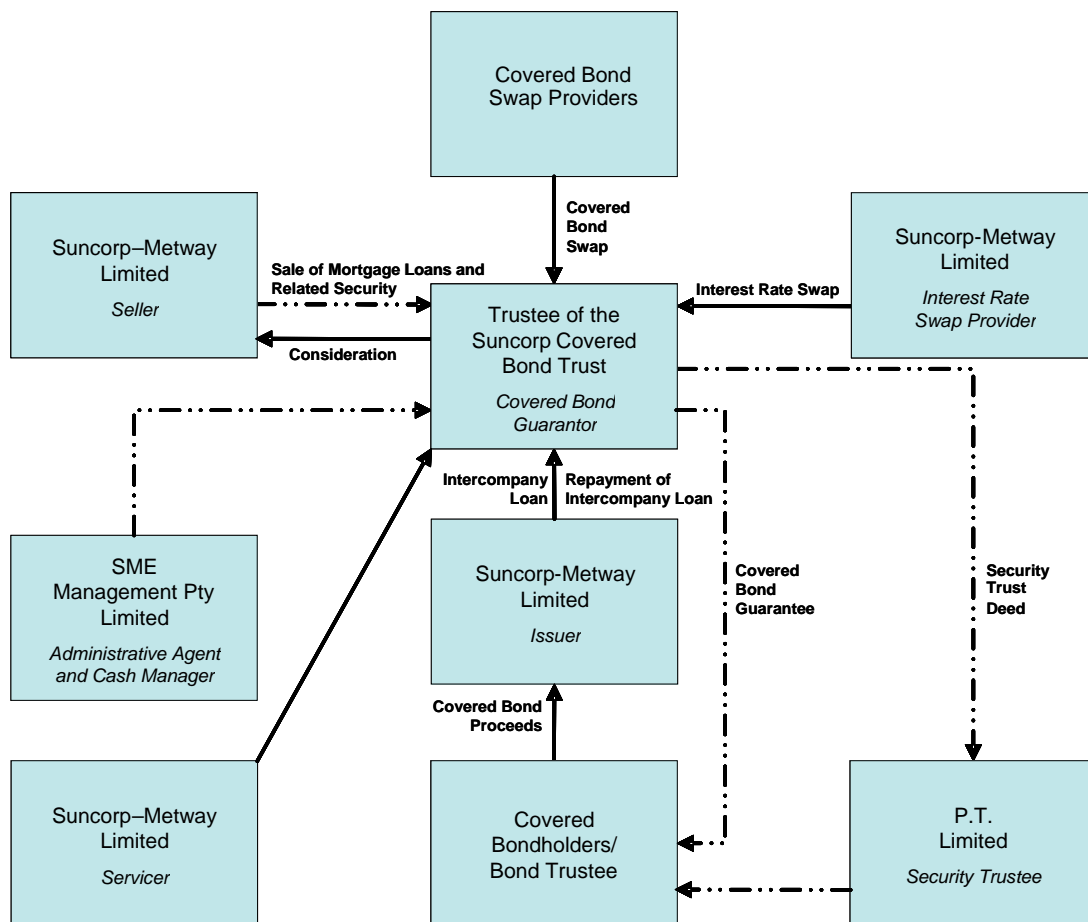
- (a) APRA must not direct, or give a direction to Suncorp that would cause or require, the Covered Bond Guarantor to deal, or not deal, with an asset to the extent that the asset secures liabilities of Suncorp to the Covered Bondholders, or make a payment, or not make a payment, in relation to a liability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

- (b) neither the giving of a direction by APRA to Suncorp nor the fact that an ADI statutory manager is in control of Suncorp'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 an ADI statutory manager nor an external administrator (as defined in the Banking Act) in control of Suncorp'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 Suncorp; and
- (d) an ADI statutory manager or external administrator has the same contractual obligations of Suncorp in relation to an asset to the extent that the asset secures the liabilities to the Covered Bondholders.

**Australian Financial Services Licence – Bond Trustee**

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

**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 Covered Bond Guarantor has provided a guarantee as to payments of interest and principal under the Covered Bonds. The Covered Bond 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 Covered Bond 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 Covered Bond Guarantor, secured as provided in the Security Trust Deed. Except to the extent of fraud, negligence or wilful default by the Covered Bond Guarantor (and if the provisions of the Conditions or any Transaction Document state that the Covered Bond Guarantor will be liable in such circumstances), recourse to the Covered Bond Guarantor in respect of its obligations under the Covered Bond Guarantee and the Transaction Documents is limited to such secured assets (the **Security Collateral**), 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 Covered Bond Guarantor holds the Portfolio and the other Security Collateral in accordance with the terms of the Transaction Documents. The Covered Bond Guarantor does not hold any other asset which does not form part of the Suncorp Covered Bond Trust. As described further below, following service of a Notice to Pay or a CBG Acceleration Notice, the Covered Bond Guarantor's interest in the Demand Loan Repayment Assets will be transferred to the Intercompany Loan Provider or, in the case of Mortgage Loans where title has not been perfected extinguished in favour of the Intercompany Loan Provider and the Demand Loan Repayment Assets will not form part of the Portfolio or the assets of the Suncorp 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 Covered Bond Guarantor following the occurrence of an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice pursuant to which, as against the Issuer (but not, for the avoidance of doubt, as against the Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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. The Demand Loan is denominated in Australian Dollars. The Guarantee Loan is denominated in Australian Dollars or where a Series of Covered Bonds is (a) not denominated in Australian Dollars and (b) the Covered Bond Guarantor has entered into a Non-Forward Starting Covered Bond Swap in respect of such Series (such Covered Bonds, the **Matching Series of Covered Bonds**) in the currency in which the relevant Matching Series of Covered Bonds have been issued.

The interest rate on each Advance under the Intercompany Loan is a floating rate to be determined by the Intercompany Loan Provider from time to time provided that, in respect of an Advance made in respect of a Matching Series of Covered Bonds (each such Advance a **Matching Advance**) the interest rate shall equal the interest payable on the relevant Matching Series of Covered Bonds. The aggregate amount of interest payable under the Intercompany Loan in respect of any interest period will not exceed the aggregate of: (a) the gross amount payable to the Covered Bond Guarantor under the Interest Rate Swap Agreements (prior to any netting or set-off) and (b) the gross amount payable to the Covered Bond Guarantor under the Covered Bond Swap Agreements in respect of interest (prior to any netting or set-off and without double counting any interest amounts received) in that period, less Trust Expenses (excluding gross amounts payable by the Covered Bond Guarantor under the Interest Rate Swap Agreements and gross amounts payable by the Covered Bond Guarantor in respect of interest under the Covered Bond Swap Agreements (in each case prior to any netting or set-off) and interest payable on the Intercompany Loan and the Subordinated Loan).

The Guarantee Loan, at any relevant time, is in an amount equal to the amount of or 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 AUD Equivalent 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 AUD Equivalent outstanding principal balance of the Intercompany Loan and the AUD Equivalent 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 Covered Bond 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 Covered Bond Guarantor may, at the direction of the Administrative Agent, re-borrow any amount repaid by the Covered Bond 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 Covered Bond Guarantor pursuant to the Intercompany Loan Agreement. Amounts owed by the Covered Bond Guarantor under the Guarantee Loan will be subordinated to amounts owed by the Covered Bond Guarantor under the Demand Loan and, following the service of a Notice to Pay or a CBG Acceleration Notice, the Covered Bond Guarantee. In all cases, repayment of the Demand Loan will be provided for in priority to amounts owed by the Covered Bond Guarantor to the other Secured Creditors (including the Covered Bondholders). Repayment of such Demand Loan will be (prior to service of a Notice to Pay or a CBG Acceleration Notice by way of a cash payment and/or by payment in kind and following service of a Notice to Pay or a CBG Acceleration Notice by way of a payment in kind. Any repayment of the Demand Loan by way of a payment in kind will be made by the Administrative Agent randomly selecting, on behalf of the Covered Bond Guarantor, but in accordance with the terms of the Intercompany Loan Agreement, Mortgage Loans and their Related Security (excluding Defaulted Loans) and Authorised Investments and Substitution Assets (or any combination of these) 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 Mortgage Loans, the interests of the Covered Bond Guarantor in such Mortgage Loans and their Related Security will be extinguished in favour of the Intercompany Loan Provider, and the Charge granted over such Mortgage 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 Covered Bond Guarantor will use the Advances made to it from time to time under the Intercompany Loan to purchase the Portfolios consisting of Mortgage Loans and their Related Security from the Seller in accordance with the terms of the Mortgage Sale Deed and will use additional Advances (after any necessary currency exchange) to (subject in the case of any Matching Advance to the amounts being swapped into Australian Dollars under the terms of the relevant Covered Bond Swap):
  - (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 make a payment to the Intercompany Loan Provider in respect of the Demand Loan;
  - (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); or
  - (v) any combination of (i) to (iv) above.
- *Consideration:* Under the terms of the Mortgage Sale Deed, the consideration payable to the Seller for the sale of Mortgage Loans and their Related Security to the Covered Bond Guarantor will comprise a cash payment in Australian Dollars made by the Covered Bond Guarantor, in the manner that the Seller directs, from the proceeds of an Advance under the Intercompany Loan Agreement (after any necessary currency exchange) and/or Available Principal Receipts paid in accordance with the Pre-Acceleration Principal Priority of Payments.

In respect of each sale of Mortgage Loans and their Related Security to the Covered Bond Guarantor by the Seller under the Mortgage Sale Deed, the Purchase Price will be calculated by reference to the Outstanding Principal Balance of such Mortgage Loans comprising the New Portfolio 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 Mortgage Loans in the period from (but excluding) the Cut-Off Date in respect of those Mortgage Loans to (but excluding) the relevant Assignment Date in respect of those Mortgage Loans.

In certain circumstances, the Seller will be required to repurchase Mortgage Loans in the Portfolio if they do not materially comply with the applicable Representations and Warranties made in respect of those Mortgage Loans as at the relevant Assignment 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 Mortgage Loan in respect of which there is any such breach of the Representations and Warranties, then such Mortgage Loan shall be treated as if its balance was zero for the purposes of the calculation of the Asset Coverage Test. The Seller may also at any time offer to repurchase from the Covered Bond Guarantor Mortgage Loans in the Portfolio.

- *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 Covered Bond 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 Covered Bond 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*.

- *Security:* To secure its obligations under the Covered Bond Guarantee and the Transaction Documents to which it is a party, the Covered Bond Guarantor has granted security over the Security Collateral (which consists of all Trust Assets (other than Excluded Property) 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 Covered Bond 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 Covered Bond Guarantor (at the direction of the Cash Manager) will:
  - (i) apply Available Revenue Receipts to paying, among other things, Accrued Interest Adjustment Amounts, Trust Expenses and fees and expenses payable or to become payable by the Covered Bond Guarantor, interest due to the Intercompany Loan Provider under the Intercompany Loan (in respect of the Demand Loan and the Guarantee Loan), certain expenses and amounts due to the Interest Rate Swap Providers and any relevant Covered Bond 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, among other things, repay the Demand Loan (subject to satisfying the Asset Coverage Test), pay any repurchase price adjustment payable to the Seller under the Mortgage Sale Deed, acquire New Loans and their Related Security offered by the Seller to the Covered Bond Guarantor, acquire Substitution Assets or Authorised Investments, make deposits in the GI Account, pay amounts due in respect of principal to the relevant Covered Bond Swap Providers, repay principal due to the Intercompany Loan Provider under the Guarantee Loan, reimburse Available Revenue Receipts to the extent Available Revenue Receipts have been applied to fund the Pre-Maturity Liquidity Ledger, fund any liquidity that may be required in respect of Hard Bullet Covered Bonds following any breach of the Pre-Maturity Test and pay 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 Covered Bond 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 Covered Bond Guarantor (at the direction of the Cash Manager) 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 in respect of the Demand Loan or the Guarantee Loan, the Subordinated Loan Provider under the Subordinated Loan Agreement or the Residual Income Unitholder by way of distribution of the remaining income of the Covered Bond Guarantor and such amounts will be credited the GI Account (with a corresponding credit to the Revenue Ledger): see *Cashflows* below;
- (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 pay amounts in respect of principal due to the Covered Bond Swap Provider, to acquire New Loans and their Related Security offered by the Seller to the Covered Bond Guarantor or Substitution Assets and/or Authorised Investments, to pay any repurchase price adjustment payable to the Seller under the Mortgage Sale Deed or towards Available Revenue Receipts to the extent Available Revenue Receipts have been credited to the Pre-Maturity Liquidity Ledger and have not yet been reimbursed, 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. No principal will be paid to the Intercompany Loan Provider as repayment of the Guarantee Loan, except where the Intercompany Loan Provider has, in respect of a Matching Series of Covered Bonds, directed the Covered Bond Swap Provider to make a payment directly to the Principal Paying Agent: see *Cashflows* below.

Following service of a Notice to Pay on the Covered Bond Guarantor (but prior to service of a CBG Acceleration Notice), the Covered Bond Guarantor (at the direction of the Cash Manager) 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. While the Intercompany Loan Provider may demand the repayment of the Demand Loan, such Demand Loan may only be repaid in kind and may not be repaid with cash.

Following service of a CBG Acceleration Notice on the Covered Bond 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 Covered Bond Guarantor under the Covered Bond Guarantee for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with accrued interest (to the extent not included in the Early Redemption Amount) and the Charge created by the Covered Bond Guarantor over the Security Collateral under the Security Trust Deed 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), Trust Back Assets, Swap Collateral Excluded Amounts, Third Party Amounts, premium received by the Covered Bond Guarantor from a replacement Swap Provider to the extent it is used to make a termination payment due and payable by the Covered Bond 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 Covered Bond Guarantor and certain other amounts payable to third parties) by the Security Trustee from realisation of the



Security Collateral following enforcement of the Charge created by the Covered Bond 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 Covered Bond Guarantor are subject to an Asset Coverage Test in respect of the Covered Bonds. Accordingly, for so long as Covered Bonds remain outstanding, on 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 Covered Bond 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 Covered Bond 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 Calculation 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 (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) serve a Notice to Pay on the Covered Bond 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 Covered Bond 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 Security Collateral.
- *Interest Rate Swap Agreement:* To provide a hedge against possible variances between (i) the interest revenues and other income received by the Covered Bond Guarantor, being primarily linked to the rates of interest payable on the Mortgage 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 (ii) the expenses of the Trust that are referable to the Bank Bill Rate, the Covered Bond 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 Covered Bond Guarantor and the Interest Rate Swap Provider have agreed to swap the amount of interest and certain other income revenues received by the Covered Bond Guarantor in respect of the Mortgage Loans in the Portfolio, the GI Account, the Substitution Assets and any Authorised Investments in exchange for amounts referenced to the one month Bank Bill Rate, plus a margin, in order to provide an amount sufficient to pay, prior to service of a Notice to Pay, amounts of interest due on the Intercompany Loan Agreement other than in respect of a Matching Advance, and in respect of a Matching Advance, amounts due to the relevant Covered Bond Swap Provider and following service of a Notice to Pay, on the Covered Bond Guarantor, the amounts payable by the Covered Bond Guarantor under the Covered Bond Swap Agreements or, if no Covered Bond Swap is in place for a Series of Covered Bonds, the relevant Covered Bonds), plus, in each case, a certain amount for expenses.

- *Covered Bond Swap Agreements:* To provide a hedge against interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Interest Rate Swap and amounts payable or that may become payable in respect of its obligations under, prior to service of a Notice to Pay on the Covered Bond Guarantor, the Matching Advances and, following service of a Notice to Pay, the Covered Bond Guarantee, the Covered Bond Guarantor will, where applicable in relation to a Tranche and/or Series of Covered Bonds, enter into a Covered Bond Swap with the relevant Covered Bond Swap Provider for that Tranche and/or Series of Covered Bonds at the time such Covered Bonds are issued. Each Covered Bond Swap Provider and the Covered Bond Guarantor will agree to swap amounts equal to the Australian Dollar floating rate amounts received by the Covered Bond Guarantor under the Interest Rate Swap into amounts reflecting the interest and or principal amounts (as applicable) payable under the relevant Tranche and/or Series of Covered Bonds and prior to service of a Notice to Pay, the relevant Matching Advance, if applicable.
- *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 Covered Bond Guarantor has insufficient monies available under the Guarantee Priority of Payments to pay the Guaranteed Amounts equal to the Final Redemption Amount 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 Covered Bond Guarantor or, if later, the Maturity Date (in each case subject to the applicable grace period) and (b) the Extension Determination Date, 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 Covered Bond 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 Covered Bond 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:* Suncorp, in its capacity as Servicer, has entered into the Servicing Deed with the Covered Bond Guarantor and the Security Trustee, pursuant to which it has agreed to provide administrative services in respect of the Mortgage Loans and their Related Security sold by the Seller to the Covered Bond Guarantor.
- *Reliance on Third Parties:* The Covered Bond 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 Mortgage Loans. Failure of the Servicer to perform these functions could affect payment on the Covered Bonds. Further, the Covered Bond Guarantor will

rely, in certain circumstances, on the Cash Manager or Administrative Agent directing it to take certain action, before the Covered Bond Guarantor becomes obligated to take such action. Additionally, the Covered Bond Guarantor relies on swap providers to hedge against possible variances in the interest revenues received by the Covered Bond Guarantor which are primarily linked to the rates of interest payable on the Mortgage Loans in the Portfolio and to hedge against interest rate and currency risks in respect of amounts received by the Covered Bond Guarantor under the Interest Rate Swap and amounts payable by the Covered Bond Guarantor under the Intercompany Loan and Covered Bond Guarantee in respect of the Covered Bonds. The performance of the Swap Providers and the Covered Bond Guarantor under their mutual swap agreements can affect both the rating of, and payment on, the Covered Bonds.

- *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 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: Suncorp-Metway Limited (ABN 66 010 831 722).

For a more detailed description of the Issuer, see *Suncorp-Metway Limited* below.

Covered Bond Guarantor: Perpetual Corporate Trust Limited (ABN 99 000 341 533) in its capacity as trustee of the Suncorp Covered Bond Trust. The Suncorp Covered Bond Trust has not yet been allocated an Australian Business Number (or ABN). The Suncorp 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 Covered Bond Guarantor will acquire the beneficial interest in the Mortgage Loans and their Related Security from the Seller pursuant to the terms of the Mortgage Sale Deed for the Suncorp Covered Bond Trust.

The Covered Bond Guarantor holds an interest in the Portfolio and the other Security Collateral in accordance with the terms of the Transaction Documents.

The Covered Bond 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 Covered Bond 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 Suncorp Covered Bond Trust in accordance with the Security Trust Deed and recourse against the Covered Bond Guarantor is limited to such assets.

For a more detailed description of the Covered Bond Guarantor, see *Suncorp Covered Bond Trust* below.

Administrative Agent:	SME Management Pty Limited (ABN 21 084 490 166) ( <b>SME</b> ), a company incorporated in Australia under the Corporations Act, has agreed to act as Administrative Agent to the Covered Bond Guarantor pursuant to the terms of the Administration Deed and has the right, power and authority to act for and on behalf of the Covered Bond Guarantor in respect of certain matters.
Seller:	Suncorp-Metway Limited (ABN 66 010 831 722), which is in the business of originating residential mortgage loans and other banking activities.  For a more detailed description of the Seller, see <i>Suncorp-Metway Limited</i> below.
Intercompany Loan Provider:	Suncorp-Metway Limited (ABN 66 010 831 722).
Subordinated Loan Provider	Suncorp-Metway Limited (ABN 66 010 831 722).
Servicer:	Suncorp-Metway Limited (ABN 66 010 831 722) has been appointed to service, on behalf of the Covered Bond Guarantor, the Mortgage Loans and Related Security in the Portfolio pursuant to the terms of the Servicing Deed.  For a more detailed description of the Servicer, see <i>Suncorp-Metway Limited</i> below.
Cash Manager:	SME has also been appointed, <i>inter alia</i> , to provide cash management services to the Covered Bond Guarantor and to monitor compliance by the Covered Bond 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:	Deutsche Bank AG, London Branch has been appointed pursuant to the Offshore Agency Agreement as principal paying agent. Additional paying agents ( <b>Paying Agents</b> ) may also be appointed from time to time.
Exchange Agent:	The Issuer may appoint an Exchange Agent pursuant to the terms of the Offshore Agency Agreement.
Registrar and Transfer Agent:	Deutsche Bank Luxembourg S.A. has been appointed pursuant to the Offshore Agency Agreement as registrar and transfer agent.
Australian Agent and Registrar:	Austraclear Services Limited (ABN 28 003 284 419) has been appointed pursuant to the Australian Agency Agreement to act as Australian registrar and, in certain circumstances, to provide paying agency services to the Covered Bond Guarantor and Bond Trustee.
Bond Trustee:	Deutsche Trustee Company Limited, acting through its office at Winchester House, 1 Great Winchester Street, London, England, 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 and the Guarantee Deed Poll.

Security Trustee:

P.T. Limited (ABN 67 004 454 666), has been appointed to act as security trustee to hold the benefit of the security granted by the Covered Bond Guarantor to the Security Trustee (for 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 or is otherwise required to act, 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 KPMG.

Covered Bond Swap Provider:

Each Swap Provider, as identified in the relevant Final Terms, which agrees to act as a provider of a Covered Bond Swap to the Covered Bond Guarantor to hedge certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Interest Rate Swap and amounts payable by the Covered Bond Guarantor under, prior to service of a Notice to Pay, the Intercompany Loan and, following service of a Notice to Pay, the Intercompany Loan and the Covered Bond Guarantee in respect of the relevant Series of Covered Bonds.

In the event that the ratings of a Covered Bond Swap Provider fall below a specified ratings level, that 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 the relevant Final Terms and the relevant Covered Bond Swap Agreement. Unless otherwise specified in the relevant Final Terms and for so long as Suncorp-Metway Limited has the requisite ratings, the Covered Bond Swap Provider will be Suncorp-Metway Limited (ABN 66 010 831 722).

Interest Rate Swap Provider:

The initial Interest Rate Swap Provider is Suncorp-Metway Limited (ABN 66 010 831 722).

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 *Suncorp-Metway Limited* below or the relevant Final Terms.

Account Bank:	Suncorp-Metway Limited (ABN 66 010 831 722) has agreed to act as Account Bank to the Covered Bond Guarantor pursuant to the Bank Account Agreement.
Programme description:	Global Covered Bond Programme.
Arrangers:	Barclays Bank PLC and Deutsche Bank Aktiengesellschaft.
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 Bank PLC, Deutsche Bank Aktiengesellschaft and Suncorp-Metway Limited.
Certain restrictions:	<p>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 and Hong Kong. Other restrictions may apply in connection with the offering and sale of a particular Tranche of Covered Bonds. See <i>Subscription and Sale and Transfer and Selling Restrictions</i> below.</p> <p>As at the date of this Prospectus, the Issuer does not intend to issue Rule 144A Covered Bonds, but may at a later date update the Programme in order to make such an issuance.</p>
Programme size:	Up to U.S.\$5 billion (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time as described herein. The Issuer 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 <i>Subscription and Sale and Transfer and Selling Restrictions</i> 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 or partly-paid basis.

**Form of Covered Bonds:** The Covered Bonds (other than 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.

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.

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).

**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.

**Index Linked Interest Covered Bonds:** Payments of interest in respect of **Index Linked Interest Covered Bonds** will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree, as set out in the applicable Final Terms.

**Credit Linked Interest Covered Bonds:** Payments of interest in respect of **Credit Linked Interest Covered Bonds** will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree, as set out in the applicable Final Terms.



Bonds and Equity Linked Interest Covered Bonds:	<b>Bonds and Equity Linked Interest Covered Bonds</b> will be calculated by reference to the price, value, performance or some other factor relating to one or more reference assets and/or the creditworthiness of, performance of obligations by or some other factor relating to one or more reference entities, as set out in the applicable Final Terms.
Other provisions in relation to Floating Rate Covered Bonds and Variable Interest Covered Bonds:	Floating Rate Covered Bonds and Variable Interest 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 and Variable Interest 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).
Dual Currency Interest Covered Bonds:	Payments of interest, whether at maturity or otherwise, in respect of <b>Dual Currency Interest Covered Bonds</b> will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree (as set out in the applicable Final Terms).
Variable Interest Covered Bonds:	Index Linked Interest Covered Bonds, Credit Linked Interest Covered Bonds, Equity Linked Interest Covered Bonds, Dual Currency Interest Covered Bonds and other Covered Bonds (excluding Floating Rate Covered Bonds) where the rate of interest is variable are referred to as <b>Variable Interest Covered Bonds</b> .
Zero Coupon Covered Bonds:	<b>Zero Coupon Covered Bonds</b> , bearing no interest, may be offered and sold at a discount to their nominal amount unless otherwise specified in the applicable Final Terms.
Partly-Paid Covered Bonds:	Covered Bonds may be issued on a partly-paid basis in which case interest will accrue on the paid-up amount of such Covered Bonds or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) and set out 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 Covered Bond 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 fails to pay the Final Redemption Amount of the relevant Series of Covered Bonds on their Maturity Date (subject to the applicable grace period), (ii) a Notice to Pay has been served on the Covered Bond Guarantor by no later than the date falling one Business Day prior to the Extension Determination Date and (iii) the Covered Bond Guarantor has insufficient monies available under the Guarantee Priority of Payments to pay Guaranteed Amounts equal to the Final Redemption Amount 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 a Notice to Pay on the Covered Bond Guarantor or, if later, the Maturity Date (in each case subject to the applicable grace period) and (b) the Extension Determination Date. To the extent that the Covered Bond Guarantor has received a Notice to Pay by the time specified in Condition 6.1 (*Scheduled redemption*) 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*). The Covered Bond Guarantor shall, to the extent it has the funds available to it in accordance with the Guarantee Priority of Payments, 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*) and the Covered Bond 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. Hard Bullet Covered Bonds may not be issued by the Issuer unless the following conditions are satisfied at issuance:

- (a) the unsecured, unsubordinated short term rating of the Issuer is at least F1+ from Fitch;
- (b) the Administrative Agent has notified the Rating Agencies of the proposed issue of Hard Bullet Covered Bonds;

- (c) the Administrative Agent has delivered a Ratings Notification to the Covered Bond Guarantor, the Security Trustee and the Bond Trustee in respect of the first issue of Hard Bullet Covered Bonds; and
- (d) the Administrative Agent has confirmed in writing to the Security Trustee, the Bond Trustee and the Covered Bond Guarantor that in its opinion such first issuance of Hard Bullet Covered Bonds will not result in an Adverse Effect.

Option to issue

*Namensschuldverschreibungen:*

Subject to the consent of the Bond Trustee (which must be given if certain conditions are met), the Issuer may amend the Programme to allow for the issue of registered bonds in the form of German law governed *Namensschuldverschreibungen* (**N Covered Bonds**). N Covered Bonds will not be listed on any stock exchange and the certificate evidencing the N Covered Bonds will be kept in the custody of the custodian of the N Covered Bonds. N Covered Bonds will rank *pari passu* with all other Covered Bonds and, upon entry of the N Covered Bondholder into an accession agreement to the Bond Trust Deed, all payments of principal and interest payable under the N Covered Bonds will be guaranteed by the Covered Bond Guarantor pursuant to the terms of the Covered Bond Guarantee.

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.\$250,000, or the equivalent denomination of €100,000 if such amount is greater than U.S.\$250,000, 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 the Issuer will, save as provided in Condition 8 (*Taxation*), be required to pay additional amounts in respect of the amounts so deducted or withheld. Under the Covered Bond Guarantee, the Covered Bond Guarantor will not be obliged to pay any amount in respect of the additional amounts

payable by the Issuer under Condition 8 (*Taxation*) 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 Covered Bond 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 Covered Bond 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 unconditionally and irrevocably guaranteed by the Covered Bond Guarantor. The obligations of the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor, following which the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will accelerate against the Covered Bond Guarantor. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee constitute direct obligations of the Covered Bond Guarantor secured against the assets from time to time of the Suncorp Covered Bond Trust in accordance with the Security Trust Deed and recourse against the Covered Bond Guarantor is limited to such assets.

Interest Rate Swap Agreement:

To provide a hedge against possible variances between interest revenues received by the Covered Bond Guarantor (primarily in respect of the Mortgage Loans and the Related Security, the Substitution Assets, Authorised Investments and the GI Account) and the amounts payable by the Covered Bond Guarantor that are referable to the Bank Bill Rate being interest amounts payable on the Intercompany Loan (other than in respect of Matching Advances) and amounts due under the related Forward Starting or Non-Forward Starting Covered Bond Swap) or if a Covered Bond Swap is not in place, the relevant Covered Bonds, plus, in each case, a certain amount for expenses, the Covered Bond Guarantor and Suncorp 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 Agreements:

To hedge certain interest rate, currency and/or other risks arising, in respect of amounts received by the Covered Bond Guarantor under the Interest Rate Swap (or, where the Interest Rate Swap is terminated, amounts under the Mortgage Loans whereby the Servicer shall ensure that the weighted average interest rate payable on all Variable Rate Loans is not less than the Threshold Rate) and (a) amounts payable by it in respect of the Matching Advances (prior to service of a Notice to Pay on the Covered Bond Guarantor) and (b) following service of a Notice to Pay on the Covered Bond Guarantor, amounts payable in respect of the relevant Series under the Covered Bond Guarantee, the Covered Bond Guarantor will enter into a Forward-Starting Covered Bond Swap or a Non-Forward Starting Covered Bond Swap (as the case may be) in relation to a specific Series of Covered Bonds with a Covered Bond Swap Provider. If there is a Matching Advance in respect of the relevant Series of Covered Bonds, it is intended that the Covered Bond Guarantor will enter into a Non-Forward Starting Covered Bond Swap. If the related Advance (other than a Matching Advance) is denominated in Australian Dollars, it is intended that the Covered Bond Guarantor will enter into a Forward-Starting Covered Bond Swap. A Forward Starting Covered Bond Swap will only take effect upon service of a Notice to Pay on the Covered Bond Guarantor, whereas a Non-Forward Starting Covered Bond Swap will take effect from the date of the relevant Advance.

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 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 depository 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 depository for that Clearing System.

Listing and admission to trading:

Application has been made to the U.K. Listing Authority 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.

It is not intended that Australian Domestic Covered Bonds will be listed or admitted to trading on any market or stock exchange.

Covered Bonds may be unlisted or may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or regulated or unregulated markets, as may be agreed between the Issuer, the Covered Bond Guarantor and the relevant Dealer(s) 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 listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets.

Governing law:

The Guarantee Deed Poll, the Australian 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, 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 Deed, the Australian Agency Agreement, Clause 32 of the Bond Trust Deed and Clause 19 of the Programme Agreement will be governed by the laws of New South Wales, Australia. The Covered Bond Swap Agreements entered into in respect of a Series of Covered Bonds which are denominated in AUD will be governed by the laws of New South Wales, Australia.

The Bond Trust Deed (except for Clause 31), the Offshore Agency Agreement, each Covered Bond Swap Agreement entered into in respect of a Series of Covered Bonds which are denominated in a currency other than AUD and the Programme Agreement (except for Clause 19), 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.

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 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.

Limited right of Covered Bondholders to bring direct action against the Issuer and Covered Bond Guarantor:

Only the Bond Trustee may enforce the provisions of the Bond Trust Deed, the Australian Covered Bond Deed Poll and the Covered Bond Guarantee. No Covered Bondholder, Receiptholder or Couponholder will be entitled to proceed directly against the Issuer or the Covered Bond Guarantor or to take any action with respect to the Bond Trust Deed, the Australian Covered Bond Deed Poll, the Guarantee Deed Poll, any other Transaction Document, the Covered Bonds, the Receipts 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, Receiptholder or Couponholder shall be entitled in the name of the Bond Trustee (except in the case of the Australian Domestic Covered Bonds, in which case the Australian Domestic Covered Bondholders shall be entitled in their own name) to take any such steps or proceedings as it shall deem necessary and which the Bond Trustee would have been entitled under the Transaction Documents to take if it were enforcing the provisions of the relevant Transaction Document, other than the presentation of a petition for the winding-up of, or for an administration order in respect of, the Issuer or the

Covered Bond Guarantor). Only the Security Trustee (acting on the directions of the Bond Trustee whilst any Covered Bond are outstanding) 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 Covered Bond Guarantor to enforce the Charge.



## **RISK FACTORS**

*The Issuer believes that the following material factors may affect the ability of the Issuer and the Covered Bond 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 Covered Bond Guarantor are 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor to pay amounts when Due for Payment under the Covered Bond Guarantee (after expiry of applicable grace periods) 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 Covered Bond 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.

## Factors affecting Suncorp

*Suncorp's businesses are highly regulated and could be adversely affected by failing to comply with existing laws and regulations or by changes in laws and regulations and regulatory policy*

As a financial institution, Suncorp is subject to detailed laws and regulations in each of the jurisdictions in which it and other Suncorp Group members operate, including Australia and New Zealand. Suncorp is also supervised by a number of different regulatory authorities which have broad administrative power over its businesses. In Australia, the relevant regulatory authorities include APRA, the RBA, ASIC, ASX, ACCC and AUSTRAC.

Suncorp is responsible for ensuring that it complies with all applicable legal and regulatory requirements (including accounting standards) and industry codes of practice in the jurisdictions in which it operates, as well as meeting Suncorp's ethical standards.

Compliance risk arises from these legal and regulatory requirements. If Suncorp fails to comply with applicable laws and regulations, it may be subject to fines, penalties or restrictions on its ability to do business. An example of the broad administrative power available to regulatory authorities is the power available to APRA under the Banking Act in certain circumstances to investigate Suncorp's affairs and/or issue a direction to it (such as a direction to comply with a prudential requirement, to conduct an audit, to remove a director, executive officer or employee or not to undertake transactions). Any such costs and restrictions could have a material adverse effect on its business, reputation, prospects, financial performance or financial condition.

As with other financial services providers, Suncorp continues to face increased supervision and regulation in most of the jurisdictions in which it operates, particularly in the areas of funding, liquidity, capital adequacy and prudential regulation. One example of this is the announcement in December 2010 by the Basel Committee on Banking Supervision of a revised global regulatory capital framework, known as Basel III. Basel III will, among other things, increase the required quality and quantity of capital held by banks and introduce new minimum standards for the management of liquidity risk. APRA has announced that it supports the Basel III framework and have released draft prudential standards on 30 March 2012. The Basel III framework comes into effect from 1 January 2013, subject to various transitional arrangements.

Throughout the year ended 30 June 2011 there have also been a series of other regulatory releases from authorities in the various jurisdictions in which Suncorp operates proposing significant regulatory change for financial institutions. This includes global OTC derivatives reform and recovery and resolution planning requirements proposed by the Financial Stability Board. Other areas of potential change that could impact Suncorp include changes to accounting and reporting requirements, tax legislation, regulation relating to remuneration, consumer protection and competition legislation and bribery and anti-money laundering laws. In addition, further changes may occur driven by policy, prudential or political factors.

Regulation is becoming increasingly more extensive and complex. Some areas of potential regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach. Such an approach may not appropriately respond to the specific requirements of the jurisdictions in which Suncorp operates and, in addition, such changes may be inconsistently introduced across jurisdictions.

Changes may also occur in the oversight approach of regulators. It is possible that governments in jurisdictions in which Suncorp does business or obtains funding might revise their application of existing regulatory policies that apply to, or impact, Suncorp's business, including for reasons relating to national interest and/or systemic stability.

Regulatory changes and the timing of their introduction continue to evolve and Suncorp currently manages its businesses in the context of regulatory uncertainty. The nature and impact of future changes are not predictable and are beyond Suncorp's control. Regulatory compliance and the management of regulatory change is an increasingly important part of Suncorp's strategic planning. Regulatory change may also impact

Suncorp's operations by requiring it to have increased levels of liquidity and higher levels of, and better quality, capital as well as place restrictions on the businesses Suncorp conducts or require Suncorp to alter its product and service offerings. If regulatory change has any such effect, it could adversely affect one or more of Suncorp's businesses, restrict its flexibility, require it to incur substantial costs and impact the profitability of one or more of Suncorp's business lines. Any such costs or restrictions could have a material adverse effect on Suncorp's business, financial performance, financial condition or prospects.

### ***Regulatory risk***

Suncorp's business is subject to substantial regulatory and legal oversight. In particular Suncorp is subject to prudential supervision by the Australian Prudential Regulation Authority (**APRA**). Suncorp is required, amongst other things, to meet minimum capital requirements within its operations. Any significant regulatory developments, including changes to capital adequacy and accounting standards, could have an adverse effect on how Suncorp conducts its business and on Suncorp's financial condition and results of operations. Its business and earnings are also affected by the fiscal or other policies that are adopted by various regulatory authorities of the Australian government, foreign governments and international agencies. The nature and impact of future changes in such policies are not predictable and are beyond Suncorp's control.

On November 8, 2011, APRA released a discussion paper and a draft prudential standard (Prudential Standard APS 121 Covered Bonds). The discussion paper and the standard set out the proposed prudential requirements to apply to ADIs in relation to any covered bonds issued by them and their capital treatment. APRA has indicated that, following a consultation process, it intends to issue a final version of the prudential standard by early 2012 with a view to implementation in early 2012. However, APRA has clarified that this timetable does not prevent an ADI from issuing covered bonds prior to the finalisation of the prudential standard. If there are material differences between the final version of the prudential standard to be introduced in early 2012 and the draft prudential standard that was released, the Issuer may be required to amend its Programme in order to satisfy, comply with or obtain the benefit of that standard. Please refer to *The Bond Trustee and the Security Trustee may agree to modifications to the Transaction Documents without the Covered Bondholders' or Secured Creditors' prior consent* below as regards the rights of the Issuer to effect amendments to the Transaction Documents without the consent of Covered Bondholders or other Secured Creditors.

### ***Adverse credit and capital market conditions may significantly affect Suncorp's ability to meet funding and liquidity needs and may increase its cost of funding***

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

Global credit and capital markets may experience extreme volatility, disruption and decreased liquidity. While there have been periods of stability in these markets, the environment has become more volatile and unpredictable which may result in a tightening of credit markets and wholesale funding conditions.

A shift in investment preferences of businesses and consumers away from bank deposits toward other asset or investment classes would increase Suncorp's need for funding from wholesale markets.

If market conditions deteriorate due to economic, financial, political or other reasons, Suncorp's funding costs may be adversely affected and its liquidity and its funding of lending activities may be constrained.

If Suncorp's current sources of funding prove to be insufficient, it 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, Suncorp's credit ratings and credit market capacity. Even if available, the cost of these alternatives may be more expensive or on unfavourable terms, which could adversely affect Suncorp's results of operations, liquidity,

capital resources and financial condition. There is no assurance that Suncorp will be able to obtain adequate funding and do so at acceptable prices.

If Suncorp is unable to source appropriate funding, it may also be forced to reduce its lending or begin to sell liquid securities. Such actions may adversely impact Suncorp's business, results of operations, liquidity, capital resources and financial condition.

***Suncorp's results may be adversely affected by general economic conditions and other business conditions***

Suncorp's earnings are dependent on the level of financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, the state of the economy, the home and business lending market and prevailing market interest rates at the time.

As Suncorp currently conducts all of its business in Australia, its performance is influenced by the level and cyclical nature of business and home lending activity in Australia, which is, in turn, impacted by both domestic and international economic and political events. There can be no assurance that a weakening in the Australian economy will not have a material effect on Suncorp's financial condition and results of operations.

Like most banks, Suncorp has been affected by the decreased availability and increased cost of wholesale funding that has been a feature of recent dislocations in global financial markets. On 31 March 2010 the Australian Government's Commonwealth Large Deposits and Wholesale Funding Guarantee Scheme (Wholesale Guarantee) was closed to new issuances and deposits. Suncorp has continued to perform well in its funding activities post this period. However, until global financial markets return to more normal levels, it is difficult to predict what impact the current markets are likely to have on Suncorp and other participants in the financial sector.

***Liquidity risk***

Liquidity risk is the potential inability to meet Suncorp's payment obligations which could potentially arise as a result of mismatched cashflows generated by its business. Suncorp manages this risk through an approved liquidity framework.

Suncorp's liquidity risk management framework models its ability to fund under both normal conditions and during a crisis situation. This approach is designed to ensure that Suncorp's funding framework is sufficiently diverse to ensure liquidity under a wide range of market conditions.

Liquidity risk may impair Suncorp's ability to fund its business and make timely payments on the Covered Bonds. Liquidity risk is the risk that Suncorp does not have sufficient funds available at all times to meet its contractual and contingent cash flow obligations. Suncorp seeks to manage its liquidity risk by holding a stock of highly liquid assets which can be readily realised for cash and by focusing on the liquidity profile of its assets and liabilities. However, Suncorp's liquidity may be adversely affected by a number of factors, including significant unforeseen changes in interest rates, ratings downgrades, higher than anticipated losses on investments and disruptions in the financial markets generally.

An inability on Suncorp's part to access funds or to access the markets from which it raises funds may put Suncorp's positions in liquid assets at risk and lead it to be unable to finance operations adequately. A dislocated credit environment compounds the risk that Suncorp will not be able to access funds at favourable rates. These and other factors could also lead creditors to form a negative view of Suncorp's liquidity, which could result in less favourable credit ratings, higher borrowing costs and less accessible funds. In addition, because Suncorp receives a significant portion of its funding from deposits, Suncorp is subject to the risk that depositors could withdraw their funds at a rate faster than the rate at which borrowers repay their loans, thus causing liquidity strain.

In addition, there are always some timing differences between cash payments Suncorp owes on Suncorp's liabilities and the cash payments due to it on its investments. Suncorp's ability to overcome these cash mismatches and make timely payments on the Covered Bonds may be adversely affected if the fixed income markets were to experience significant liquidity problems. Also, under certain market conditions, Suncorp could be unable to sell additional products and unable to sell Suncorp's portfolio investments in sufficient amounts to raise the cash required to pay the Covered Bonds when due.

Furthermore, in circumstances where Suncorp's competitors have ongoing limitations on their access to other sources of funding such as wholesale market derived funding, this also may adversely affect Suncorp's access to funds and Suncorp's cost of funding.

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

Credit ratings are opinions on Suncorp's creditworthiness. Suncorp's credit ratings 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 its products and services. Therefore, maintaining high quality credit ratings is important.

The credit ratings assigned to Suncorp by rating agencies are based on an evaluation of a number of factors, including its financial strength, support from its parent (Suncorp Group Limited) and structural considerations regarding the Australian financial system. A credit rating downgrade could be driven by 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.

If Suncorp fails to maintain its current credit ratings, this could adversely affect its cost of funds and related margins, liquidity, competitive position and its access to capital markets. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change, whether Suncorp's ratings differ among agencies (split ratings) and whether any ratings changes also impact Suncorp's peers or the sector.

***A systemic shock in relation to the Australian or other financial systems could have adverse consequences for Suncorp 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 or other financial systems.

As outlined above, the financial services industry and capital markets have been, and may continue to be, adversely affected by continuing market volatility and the negative outlook for global economic conditions. Recently there has been an increased focus on the potential for sovereign debt defaults and/or significant bank failures in the 17 countries comprising the Euro-zone. There can be no assurance that the market disruptions in the Euro-zone, including the increased cost of funding for certain Euro-zone governments, will not spread, nor can there be any assurance that future assistance packages will be available or sufficiently robust to address any further market contagion in the Euro-zone or elsewhere.

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

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

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

Declines in Australian or other asset markets, including equity, property and other asset markets, could adversely affect Suncorp's operations and profitability.

Declining asset prices could also impact customers and counterparties and the value of security Suncorp holds against loans and derivatives which may impact Suncorp's ability to recover amounts owing to it if customers or counterparties were to default. It may also affect Suncorp's level of provisioning which in turn impacts profitability.

***Suncorp's business is substantially dependent on the Australian economy***

Suncorp'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, levels of employment, interest rates and trade flows in the countries in which it operates.

Suncorp currently conducts the majority of its business in Australia and, consequently, its performance is influenced by the level and cyclical nature of home and business lending in Australia. These factors are in turn impacted by both domestic and international economic conditions, natural disasters and political events. A significant decrease in the Australian housing markets or property valuations could adversely impact Suncorp's home lending activities because the ability of its borrowers to repay their loans may be affected, causing Suncorp to incur higher credit losses, or the demand for its home lending products may decline.

Adverse changes to the economic and business conditions in Australia and other countries such as China, India and Japan, could also negatively impact the Australian economy and Suncorp's customers. This could in turn result in reduced demand for Suncorp's products and services and affect the ability of Suncorp's borrowers to repay their loans. If this were to occur, it would negatively impact Suncorp's business, financial performance, financial condition and prospects.

***An increase in defaults in credit exposures could adversely affect Suncorp's results of operations, liquidity, capital resources and financial condition***

Credit risk is a significant risk and arises primarily from Suncorp's lending activities. The risk arises from the likelihood that some customers and counterparties will be unable to honour their obligations to Suncorp, including the repayment of loans and interest.

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

Suncorp holds collective and individually assessed provisions for its credit exposures. If economic conditions deteriorate, some customers and/or counterparties could experience higher levels of financial stress and Suncorp may experience a significant increase in defaults and write-offs, and be required to increase its provisioning. Such events would diminish available capital and would adversely affect Suncorp's operating results, liquidity, capital resources and financial condition.

Suncorp is exposed to credit risk as a consequence of its lending activities. As at 31 December 2011, Suncorp held specific provisions to cover bad and doubtful debts. From 1 July 2005, under International Financial Reporting Standards, Suncorp has applied the incurred loss approach to loan provisioning. If these

provisions prove inadequate, either because of an economic downturn or a significant breakdown in its credit disciplines, then this could have a material adverse effect on its business.

### ***Suncorp faces intense competition in all aspects of its business***

The financial services industry is highly competitive. Suncorp competes, both domestically and internationally, with retail and commercial banks and other financial service firms. 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.

If Suncorp is unable to compete effectively in its various businesses and markets, its market share may decline. Increased competition may also materially adversely affect its results of operations by diverting business to its competitors or creating pressure to lower margins.

Increased competition for deposits could also increase Suncorp's cost of funding and need to access other types of funding. Suncorp relies on bank deposits to fund a significant portion of its balance sheet and deposits have been a relatively low cost and stable source of funding. Suncorp competes with banks and other financial services firms for such deposits. To the extent that Suncorp is not able to successfully compete for deposits, Suncorp would be forced to rely more heavily on more expensive global capital markets to fund its business, and its funding costs would increase.

Suncorp is also dependent on its ability to offer products and services that match evolving customer preferences. If Suncorp is not successful in developing or introducing new products and services or responding or adapting to changes in customer preferences and habits, Suncorp may lose customers to its competitors.

This could adversely affect Suncorp's results of operations, financial performance and financial condition.

The level of competition continues to increase as the trend toward consolidation in the global financial services industry is creating competitors with broader ranges of product and services, increased access to capital, and greater efficiency and enhanced pricing power. As a number of Suncorp's competitors are significantly larger and have greater resources, Suncorp could lose market share or be forced to reduce prices in order to compete effectively, if industry participants engage in aggressive growth strategies or severe price discounting.

### ***Suncorp could suffer losses due to market volatility***

Suncorp is exposed to market risk as a consequence of both its trading activities in financial markets and through the asset and liability management of its balance sheet. In Suncorp's financial markets trading business, it is exposed to losses arising from adverse movements in levels and volatility of interest rates, foreign exchange rates, and credit prices. In Suncorp's asset and liability management of its balance sheet, it is exposed to losses arising from adverse movements in levels and volatility of interest rates. If Suncorp was to suffer substantial losses due to any market volatility, it may adversely affect its results of operations, liquidity, capital resources and financial condition.

### ***Suncorp could suffer losses due to technology failures***

Suncorp relies to a significant degree on information technology systems. Most of Suncorp's daily operations are computer based and its information technology systems are essential to maintaining effective communication with customers. Suncorp is exposed to a number of system risks, including:

- (a) complete or partial failure of the information technology systems;
- (b) inadequacy of internal, partner or third party information technology systems;

- (c) capacity of the existing systems to effectively accommodate Suncorp's planned growth and integrate existing and future acquisitions and alliances; and
- (d) systems integration programs not being completed within the timetable or budget.

Suncorp has disaster recovery and systems development roadmaps in place to mitigate some of these risks. However, any failure in Suncorp's information technology systems could result in business interruption, the loss of customers, damaged reputation and weakening of its competitive position and could adversely affect its business.

***Suncorp 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. As a financial services organisation Suncorp is exposed to a variety of operational risks.

Operational risks could impact on Suncorp's operations or adversely affect demand for its products and services. Operational risks can directly impact Suncorp's reputation and result in financial losses which would adversely affect its financial performance or financial condition.

***Suncorp could suffer losses due to failures in risk management strategies***

Suncorp has implemented risk management strategies and internal controls involving processes and procedures intended to identify, monitor and mitigate the risks to which it is subject, including liquidity risk, credit risk, market risk (including interest rate and foreign exchange risk) and operational risk.

However, there are inherent limitations with any risk management framework as there may exist, or develop in the future, risks that Suncorp has not anticipated or identified or controls may not operate effectively.

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

***Suncorp could suffer losses due to environmental factors***

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

***Reputational damage could harm Suncorp's business and prospects***

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

There are various potential sources of reputational damage including potential conflicts of interest, pricing policies, failing to comply with legal and regulatory requirements, ethical issues, failing to comply with money laundering laws, trade sanctions legislation or privacy laws, litigation, information security policies, improper sales and trading practices, failing to comply with personnel and supplier policies, improper conduct of companies in which it holds strategic investments, technology failures, security breaches and risk management failures. Suncorp's reputation could also be adversely affected by the actions of the financial services industry in general or from the actions of its customers and counterparties.



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 Suncorp to regulatory enforcement actions, fines and penalties, or harm its reputation among its customers, investors and the marketplace. This could lead to loss of business which could adversely affect its results of operations, financial performance or financial condition.

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

##### **Covered Bond Guarantor only obliged to pay Guaranteed Amounts when the same are Due for Payment and the Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor under the Covered Bond Guarantee will be made subject to any applicable withholding or deduction and the Covered Bond Guarantor will not be obliged to pay any additional amounts as a consequence. The Covered Bond 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*) – 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 Covered Bond 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 Covered Bond 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. However, the Covered Bond 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 respect of any withholding or deduction the Covered Bond 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 Security Collateral. 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 Covered Bond Guarantor on an accelerated basis.

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

The Covered Bond 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 Covered Bond 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 Security Collateral 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 Covered Bond Guarantor to the Covered Bondholders in respect of the secured obligations owing to the Covered Bondholders are limited in recourse to the Security Collateral. There is no guarantee that the proceeds of realisation of the Security Collateral 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 Security Collateral 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 Covered Bond Guarantor or applying to have the Covered Bond Guarantor wound up) any shortfall in the amounts which would otherwise be owing by the Covered Bond Guarantor (including any Guaranteed Amounts) after the realisation of the Security Collateral and the application of the proceeds of realisation in accordance with the Priorities of Payments. If after the realisation of the Security Collateral and the application of amounts in accordance with the Priorities of Payments, there is insufficient amounts to discharge the Other Secured Liabilities in full, the Secured Creditors shall have no further claim against the Covered Bond 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 and payments under the Swap Agreement. 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 default on the part of the Covered Bond Guarantor, Covered Bondholders will not have any general right to claim against any assets of Perpetual Corporate Trust Limited other than against the Trust Assets comprised in the Suncorp Covered Bond Trust. See *Risk Factors relating to the Covered Bonds - Covered Bond Guarantor's liability* below. Additionally, where repayment of the Demand Loan is not satisfied in full by a cash payment and following the selection by the Administrative Agent of Mortgage Loans and their Related Security and/or Substitution Assets and/or Authorised Investments in discharge of the Covered Bond Guarantor's obligation to repay the principal amount outstanding under a Demand Loan, such assets and certain related principal income will not be available to the Covered Bondholders once selected. See *Risk Factors relating to the Covered Bond Guarantor, including the ability of the Covered Bond 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. The Seller is required to sell Mortgage Loans and their Related Security to the Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor fall below a certain threshold, and therefore whether the assets of the Covered Bond 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 Covered Bond 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 on a periodic basis 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor to make payments under the Covered Bond Guarantee) by:

- (a) default by Borrowers in payment of amounts due on their Mortgage Loans;
- (b) changes to the Servicing Standards;

- (c) issues affecting the Covered Bond Guarantor's title to the Mortgage Loans and their Related Security in the Portfolio;
- (d) set-off risks in relation to some Mortgage Loans in the Portfolio;
- (e) no representations or warranties being given by the Covered Bond Guarantor or the Seller if Selected Loans and their Related Security are to be sold;
- (f) limited recourse to the Seller (including in respect of breaches of the Representations and Warranties);
- (g) the assignment of Related Security that secures Other Secured Liabilities which are subject to Trust Back arrangements in favour of the Seller; and
- (h) the effect of the National Credit Code and the Consumer Credit Code (including the application of the Consumer Credit Legislation) on the Mortgage 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 Mortgage Loans in the Portfolio and monies standing to the credit of the GI Account to enable the Covered Bond Guarantor to repay the Covered Bonds following service on the Covered Bond Guarantor of a Notice to Pay or a CBG Acceleration Notice and accordingly it is expected (but there is no assurance) that Selected Loans and their Related Security could be realised for sufficient value to enable the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee.

#### **Default by Borrowers in paying amounts due on their Loans**

Borrowers may default on their obligations under the Mortgage Loans in the Portfolio. Defaults may occur for a variety of reasons. The Mortgage Loans are affected by credit, liquidity and interest rate risks. Various factors influence mortgage delinquency rates, prepayment rates, repossession frequency and the ultimate payment of interest and principal, 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 Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans. In addition, the ability of a Borrower to sell a property given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under that Mortgage Loan will depend upon a number of factors, including the availability of buyers for that property, the value of that property and property values in general at the time.

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.

#### **Changes to the Servicing Standards**

Each of the Mortgage Loans originated by the Seller will have been originated in accordance with the Seller's Policy in force at the time of origination. In the event of the assignment of any Mortgage Loans and their Related Security to the Covered Bond Guarantor, the Seller will give a representation at the relevant Assignment Date that such Mortgage Loans and Related Security were originated in all material respects in accordance with the Seller's Policy applicable at the time of origination. It is expected that the Servicing Standards that will apply to the Portfolio will generally consider type of property, term of loan, age of applicant, the loan-to-value ratio, status of applicant, credit history and serviceability. The Seller and the Servicer have agreed not to amend the Servicing Standards 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 Covered Bond Guarantor and each Rating Agency of any material amendment to the relevant Servicing Standards which may relate to any Mortgage Loan comprised in the Portfolio or any Related Security or relate to the performance of the Services. If the Servicing Standards changes in a manner that affects the creditworthiness of the Mortgage 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 Covered Bond 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. The Servicing Standards will also be used by the Servicer, for so long as it is Suncorp-Metway Limited and prior to the occurrence of a Title Perfection Event, to administer the Mortgage Loans and the Related Security included in the Portfolio. This will include the deferment of certain payments where the Borrower is entitled to a repayment holiday: see *Overview of Suncorp-Metway Limited's Mortgage Lending Business – Servicing of Housing Loans* for more information on the Servicing Standards.

### **Geographic concentration of the Mortgage Loans**

Mortgage Loans and their Related Security included in the Portfolio may be concentrated in certain geographical regions of Australia particularly in the state of Queensland. To the extent that specific geographic regions have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions, a concentration of the Mortgage Loans in such a region may be expected to exacerbate any or all of the risks relating to the Mortgage Loans described in this section. Neither the Issuer, the Covered Bond Guarantor, the Seller, the Servicer, nor the Administrative Agent can predict when or where such regional economic declines may occur and they cannot predict to what extent or for how long such conditions may continue but if the timing and payment of the Mortgage Loans in the Portfolio is adversely affected as described above, the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee could be reduced or delayed.

### **Issues affecting the Covered Bond Guarantor's title to the Mortgage Loans and their Related Security in the Portfolio**

On the relevant Assignment Date, the Covered Bond Guarantor will only take an equitable assignment of the relevant Mortgage Loans and their Related Security, and will not have legal title to such Mortgage Loans and their Related Security. The Mortgage Loans and Related Security will be legally assigned to the Covered Bond Guarantor only upon the occurrence of a Title Perfection Event. If a Title Perfection Event has occurred, the Administrative Agent, on behalf of the Covered Bond Guarantor, must, among other things, take steps to perfect the Covered Bond Guarantor's interest in and title to Mortgage 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 Mortgage Loans and Related Security to the Covered Bond Guarantor and requiring each Borrower to make all payments in respect of the relevant Mortgage Loans and Related Security to the GI Account.

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

- (a) until notice of the assignment is received by a Borrower, any payment by that Borrower to the Seller discharges the Borrower's debt to the extent of the payment. As the Covered Bond 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 Mortgage Loan and Related Security. These payments may not be able to be recovered by the Covered Bond Guarantor;

- (b) the Covered Bond Guarantor's interest in a Mortgage Loan may be impaired by the creation or existence of an equal or higher ranking security interest over the related mortgaged property created after the creation of the Covered Bond Guarantor's equitable interest but prior to it acquiring a legal interest in the Mortgage Loans (including any rights of set-off between Suncorp and the Borrower);
- (c) until legal title is transferred to the Covered Bond Guarantor, the Covered Bond Guarantor may need to join the Seller as a party to any legal proceedings to enforce its rights under the Mortgage Loans and their Related Security;
- (d) the agreement from which a Mortgage Loan derives may be modified or substituted by Suncorp and the relevant obligor without the involvement of the Covered Bond Guarantor both before and after notice of the transfer to the obligor, subject to certain conditions including that the modification or substitution does not have a material adverse effect on the transferee's rights under the contract or the transferor's ability to perform the contract;
- (e) to effect a legal assignment of Mortgage Loans will require:
  - (i) the execution of a further instrument in writing by Suncorp in accordance with section 12 of the Conveyancing Act 1919 (NSW) or the applicable equivalent provision in each other Australian jurisdiction;
  - (ii) in relation to each Mortgage Loan which is a mortgage, the execution and registration of instruments of transfer under the applicable real property legislation in the Australian jurisdictions; and
  - (iii) depending on the situs of the Mortgage Loan, the payment of stamp duty on the transfer of the Mortgage Loan; and
- (f) in addition, section 80(7) of the PPSA (defined below) provides that an obligor will be entitled to make payments and obtain a good discharge from Suncorp rather than directly to, and from, the Covered Bond Guarantor until such time as the obligor receives a notice of the assignment that complies with the requirements of section 80(7)(a) of the PPSA, including, without limitation, a statement that payment is to be made to the Covered Bond Guarantor, unless the obligor requests the Covered Bond Guarantor to provide proof of the assignment and the Covered Bond Guarantor fails to provide that proof within 5 Local Business Days of the request, in which case the obligor may continue to make payments to Suncorp. Accordingly, an obligor may nevertheless make payments to Suncorp and obtain a good discharge from Suncorp notwithstanding the legal assignment of a Mortgage Loan to the Covered Bond Guarantor, if the Covered Bond Guarantor fails to comply with these requirements.

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

#### *Application of the Personal Property Securities Act*

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

Security interests for the purposes of the PPSA include traditional securities such as charges and mortgages (but does not include mortgages over real property). However, they also include transactions that in substance, secure payment or performance of an obligation (referred to as "in-substance" security interest), including transactions that were not regarded as securities under the law that existed prior to the introduction

of the PPSA. Further, certain other interests are deemed to be security interests whether or not they secure payment or performance of an obligation. These deemed security interests include assignments of receivables.

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

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

The Transaction Documents may contain one or more security interests for the purposes of the PPSA. For example, an assignment of the mortgage loans from the Seller to the Covered Bond Guarantor is a deemed security interest as outlined above. The Charge granted by the Covered Bond Guarantor to the Security Trustee is also a security interest for the purposes of the PPSA. The Covered Bond Guarantor will need to register the assignment and the Security Trustee will need to register the Charge in order to protect the relevant security interests against the risks outlined above.

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

### **Set-off risks in relation to some Mortgage Loans in the Portfolio**

As noted above, the Covered Bond Guarantor takes the Mortgage 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.

Such rights of set-off are disclaimed in the Seller's standard form of loan documentation. In addition the Seller will represent that the terms of the Loan relating to the Mortgage Loan require payments in respect of the Mortgage Loan to be made to the Seller free of set-off (other than in respect of Interest Off-Set Accounts). The Seller will represent and warrant that in respect of each Mortgage Loan sold to the Covered Bond Guarantor, the relevant Loan Terms permit, subject to applicable Law, the termination by the Seller of the Interest Off-Set Account arrangements, if any, in respect of that Mortgage Loan.

The exercise of set-off rights by Borrowers may adversely affect the realisable value of the Portfolio and/or the ability of the Covered Bond Guarantor to make payments under the Covered Bond Guarantee.

In addition to any set-off rights, the Mortgage Loans may contain certain features which permit Borrowers to reduce the amount of interest payable on their Mortgage Loans by the amount of interest earned on any designated account. This feature of the Mortgage Loans could reduce the amount of interest payable to the Covered Bond Guarantor. If a Title Perfection Event has occurred and is subsisting, the Servicer, the Covered Bond Guarantor or the Security Trustee may direct the Seller, subject to and in accordance with the terms of the relevant Mortgage Loan and applicable Law, to promptly commence the process and do all things necessary for terminating the Interest Off-Set Account arrangements in respect of the Mortgage Loan.

**No representations or warranties to be given by the Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor in respect of the Mortgage 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor, the Bond Trustee and the Security Trustee will not undertake any investigations, searches or other actions on any Mortgage 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 Mortgage Loans sold by it to the Covered Bond Guarantor on the relevant Assignment Dates.

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

- (a) at least ten Local 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 Covered Bond Guarantor or, where capable of remedy, not remedied by the Seller to the reasonable satisfaction of the Administrative Agent (provided the Administrative Agent has delivered a Ratings Notification in respect of such remedy and has determined that such remedy will not have an Adverse Effect) (acting in its discretion) within the ten Local Business Day period (or such longer period as the Administrative Agent may direct the Covered Bond Guarantor in writing provided a Ratings Notification has been delivered in respect of such longer period),

then the Covered Bond Guarantor (acting at the direction of the Administrative Agent and subject to the Administrative Agent providing the Loan Repurchase Notice to the Covered Bond Guarantor) must deliver to the Seller a Loan Repurchase Notice requiring the Seller to purchase the relevant Mortgage Loan and its Related Security (and any other Mortgage Loan secured or intended to be secured by that Related Security or any part of it).

The repurchase price payable upon the repurchase of any Mortgage Loan and its Related Security is an amount equal to the Outstanding Principal Balance of such Mortgage Loan comprising the New Portfolio as of the relevant Cut-Off Date and amounts deducted from amounts outstanding under such Mortgage Loan or Mortgage Loans in accordance with the terms of the Mortgage Sale Deed as a result of any breach of the Representations and Warranties as of the date of repurchase to the extent necessary so as to result in the Covered Bond Guarantor being in the same financial position in respect of each Mortgage Loan specified in



the Loan Repurchase Notice as it would have been in if no such breach of the Representations and Warranties had occurred. There shall be an adjustment made to the purchase price on or before the first CBG Payment Date falling after the relevant repurchase date to take account of (*inter alia*) principal amounts received by the Covered Bond Guarantor under such Mortgage Loan or Mortgage Loans in the period from the Cut-Off Date in respect of such Mortgage Loan or Mortgage Loans to (but excluding) the relevant repurchase date in respect of such Mortgage Loan or Mortgage Loans.

There can be no assurance that the Seller will have the financial resources to repurchase a Mortgage Loan or Mortgage Loans and its or their Related Security. However, if the Seller does not repurchase those Mortgage Loans and their Related Security in respect of which a Representation and Warranty was materially untrue, then the LTV Adjusted Outstanding Principal Balance of those Mortgage Loans will be excluded from the calculation of the Asset Coverage Test and could potentially result in a breach of the Asset Coverage Test occurring. 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 where a Representation and Warranty was materially untrue.

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

Some of the Mortgage 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 Mortgage Loan from being enforced (or any other action in relation to the Mortgage Loan) if to do so would breach the Consumer Credit Legislation;
- 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 Mortgage Loan on the grounds of hardship;
- vary the terms of a Mortgage Loan or Related Security or a change to the related documents, that are unjust, and reopen the transaction that gave rise to the Mortgage Loan and any Related Security or change;
- in the case of a Borrower, reduce or cancel any interest rate payable on the Mortgage Loan arising from a change to that rate which is unconscionable;
- have certain provisions of the Mortgage Loan or a Related Security which are in breach of the legislation declared void or unenforceable;

- obtain restitution or compensation from the Credit Provider in relation to any breaches of the Consumer Credit Legislation in relation to the Mortgage Loan or a Related 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 \$500,000 or less. There is no ability to appeal from an adverse determination by an external dispute resolution scheme, including on the basis of bias, manifest error or want of jurisdiction.

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

Breaches of the Consumer Credit Legislation may also lead to civil penalties or criminal fines being imposed on Suncorp, for so long as it holds legal title to the Mortgage Loans and Related Security. If the Covered Bond 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 Mortgage Loan. The Covered Bond Guarantor will be indemnified out of the Trust Assets for liabilities it incurs under the Consumer Credit Legislation.

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

### **Unfair Terms**

If the Mortgage Loans have been entered into by an individual, their terms may be subject to review under Part 2 of the Australian Securities and Investments Commission Act 2001 and/or Part 2B of the Fair Trading Act 1999 (Vic) for being unfair.

Under the National regime, a term of a standard-form consumer contract will be unfair, and therefore void, if it causes a significant imbalance in the parties' rights and obligations under the contract and is not reasonably necessary to protect the supplier's legitimate interests. A term that is unfair will be void; however, the contract will continue if it is capable of operating without the 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 Mortgage Loans, depending on when the Mortgage Loans were entered into. However, the Victorian version of the regime ceased to apply to new contracts from 1 January 2011.

Mortgage 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 Mortgage Loans were found to be unfair, this could have an adverse effect on the ability of the Covered Bond 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 Mortgage Loans in the Portfolio have been originated after a formal valuation of the property securing such Mortgage Loans has been obtained. The Servicing Standards allows a range of valuation methods to be used and this is controlled by the Seller's automated Valuation Decision system (called **VDM**), which houses the Seller's credit rules. The Servicing Standards (credit rules) applied within the automated system dictate an outcome based on loan amount (total customer exposure to the Bank), the relevant LVR of the total customer exposure and the actual loan purpose.

The automated valuation decision engine currently drives full valuations for 83% of all mortgage loans. The Seller's Servicing Standards allow for three valuation methods – Full Valuation, Restricted Valuation and Statistical Valuation using an external service provider called RESIDEX. The Valuation method used for additional lending to existing mortgage loans is based on the loan amount, LVR and the age of the existing Valuation. If the value of the property is not sufficient to cover amounts due under the related Mortgage Loan then such shortfall may adversely affect the amounts able to be and actually recovered by the Covered Bond Guarantor and, consequently, such shortfall may adversely affect the ability of the Covered Bond 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 Mortgage 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 Mortgage Loans in the Portfolio. The Mortgage Terms in respect of each Mortgage 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. The Seller advises all Borrowers that it is a requirement to insure the relevant collateral and that it is the Borrower's responsibility to maintain this cover throughout the life of the mortgage with the Seller. The Seller requires specific evidence of insurance cover prior to settlement when the Total Customer Exposure exceeds \$750,000. The Servicing Standards of imposing on the Borrower the obligation to obtain such insurance, and the Seller's approach to verifying the existence of such insurance, reflect market practice in Australia.

### **Impact of the termination of the Interest Rate Swap**

The Mortgage Loans in the Portfolio will include Variable Rate Loans and Fixed Rate Loans, with the majority of the Mortgage 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 Covered Bond 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 Covered Bond 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 Mortgage Loans comprised in the Portfolio which are subject to a variable rate set or reduce the rates at which the interest off-set benefits under some or all of the Interest Off-Set Accounts linked to the Variable Rate Loans comprised in the Portfolio are calculated (or any combination of the foregoing) as permitted by the terms of the relevant Mortgage Loans, the weighted average interest rate payable on all Variable Rate Loans comprised in the Portfolio is not less than the Threshold Rate or the aggregate amount of income on the Mortgage Loans then comprised in the Portfolio will be sufficient to ensure that the Covered Bond Guarantor will have sufficient Available Revenue Receipts (excluding paragraphs (c), (d) and (h) of that definition) to enable it comply with its obligations in respect of

the Required Payments on the following CBG Payment Date (disregarding for purposes of this determination the Covered Bond Guarantor's limitation of liability)..

Additionally, as the obligations of the Interest Rate Swap Provider under the Interest Rate Swap Agreement 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 Covered Bond Guarantor (following a direction from the Cash Manager) would be in a position 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 Mortgage 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 Mortgage Loans, this could place additional stress on the underlying Borrowers' ability to meet their interest obligations under the Mortgage Loans. In addition, if the Threshold Rate was such that the rate set on those floating rate Mortgage 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 (Cth), 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 Covered Bond Guarantor to set the rate on floating rate Mortgage Loans at a rate sufficient to achieve the Threshold Rate.

### **Reliance of the Covered Bond Guarantor on third parties**

The Covered Bond Guarantor has entered into agreements with a number of third parties, which have agreed to perform services for the Covered Bond Guarantor. In particular, but without limitation, the Servicer has been appointed to service Mortgage 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 Covered Bond Guarantor, the Account Bank has been appointed to receive and hold monies on behalf of the Covered Bond Guarantor and to provide an agreed rate of interest thereon and the Administrative Agent has been appointed to manage the business of the Covered Bond 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 Covered Bond Guarantor to make payments under the Covered Bond Guarantee may be affected. For instance, if the Servicer has failed adequately to administer the Mortgage Loans, this may lead to higher incidences of non-payment or default by Borrowers. The Covered Bond 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 Covered Bond Guarantor to perform its general obligations under the Transaction Documents or the servicing of the Mortgage 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 Covered Bond 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 Covered Bond Guarantor, action may not be taken under the Transaction Documents and this may adversely affect the Covered Bond Guarantor, the Mortgage 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 Covered Bond Guarantor, being primarily linked to the rates of interest payable on the Mortgage Loans in the Portfolio (which may, for instance, include variable 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 Covered Bond Guarantor which are referable to the Bank Bill Rate (such as amounts due prior to the service of a Notice to Pay on the Covered Bond Guarantor under the Intercompany Loan (other than in respect of any Matching Advances) and (in respect of the Matching Advances), amounts due under the relevant Covered Bond Swap Agreement 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 relevant Covered Bonds, the Covered Bond 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 Covered Bond Guarantor under the Interest Rate Swap and amounts payable by the Covered Bond Guarantor under (prior to service of a Notice to Pay on the Covered Bond Guarantor) any relevant Matching Advances and (following service of Notice to Pay on the Covered Bond Guarantor), amounts payable under the Covered Bond Guarantee in respect of a Series of Covered Bonds, the Covered Bond 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 Covered Bond Guarantor and that Covered Bond Swap Provider.

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

If the Covered Bond Swap Provider in respect of a particular Series for which there is a Covered Bond Swap 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 Covered Bond Guarantor on the due date for payment under the relevant Swap Agreement, the Covered Bond 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 Covered Bond Guarantor, the Covered Bond 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 Programme.

If a Swap Agreement terminates, then the Covered Bond Guarantor may also be obliged to make a termination payment to the relevant Swap Provider. There can be no assurance that the Covered Bond Guarantor will have sufficient funds available to make a termination payment under the relevant Swap Agreement, nor can there be any assurance that the Covered Bond 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.

If the Covered Bond 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 Covered Bond Guarantor to make a termination payment may adversely affect the ability of the Covered Bond 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 relevant Covered Bond Swap Agreement, post collateral with the Covered Bond Guarantor if the Covered Bond Guarantor's net exposure to the Covered Bond Swap Provider under the Covered Bond Swap Agreement exceeds a certain threshold level. However, this does not mitigate the risk of the Covered Bond Swap Provider defaulting before posting collateral or before posting sufficient collateral.

### **Insolvency proceedings and 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 (so called "flip-clauses"). Such provisions are similar in effect to the terms which will be included in the Transaction Documents relating to the subordination of Excluded Swap Termination Amounts.

The English Supreme Court held in *Belmont Park Investments Pty Limited v BNY Corporate Trustees Services Ltd and Lehman Brothers Special Financing Inc* [2011] UKSC 38 (the **Belmont decision**) that a flip clause as described above is valid under English law. It is likely that an Australian court would also consider such a subordination provision to be valid under Australian law. Contrary to this, however, the U.S. Bankruptcy Court has 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, particularly as the U.S. Bankruptcy Court approved, in December 2010, the settlement of the case to which the judgment relates and subsequently the appeal was dismissed. However, there remains a stayed action in the U.S. commenced by the Lehman Brothers Chapter 11 debtors concerning the enforceability of flip clauses and, in addition, in February 2012, a complaint was filed by certain parties seeking recognition and enforcement of the Belmont decision (and corresponding lower court decisions) and other declaratory relief with respect to the flip clause in question in the case described above. It is not yet known when the complaint will be addressed by the U.S. Bankruptcy Court.

If a creditor of the Covered Bond 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 Covered Bond Guarantor, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of the contractual 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 contractual 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.

Lastly, 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 Covered Bond Guarantor and the Covered Bond Swap Provider under the Covered Bond Swaps**

The Covered Bond Guarantor will, both prior to service of a Notice to Pay on the Covered Bond Guarantor in respect of any Non-Forward Starting Covered Bond Swap and in respect of both Forward Starting Covered Bond Swaps and Non-Forward Starting Covered Bond Swaps following service of a Notice to Pay on the Covered Bond Guarantor, pay or provide for payment of an amount to each Covered Bond Swap Provider on a monthly basis based on the one month Bank Bill Rate. The Covered Bond Swap Provider may not be obliged to make corresponding swap payments to the Covered Bond Guarantor under a Covered Bond Swap until amounts due on the relevant Matching Advance (in the case of a Non-Forward Starting Covered Bond Swap only) and (in the case of both a Non-Forward Starting Covered Bond Swap or a Forward Starting Covered Bond Swap) following service of a Notice to Pay on the Covered Bond Guarantor are Due for Payment under the Covered Bond Guarantee (for example being on an annual basis if the relevant Series of Covered Bonds (and, as applicable, in relation to a Non-Forward Starting Covered Bond Swap, any related Matching Advance) provide for payment of an annual interest coupon). If a Covered Bond Swap Provider does not meet its payment obligations to the Covered Bond 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 Covered Bond Guarantor under the Covered Bond Swap Agreement, the Covered Bond Guarantor may have a larger shortfall in funds with which to make payments under the Covered Bond Guarantee with respect to the Covered Bonds than if the Covered Bond Swap Provider's payment obligations coincided with the Covered Bond Guarantor's payment obligations under the Covered Bond Swap. Hence, the difference in timing between the obligations of the Covered Bond Guarantor and the obligations of the Covered Bond Swap Providers under the Covered Bond Swaps may affect the Covered Bond Guarantor's ability to make payments, following service of a Notice to Pay on the Covered Bond Guarantor, under the Covered Bond Guarantee with respect to the Covered Bonds. A Covered Bond Swap Provider may be required, pursuant to the terms of the Covered Bond Swap Agreement, if its credit rating is below a specified level to post collateral with the Covered Bond Guarantor if the Covered Bond Guarantor's net exposure to the Covered Bond Swap Provider under the Covered Bond Swap Agreement exceeds a certain threshold level.

### **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 Covered Bond 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.

## **Changes to the current law and/or regulations with respect to covered bonds and/or the Australian mortgage market**

No assurance can be given that additional regulations, laws or guidance from regulatory authorities in Australia will not arise with regard to the mortgage market in Australia generally, the Seller's particular sector in that market, specifically in relation to the Seller or in relation to the issuance of covered bonds by deposit-taking institutions regulated under the Banking Act. Any such action or developments or compliance costs may have a material adverse effect on the Mortgage Loans, the Seller, the Covered Bond Guarantor, the Issuer and/or the Servicer and their respective businesses and operations. This may adversely affect the ability of the Covered Bond Guarantor to dispose of the Portfolio or any part thereof in a timely manner and/or the realisable value of the Portfolio or any part thereof and accordingly affect the ability of the Covered Bond Guarantor to meet its obligations under the Covered Bond Guarantee when due.

## **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 Covered Bond Guarantor (and, in the case of an Asset Coverage Test Breach Notice, for as long as such notice has not been revoked), the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor may be able to obtain, which may affect the ability of the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor may sell the Selected Loans and their Related Security for the best price reasonably available (subject to any right of pre-emption in favour of the Seller to the extent required by Law) notwithstanding that such price may be less than the Adjusted Required Redemption Amount.

## **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 Covered Bond Guarantor, the Covered Bond 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 Covered Bond 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 AUD Equivalent outstanding principal balance of the Intercompany Loan and the AUD Equivalent 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 is required to ensure that the Asset Coverage Test is satisfied. The Demand Loan is therefore a voluntary level of overcollateralization 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. As well, following a Demand Loan Repayment Event or service of a Notice to Pay or a CBG Acceleration Notice, the Demand Loan must be repaid and repayment of the Demand Loan will rank ahead of payments under the Guarantee and will be made outside the Priorities of Payments. Repayment of principal on the Demand Loan may, prior to service of a Notice to Pay or a CBG Acceleration Notice, be made by a cash payment in accordance with the relevant Priority of Payments and/or by way of a payment in kind and following service of a Notice to Pay or a CBG Acceleration Notice will be made by way of a payment in kind. Any repayment of the Demand Loan by way of a payment in kind will be effected by the transfer of Mortgage Loans and their Related Security (other than Defaulted Loans), randomly selected by the Administrative Agent on behalf of the Covered Bond 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 Covered Bond Guarantor's interest in such Mortgage 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 Mortgage Loans. The repayment of the Demand Loan will be made in priority to amounts owed to other Secured Creditors, including the Covered Bondholders.

Further, 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, 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 Covered Bond Guarantor; and
- (b) the date the Asset Percentage is recalculated following the service of a Notice to Pay or a CBG Acceleration Notice as described below – see *Overview of the Principal Documents - Intercompany Loan Agreement*.

Covered Bondholders should therefore include such analysis of the Demand Loan in their review of the level of overcollateralization 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 Covered Bond Guarantor for its own account, as soon as practicable, and will be held by the Covered Bond Guarantor in the GI Account. The Excess Proceeds will thereafter form part of the Security Collateral and will be used by the Covered Bond 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, Receipts and Coupons (subject to restitution of the same if such Excess Proceeds shall be required to be repaid by the Covered Bond Guarantor). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, 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 Covered Bond 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 Covered Bond Guarantor (by no later than the date which falls one Business Day prior to the Extension Determination Date), the Covered Bond Guarantor has insufficient monies available under the Guarantee Priority of Payments to pay all of the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of such Series of Covered Bonds 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Maturity Date. The Covered Bond 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 Covered Bond 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 Covered Bond Guarantor has failed to apply any amount in accordance with the Guarantee Priority of Payments, failure by the Covered Bond Guarantor to make payment in respect of the Final Redemption Amount on the Maturity Date (subject to the applicable grace period) shall not constitute a CBG Event of Default. However, failure by the Covered Bond Guarantor to pay Guaranteed Amounts corresponding to the Final Redemption Amount or the balance

thereof, as the case may be, on the Extended Due for Payment Date 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 Mortgage 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 Covered Bond Guarantor; and
- (b) the Seller repurchasing Mortgage Loans and their Related Security from the Covered Bond Guarantor in accordance with the Mortgage Sale Deed and the Participation Agreement.

There is no assurance that the characteristics of the New Loans assigned to the Covered Bond Guarantor on any Assignment Date will be the same as those Mortgage Loans in the Portfolio as at that Assignment Date. However, each Mortgage 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 Mortgage Loans and Related Security* (although the Eligibility Criteria and Representations and Warranties may change in certain circumstances with the agreement of the Seller the Covered Bond Guarantor (acting at the direction of the Administrative Agent), 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 on-going 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 Covered Bond 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. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.

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.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. A rating may not reflect the potential impact of all of the risks related

to the structure, market, additional factors discussed above and other factors that may affect the value of the Covered Bonds.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

### **Ratings Notification**

The terms of certain of the Transaction Documents provide that, in relation to certain events or circumstances, a particular event or circumstance may be allowed or certain action may be taken by some in relation to that event or circumstance, or all, of the Issuer, the Subordinated Loan Provider, the Intercompany Loan Provider, the Covered Bond Guarantor, the Seller, the Servicer, the Cash Manager, the Administrative Agent, the Bond Trustee, the Security Trustee or any other party to the Transaction Documents if the Cash Manager or the Administrative Agent delivers a Ratings Notification to the Covered Bond Guarantor, among others, confirming that in relation to the event or circumstance it has notified the Rating Agencies of such 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.

By acquiring the Covered Bonds, investors will be deemed to have acknowledged and agreed that the Covered Bond Guarantor has no obligation to investigate the accuracy of any Ratings Notification and the Covered Bond Guarantor is entitled to rely conclusively on any Ratings Notification. The Covered Bond Guarantor will have no liability to any person for relying on any Ratings Notification.

### **Covered Bonds issued under the Programme**

Covered Bonds issued under the Programme will either be fungible with an existing Series of Covered Bonds or have different terms to existing Series of Covered Bonds (in which case they will constitute a new Series). All Covered Bonds issued from time to time will following service of a CBG Acceleration Notice rank *pari passu* with each other in all respects and will share in the security granted by the Covered Bond Guarantor under the Security Trust Deed.

Following the occurrence of an Issuer Event of Default and service by the Bond Trustee of an Issuer Acceleration Notice, the Covered Bonds of all outstanding Series will accelerate against the Issuer but will be subject to, and have the benefit of, payments made by the Covered Bond Guarantor under the Covered Bond Guarantee (following service of a Notice to Pay) and holders of Covered Bonds will receive payment of Scheduled Interest and Scheduled Principal from the Covered Bond Guarantor.

Following the occurrence of a CBG Event of Default and service by the Bond Trustee of a CBG Acceleration Notice, the Covered Bonds of all Series outstanding will accelerate against the Issuer (if not already accelerated following service of an Issuer Acceleration Notice) and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will accelerate.

### **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 may direct the Covered Bond Guarantor to return to the Issuer assets beneficially owned by it to the extent the assets secure senior-ranking liabilities of the Covered Bond Guarantor to the Issuer. In the context of the Programme, this means that APRA has the power to direct the Covered Bond Guarantor to return to the Issuer any assets referable to the Demand Loan which, as described above, ranks senior to the amounts due and payable by the Covered Bond Guarantor to the Covered Bondholders, Receiptholders and Couponholders under the Covered Bond Guarantee in the Guarantee Priority of Payments and Post-Enforcement Priority of Payments. The return of assets to the Issuer would discharge the Covered Bond Guarantor's obligation to repay the Demand Loan to the extent of the value of the assets returned.

The formulation of this power gives rise to some uncertainties as it has only recently been granted to APRA under amendments to the Banking Act which came into effect from 17 October 2011 and has not been the subject of regulatory guidance or 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 Covered Bond 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 Mortgage 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 Covered Bond 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 Covered Bond Guarantor and/or the ability of the Covered Bond 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 to direct the Issuer, in certain circumstances, not to transfer any asset to the Covered Bond Guarantor (that is, to prevent the Issuer "topping up" the Portfolio). The exercise of this power could potentially lead to the depletion of the Portfolio which may adversely affect the ability of the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor will be liable solely in its capacity as trustee of the Suncorp Covered Bond Trust for its obligations under the Covered Bond Guarantee and such obligations will not be the obligations of Perpetual

Corporate Trust Limited in its personal capacity (except in limited circumstances where the Covered Bond Guarantor is fraudulent, negligent or acts in wilful default) or its officers, members, directors, employees, security holders or incorporators.

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

- (a) there is no Security Collateral remaining which is capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Security Collateral 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 sufficient amounts available from the Security Collateral 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 Covered Bond 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 Security Collateral 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 default on the part of the Covered Bond Guarantor, if any party other than the Covered Bond Guarantor does not recover all money owing to it by the Covered Bond Guarantor under the Transaction Documents it may not seek to recover the shortfall by:

- (a) bringing proceedings against the Covered Bond Guarantor in its personal capacity; or
- (b) applying to have the Covered Bond Guarantor put into administration or wound up or applying to have a receiver or similar person appointed to the Covered Bond Guarantor or proving in the administration or winding up of the Covered Bond Guarantor.

Except in the case of and to the extent of fraud, negligence or wilful default on the part of the Covered Bond Guarantor, the parties other than the Covered Bond Guarantor waive their rights and release the Covered Bond 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 Covered Bond Guarantor of any of its obligations under the Transaction Documents; or
  - (ii) non-performance by the Covered Bond Guarantor of such obligations; and
- (b) which cannot be paid or satisfied out of the Trust Assets out of which the Covered Bond 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 or comply with any of its obligations under the Transaction Documents; or
  - (ii) to do anything 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 waiver 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:

- (a) the Bond Trustee shall, at the written request of the Issuer, without the consent or sanction of any of the Covered Bondholders or any of the other Secured Creditors, concur with or direct the Security Trustee to concur with any person in making or sanctioning any modification to the Transaction Documents and the Terms and Conditions of the Covered Bonds, provided that the Bond Trustee is of the reasonable opinion that such modification will not be materially prejudicial to the interests of any of the Covered Bondholders, or any modification that is, in the reasonable opinion of the Bond Trustee, of a formal, minor or technical or administrative nature or is to correct a manifest error or is in the reasonable opinion of the Bond Trustee necessary or advisable to comply with mandatory

provisions of applicable 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 and shall be binding upon the Covered Bondholders. In establishing whether an error is manifest, the Bond Trustee may have regard to a certificate from the Arrangers, a Ratings Notification and an opinion of counsel;

- (b) 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 Receiptholders and/or the Couponholders, at any time and from time to time, concur with the Issuer and the Covered Bond Guarantor and any other party, or direct the Security Trustee to concur with the Issuer and the Covered Bond 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 and/or any other Transaction Document that is certified by the Issuer to the Bond Trustee to be necessary or appropriate in order to continue to implement or comply with, or to enable the Issuer, any Covered Bond Guarantor, any Series or the Programme to receive the benefit of, any legislation, rules or guidance issued by any Government Agency 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 any such modification which, in the sole opinion of the Bond Trustee, would have the effect of: (a) exposing the Bond Trustee to any liability against which it has not been indemnified and/or secured to its satisfaction or (b) imposing any material obligations or duties on the Bond Trustee or materially increasing the obligations or duties of the Bond Trustee under the Bond Trust Deed or the other Transaction Documents;
- (c) the Bond Trustee may, without the consent or sanction of any of the Covered Bondholders or any of the other Secured Creditors, waive or authorise or direct the Security Trustee to waive or authorise any breach or proposed breach in respect of, the Transaction Documents and the Terms and Conditions of the Covered Bonds 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 Transaction Documents, provided that the Bond Trustee is of the opinion that such waiver or authorisation will not be materially prejudicial to the interests of any of the Covered Bondholders (in the case of the Bond Trustee). 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 and shall be binding on the Covered Bondholders; and
- (d) 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, the Receiptholders or the Couponholders, in the case of an update in the published Rating Agency criteria applicable to the Programme, concur with the Issuer, the Covered Bond 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:
  - (i) 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
  - (ii) 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, the Receiptholders 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 (I) 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 (II) 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 and all Secured Creditors (including the Covered Bondholders).

The Bond Trustee shall not be bound to take, or to give any direction to the Security Trustee to take, any other action under the Transaction Documents unless (a) directed to do so by an Extraordinary Resolution (with the Covered Bonds of all Series taken together as a single Series), or (b) requested to do so in writing by the holders of not less than 25% of the Principal Amount Outstanding of the Covered Bonds then outstanding (with the Covered Bonds of all Series taken together 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) in accordance with Condition 9.1 (*Issuer Events of Default*)) and, in either case, then only if it shall have been indemnified and/or secured and/or funded to its satisfaction against all Costs to which it may thereby render itself liable or which it may incur by so doing and, for this purpose, the Bond Trustee may demand, prior to taking any such action, that there be paid to it in advance such sums as it considers (without prejudice to any further demand) shall be sufficient so to indemnify it.

Pursuant to the terms of the Security Trust Deed, the Security Trustee must agree to a variation of a Transaction Document where the Security Trustee is directed to do so by the Bond Trustee, so long as there are Covered Bonds outstanding except to the extent that the Security Trustee determines that any such variation (I) exposes the Security Trustee to any Costs against which it has not been indemnified and/or pre-funded to its satisfaction; or (II) increases the obligations or duties or decreases the protections of the Security Trustee; or (III) otherwise reduces any fees or other amount 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 the variation is in the reasonable opinion of the Security Trustee:

- (a) necessary to correct an obvious error, or is otherwise of a minor, formal, technical or administrative nature only; or
- (b) necessary or advisable to comply with any Law or any requirements of any Government Agency; or
- (c) not materially prejudicial to the Secured Creditors as a whole.

The Security Trustee may agree to a variation of a Transaction Document (without the approval of the Bond Trustee or the Secured Creditors) if the Administrative Agent or Cash Manager has delivered a Ratings Notification and 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 Security Trustee may:

- (a) waive any breach or other non-compliance (or any proposed breach or non-compliance) with obligations by the Covered Bond Guarantor in connection with a Transaction Document, or any CBG Event of Default; or
- (b) determine that any CBG Event of Default has been remedied,

if:

- (I) 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
- (II) 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.

Further, parties to the Transaction Documents may, without the consent of the Security Trustee or the Bond Trustee (unless the Bond Trustee or the Security Trustee, as the case may be, are party to such Transaction Document) amend a Transaction Document for the purpose of:

- (a) making any amendments (including, without limitation, adding, changing or removing parties and correcting or rectifying any ambiguity, defective provisions, errors, omissions or inconsistencies) to the Transaction Document, provided that, following the first Issue Date, the Administrative Agent or the Cash Manager has delivered a Ratings Notification to the Covered Bond Guarantor, the Security Trustee and the Bond Trustee in respect of such amendment and the Administrative Agent has confirmed in writing to the Security Trustee and the Bond Trustee (as the case may be) and to the Covered Bond Guarantor that in its opinion such amendment will not result in an Adverse Effect; and
- (b) making any amendments which, in the opinion of counsel to the Administrative Agent or the Covered Bond Guarantor, are necessary or advisable in order to incorporate, reflect or comply with any Law or any requirements of any Government Agency which apply to the Covered Bond Guarantor, any member of the Suncorp Group or any Transaction Document or the transactions under them and provided that the Administrative Agent has confirmed in writing to the Security Trustee, the Bond Trustee and the Covered Bond Guarantor that in its opinion such amendment will not result in an Adverse Effect,

provided any such amendment must be notified to the Security Trustee and the Bond Trustee. If the Security Trustee or the Bond Trustee are a party to a Transaction Document to be amended under paragraphs (a) and (b) above, the Security Trustee and the Bond Trustee, as the case may be, may rely on the Ratings Notification delivered to them in accordance with paragraph (a) above.

The Bond Trustee and the Security Trustee shall be obliged to consent to and effect amendments to the Transaction Documents that are requested by the Administrative Agent to enable the N Covered Bonds to be issued under the Programme, provided that the Bond Trustee or the Security Trustee (as applicable) has received (a) a certificate of two Authorised Officers of the Administrative Agent, certifying to the Security Trustee or the Bond Trustee (as applicable) that the requested amendments are to be made solely for the purpose of issuance of the N Covered Bonds and (b) a Ratings Notification from the Administrative Agent in respect of the requested amendments, and provided that the Security Trustee and the Bond Trustee are not required to agree to such variation to the extent that it determines that any such variation (I) exposes the Security Trustee or the Bond Trustee (as applicable) to any Costs against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (II) increases the obligations or duties or decreases the protections of the Security Trustee or the Bond Trustee (as applicable); or (III) otherwise reduces any fees or other amount due to the Security Trustee or the Bond Trustee (as applicable). Any such amendment does not require the consent or sanction of any Covered Bondholders of any Series or any other Secured Creditors (other than any Secured Creditor who is party to the relevant Transaction Document).

No other amendment may be made to a Transaction Document without the prior written consent of the Security Trustee and the Administrative Agent.

### **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. Any written request to direct the Bond Trustee to serve an Issuer Acceleration Notice following an Issuer Event of Default, to direct the Bond Trustee to serve a CBG Acceleration Notice following a CBG Event of Default and to direct the Bond Trustee to take any

enforcement action must be in writing by the holders of not less than 25% of the Principal Amount Outstanding of the Covered Bonds of all Series then outstanding.

### **Realisation of Security Collateral 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 Covered Bond 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 Security Collateral 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 Security Collateral 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 Covered Bond Guarantor then the Covered Bonds may be repaid sooner or later than expected or not at all.

### **Covered Bond Guarantor's Liability**

Perpetual Corporate Trust Limited enters into the Transaction Documents only in its capacity as trustee of the Suncorp 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 Covered Bond Guarantor only to the extent to which it can be satisfied out of assets of the Suncorp Covered Bond Trust out of which the Covered Bond Guarantor is actually indemnified for the liability. This limitation of the Covered Bond Guarantor's liability applies despite any other provision of the Transaction Documents (other than for its fraud, negligence or wilful default) and extends to all liabilities and obligations of the Covered Bond Guarantor in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to a Transaction Document or the Trust.

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

The above will not apply to any obligation or liability of the Covered Bond Guarantor to the extent that it is not satisfied because under the Transaction Documents or by operation of law there is a reduction in the extent of the Covered Bond Guarantor's indemnification out of the assets of the Suncorp Covered Bond Trust, as a result of the Covered Bond Guarantor's fraud, negligence or wilful default.

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 Covered Bond Guarantor (including any related failure to satisfy its obligations or breach of representation or warranty under any Transaction Document) will be considered fraudulent, negligent or in wilful default to the extent to which the act or omission was caused or contributed to by any failure of the Administrative Agent, the Cash Manager, the Servicer, the Seller or any other person appointed by the Covered Bond Guarantor under any Transaction Document (other than a person whose acts or omissions the Covered Bond Guarantor is liable for in accordance with any Transaction Document) to fulfil its obligations relating to the Suncorp Covered Bond Trust or by any other act or omission of the Administrative Agent, the Cash Manager, the Servicer, the Seller or any other such person.

## **Restrictions on transfer**

The Covered Bonds and the Covered Bond Guarantee have not been and will not be registered under the Securities Act, and may not be offered or sold in the United States or to or for the benefit of U.S. persons unless such securities are registered under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

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

## **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 and widely reported global credit market conditions (which continue at the date hereof), whereby there is a severe lack of liquidity in the secondary market for instruments similar to the Covered Bonds. As a result of the current liquidity crisis there exist significant additional risks to the Issuer and the investors which may affect the returns on the Covered Bonds to investors.

In addition, the current liquidity crisis has stalled the primary market for a number of financial products including instruments similar to the Covered Bonds. While it is possible that the current liquidity crisis may soon be alleviated 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*.

### **General legal investment considerations**

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.

### **Covered Bonds subject to redemption for tax reasons**

In the event that the Issuer is or will be obliged to pay additional amounts in respect of any Series of Covered Bonds due to any withholding or deduction for 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, as a result of any change in, or amendment to, any applicable Laws (or any change in the application or official interpretation thereof) which becomes effective on or after the date of issue of the first Tranche of Covered Bonds or any other date specified in the applicable Final Terms and such obligation cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may, subject to certain conditions, redeem all of the outstanding affected Series of Covered Bonds in accordance with Condition 6.3 (*Redemption for tax reasons*).

### **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.

### **Australian Financial Services Licence and the Bond Trustee**

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

### **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.

## **Index Linked Interest Covered Bonds and Dual Currency Interest Covered Bonds**

The Issuer may issue Covered Bonds with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Covered Bonds with principal or interest payable in one or more currencies which may be different from the currency in which the Covered Bonds are denominated. Potential investors should be aware that:

- (a) the market price of such Covered Bonds may be very volatile;
- (b) they may receive no interest;
- (c) payment of principal or interest may occur at a different time or in a different currency from what was expected;
- (d) they may lose all or a substantial portion of their principal;
- (e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (f) if a Relevant Factor is applied to Covered Bonds in conjunction with a multiplier greater than one or that contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- (g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Interest Covered Bonds. Accordingly, an investor should consult its own financial, tax and legal advisers about the risk entailed by an investment in any Index Linked Interest Covered Bonds and the suitability of such Covered Bonds in light of their particular circumstances.

## **Certain factors affecting the value and trading price of Index Linked Interest Covered Bonds**

Generally, Index Linked Interest Covered Bonds offer investment diversification opportunities, but there are some additional risks that may affect the value of the Covered Bonds before they mature. The interim or market value of the Index Linked Interest Covered Bonds may be affected by a number of factors, including but not limited to:

- (a) market interest rates;
- (b) fluctuations in currency exchange rates;
- (c) fluctuations in the prices of securities generally;
- (d) the time remaining to any redemption date; and
- (e) economic, financial, regulatory, political, terrorist, military or other events in one or more jurisdictions, including factors affecting capital markets generally or the stock exchanges on which any Index Linked Interest Covered Bonds may be traded.

Additionally, the interim or market value of Index Linked Interest Covered Bonds will vary with the price and/or level of the securities comprised in the relevant index and is affected by a number of other factors, including but not limited to:

- (a) the value and volatility (frequency and magnitude of the changes in the level) of the relevant index;
- (b) the dividend rate on any equity securities comprised in the relevant index and the financial results and prospects of the issuer of those equity securities;
- (c) the liquidity of the securities comprised in the relevant index in the secondary market;
- (d) changes that affect the index, such as additions, deletions or substitutions of any securities comprised in the relevant index; and
- (e) economic, financial, regulatory, political, terrorist, military or other events in one or more jurisdictions, including factors affecting the stock exchange(s) on which any securities comprised in the relevant index may be traded.

Furthermore, the amounts payable under Index Linked Interest Covered Bonds may not directly correlate to the rise and/or fall in the level of any relevant index. For example, Index Linked Interest Covered Bonds may provide that any positive performance of any index is subject to:

- (a) a percentage participation factor that is less than 100% of a price or level of such index;
- (b) a cap or maximum amount; and/or
- (c) a negative spread or percentage deduction to a relevant price of such index,

which, in each case, would mean that the positive performance (if any) of such index is not fully accounted for in any payment(s) made under the Covered Bonds.

Prospective investors should be experienced with respect to options and option transactions, should understand the additional risks set out above and should reach an investment decision only after carefully considering, with their advisers, the suitability of Index Linked Interest Covered Bonds in light of their particular financial circumstances, the information regarding the relevant Covered Bonds and the particular

index (or basket of indices) to which the value of the relevant Covered Bonds may relate, as specified in the applicable Final Terms.

Before investing in Index Linked Interest Covered Bonds, Covered Bondholders should carefully consider, among other things: (a) the trading price of the relevant Covered Bonds; (b) the value and volatility of the relevant index; (c) the time remaining to redemption of the Covered Bonds; (d) any changes in interim interest rates and dividend yields if applicable; (e) any changes in currency exchange rates if applicable; (f) the depth of the market or liquidity of any securities comprised in the relevant index; and (g) any related transaction costs.

#### **Valuation of Index Linked Interest Covered Bonds: commissions and/or fees**

Prospective investors in Index Linked Interest Covered Bonds should be aware that the issue price and/or offer price may include commissions and/or other fees (e.g. subscription fees, placement fees, direction fees, structuring fees and/or additional costs or inducements) paid by the Issuer to distributors as payment for distribution services. This can cause a difference between the theoretical value of the Covered Bonds and any bid and offer prices quoted by the Issuer or any third party. Any such difference may have an adverse effect on the value of the Covered Bonds, particularly immediately following the offer and the Issue Date of such Covered Bonds, where such fees and/or costs may be deducted from the price at which such Covered Bonds can be sold by the initial investor in the secondary market.

Information on the amount of these inducements, commissions and fees will be included in the applicable Final Terms and/or may be obtained from the Issuer or relevant distributor upon request.

#### **Investors intending to purchase Index Linked Interest Covered Bonds in order to hedge against market risk**

Prospective investors intending to purchase Index Linked Interest Covered Bonds to hedge against the market risk associated with investing in an index (or basket of indices) should recognise the complexities of utilising Covered Bonds in this manner. For example, the value of the Index Linked Interest Covered Bonds may not exactly correlate with the value of the relevant index. Due to fluctuating supply and demand for the Covered Bonds there is no assurance that their value will correlate with movements in the price or value of the relevant index. For these reasons, among others, it may not be possible to purchase or liquidate Index Linked Interest Covered Bonds in a portfolio at the prices used to calculate the value of any index.

The issuer of a security that serves as an index could take actions that may adversely affect an Index Linked Interest Covered Bond

The issuer of a security that serves as an index or part of an index for an Index Linked Interest Covered Bond will have no obligation to the Covered Bondholder and may take actions, such as a merger or sale of assets, without regard to the interests of the Covered Bondholder. Any such action could adversely affect the value of a Covered Bond indexed to that security or to an index of which that security is a component.

#### **Partly-Paid Covered Bonds**

The Issuer may issue Covered Bonds where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his or her investment.

#### **Variable Interest Covered Bonds with a multiplier or other leverage factor**

Covered Bonds with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.



## **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**

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.

## **GENERAL RISK FACTORS**

### **No gross up for certain withholdings from payments**

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC on the taxation of savings income (see *Taxation – Savings Directive*), Member States are required to provide to the Tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period which commenced on 1 July 2005 and the end of which is dependent upon the conclusion of certain other agreements relating to information exchange with certain non-EU countries, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment in respect of a Covered Bond were to be made by or collected through a person in a Member State which has opted for a withholding system and an amount of, or in respect of, Tax were to be withheld from that payment, neither the Issuer, the Covered Bond Guarantor nor any Paying Agent nor any other person by or through whom a payment in respect of the Covered Bond is made or received would be obliged to pay additional amounts with respect to such Covered Bond as a result of the imposition of such withholding tax (see Condition 8 (*Taxation*)). The Issuer and, if applicable, the Covered Bond Guarantor will be required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct Tax pursuant to the Savings Directive, unless there is no Member State which does not require a Paying Agent making payments through a specified office in that Member State to withhold or deduct Tax. (See International Condition 11.1(b)(viii) (*Agents – Appointments*)).

### **U.S. Foreign Account Tax Compliance Withholding**

The Issuer and other non-U.S. financial institutions through which payments on the Covered Bonds are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Covered Bonds issued after 31 December 2012 and (ii) any Covered Bonds which are treated as equity for U.S. federal tax purposes, whenever issued, pursuant to FATCA or similar law implementing an intergovernmental approach to FATCA. This withholding tax may be triggered

if (i) the Issuer is a foreign financial institution (**FFI**) (as defined in FATCA) that entered into and complies with an agreement with the U.S. Internal Revenue Service (**IRS**) to provide certain information on its account holders (making the Issuer a **Participating FFI**), (ii) the Issuer has a positive "passthru percentage" (as defined in FATCA), and (iii)(a) an investor does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Issuer, or (b) any FFI through which payment on such Covered Bonds is made is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Covered Bonds is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Covered Bonds, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Covered Bonds, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Covered Bonds should consult their own tax advisers on how these rules may apply to payments they receive under the Covered Bonds.

The application of FATCA to Covered Bonds issued after 31 December 2012 (or whenever issued, in the case of Covered Bonds treated as equity for U.S. federal tax purposes) may be addressed in the relevant Final Terms or a Supplement to the Prospectus, as applicable.

#### *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, the Covered Bond Guarantor, 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.

*See also Risk Factors Relating to the Covered Bond Guarantor, including the ability of the Covered Bond Guarantor to fulfil its obligations in relation to the Covered Bond Guarantee - Covered Bond Guarantor only obliged to pay Guaranteed Amounts when the same are Due for Payment and the Covered Bond Guarantor will not gross up payment of Guaranteed Amounts for withholding or similar taxes above.*

#### **The Covered Bond Guarantor may be required to make payments to the Australian Taxation Office in limited circumstances**

Suncorp owns all the units in the Suncorp Covered Bond Trust and therefore the Suncorp Covered Bond Trust is automatically a member of the Suncorp tax consolidated group. Suncorp, 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 Tax Act from arising if the group tax liability is covered by a 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 Suncorp defaulted on its payment of tax, the Suncorp 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 Suncorp Covered Bond Trust. In the event that Suncorp defaulted on payment of a particular group tax liability and the deed of tax sharing was found to be no longer effective, then joint and several liability of the subsidiary members of the Suncorp 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 Suncorp 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 Covered Bond 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 Covered Bond Guarantor will make any payments under the Covered Bond Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit other than the Specified Currency (the **Investor's Currency**). These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's

Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (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.

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

The Anti-Money Laundering and Counter-Terrorism Financing Act 2006 of Australia (**AML/CTF Act**) implemented a number of significant changes to Australia's anti-money laundering and counter-terrorism financing regulation.

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

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

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

### **Basel Capital Accord**

In 1988, the Basel Committee on Banking Supervision (the **Basel Committee**) adopted capital guidelines that explicitly link the relationship between a bank's capital and its credit risks. In June 2006 the Basel Committee finalised and published new risk-adjusted capital guidelines (**Basel II**). Basel II includes the application of risk-weighting which depends upon, amongst other factors, the external or, in some circumstances and subject to approval of supervisory authorities, internal credit rating of the counterparty. The revised requirements also include allocation of risk capital in relation to operational risk and supervisory review of the process of evaluating risk measurement and capital ratios.

Basel II has not been fully implemented in all participating jurisdictions. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Covered Bonds for investors who are or may become subject to capital adequacy requirements that follow the framework. The Basel II framework is implemented in the European Union by the Capital Requirements Directive. Certain amendments have been made to the Capital Requirements Directive, including by Directive 2010/76/EU (the so-called **CRD III**), which is required to be implemented by Member States by the end of 2011 and which introduces (amongst other things) higher capital requirements for certain trading book positions and re-securitisation positions.

It should also be noted that the Basel Committee has approved significant changes to the Basel II framework (such changes being commonly referred to as **Basel III**) and on 1 June 2011 issued its final guidance, which envisages a substantial strengthening of existing capital rules, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and a minimum leverage ratio for financial institutions. In particular, the changes include, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit

exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio (**LCR**) and the Net Stable Funding Ratio (**NSFR**)). Member countries will be required to implement the new capital standards from January 2013, the new LCR from January 2015 and the NSFR from January 2018. The Basel Committee is also considering introducing additional capital requirements for systemically important institutions from 2016. The changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Covered Bonds and/or on incentives to hold the Covered Bonds for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Covered Bonds.

The European authorities support the work of the Basel Committee on the approved changes in general and, on 20 July 2011, the European Commission adopted a legislative package of proposals (known as **CRD IV**) to implement the changes through the replacement of the existing Capital Requirements Directive with a new Directive and Regulation. As with Basel III, the proposals contemplate the entry into force of the new legislation from January 2013, with full implementation by January 2019; however the proposals allow individual Member States to implement the stricter definition and/or level of capital more quickly than is envisaged under Basel III.

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 II framework (including the Basel III 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.

On 30 March 2012, APRA released a further discussion paper on the implementation of Basel III together with drafts of the revised capital adequacy standards that will govern the implementation of the Basel III capital framework in Australia. Until APRA's final prudential standards are issued and APRA advised institutions of their prudential capital ratios, the full extent of the impact on the Issuer cannot be confirmed.

## 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 non-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**) 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 (in a form to be provided by Euroclear and/or Clearstream, Luxembourg and/or the CMU Lodging Agent) to the effect that the beneficial owners of interests in such Bearer Covered Bond are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and/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.

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 Covered Bonds and Registered Covered Bonds) Registered Covered Bonds, if (unless specified otherwise in the relevant Final Terms) (a) if 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) if 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) if 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 thirtieth 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.

Bearer Global Covered Bonds, Bearer Definitive Covered Bonds and any Coupons, Talons or Receipts 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 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 INTERNAL REVENUE CODE."

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**

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 Depository 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 Covered Bond 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)) 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 depository for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (b) in the case of a Registered Global Covered Bond registered in the name of the Common Depository 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.\$250,000 or the equivalent denomination of €100,000 if such amount is greater than U.S.\$250,000 and integral multiples of U.S.\$1,000 in excess thereof (or the approximate equivalents in the applicable Specified Currency).

### **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, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the Covered Bond 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 (in which case each of such Covered Bondholder, Receiptholder or Couponholder shall be entitled in the name of the Bond Trustee (except in the case of the Australian Domestic Covered Bonds, in which case the Australian Domestic Covered Bondholders shall be entitled in their own name) to take any such steps and proceedings as it shall deem necessary and which the Bond Trustee would have been entitled under the Transaction Documents to take if it were enforcing the provisions of the relevant Transaction Document and in any case shall not include the presentation of a petition for the winding up of, or for an administration order in respect of, the Issuer or the Covered Bond Guarantor).

## **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 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 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 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 Regulations.

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

### ***Relationship of Accountholders with Austraclear***

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 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 Regulations, transfer the Australian Domestic Covered Bonds to the person in whose Security Record (as defined in the Austraclear 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 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 issued under the Programme. Text in this section appearing in italics does not form part of the Final Terms but denotes directions for completing the Final Terms.*

[Date]

### Suncorp-Metway Limited

**Issue of [Aggregate Principal Amount of Tranche] [Title of Covered Bonds]  
irrevocably and unconditionally guaranteed as to payment of principal and interest by  
Perpetual Corporate Trust Limited as trustee of the Suncorp Covered Bond Trust  
under the U.S.\$5 billion  
Global Covered Bond Programme**

The Prospectus referred to below (as completed by this Final Terms) has been prepared on the basis that any offer of Covered Bonds in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Covered Bonds. Accordingly any person making or intending to make an offer in that Relevant Member State of the Covered Bonds may only do so in circumstances in which no obligation arises for the Issuer, the Covered Bond Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer, the Covered Bond Guarantor nor any Dealer has authorised, nor do they authorise, the making of any offer of Covered Bonds in any other circumstances.

### 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 the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the final terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus [as so supplemented]. Full information on the Issuer, the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms and the Prospectus. Copies of the Prospectus [and the supplemental Prospectus] are available free of charge to the public at [●] and from the specified office of each of the Paying Agents.

*[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 Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) 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 Directive, 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]. Full information on the Issuer and the Covered Bond Guarantor and the offer of the Covered Bonds is only available on the basis of the combination of this Final Terms and the Prospectus dated [original date] and

[*current date*] [and the supplemental Prospectus dated [*date*]]. Copies of such Prospectuses are available free of charge to the public at [●] and from the specified office of each of the Paying Agents.]

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

[*When completing any final terms or adding any other final terms or information consideration should be given as to whether such terms or information constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*]

1. (a) Issuer: Suncorp-Metway Limited (ABN 66 010 831 722)  
[*insert branch details if applicable*]
- (b) Covered Bond Guarantor: Perpetual Corporate Trust Limited (ABN 99 000 341 533) as trustee of the Suncorp Covered Bond Trust  
(*insert ABN when available*)
- (c) Series Number: [●]
- (d) Tranche Number: [●]  
(*If fungible with an existing Series, details of that Series, including the date on which the Covered Bonds become fungible*)
2. Specified Currency or Currencies: [●]
- (i) of denomination: [●]  
(*N.B. This relates to the Specified Currency of denomination under International Condition 2.17*)
- (ii) of payment: [●]  
(*Condition 5.5(b)*) (*if different from currency of denomination*)
3. Aggregate Principal Amount of Covered Bonds:
  - [(a) Series: [●]]
  - [(b) Tranche: [●]]
4. Issue Price: [●]% of the Aggregate Principal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5. Denominations: [●]  
(*in the case of Registered Covered Bonds, this means the minimum integral amount in which transfers can be made*) [*(N.B. Where Bearer Covered Bonds with multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed: €[100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Covered Bonds in definitive form will be issued with a denomination above*]

[€199,000]]

*(N.B. If an issue of Covered Bonds is (i) NOT admitted to trading on a regulated market within the European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, the €100,000 minimum denomination is not required)*

*(N.B. Insert a single denomination only for Australian Domestic Covered Bonds)*

6. (a) Issue Date: [●]  
(b) Interest Commencement Date: [●][specify/Issue Date/Not Applicable]

*(N.B. An Interest Commencement Date will not be relevant for certain Covered Bonds, for example Zero Coupon Covered Bonds.)*

7. (a) Maturity Date: [Fixed rate – specify date/ Floating rate – Interest Payment Date falling in or nearest to [specify month and year]]  
(b) Extended Due for Payment Date of Guaranteed Amounts corresponding to the Final Redemption Amount under the Covered Bond Guarantee: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year, in each case falling one year at least after the Maturity Date]]

*(N.B. Zero Coupon Covered Bonds are not to be issued with an Extended Due for Payment Date unless otherwise agreed with the Dealers and the Bond Trustee)*

8. Interest Basis: [[●]% Fixed Rate]  
[[Specify reference rate] [●]% Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest]  
[Credit Linked Interest]  
[Equity Linked Interest]  
[specify other](further particulars specified below)

9. Redemption/Payment Basis: [Redemption at par]  
[Partly-Paid]  
[Instalment]  
[Hard Bullet Covered Bond]  
[specify other]  
*(N.B. If the Final Redemption Amount is other than 100% of the nominal value, the Covered Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex*

*XII to the Prospectus Regulation will apply. This pro-forma has been annotated to indicate where the key additional requirements of Annex XII are dealt with.]*

10. Change of Interest Basis or Redemption/Payment Basis: [Coupon Switch Option applicable in accordance with paragraph 20 below]/[Specify details of any other provision for convertibility of Covered Bonds into another Interest Basis or Redemption/Payment Basis]
11. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
12. (a) Status of the Covered Bonds: Senior
- (b) Status of the Covered Bond Guarantee: Senior
- (c) [Date of [Board] approval for issuance of Covered Bonds obtained: Issuer, [●]  
*(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Covered Bonds or related Guarantee)*
13. Method of distribution: [Syndicated/Non-syndicated]

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

14. Fixed Rate Covered Bond provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate of Interest: [●]% per annum [payable [annually/semi-annually/quarterly/monthly/other (specify)] in arrear]  
*(N.B. If an Extended Due for Payment Date is specified, interest following the Maturity Date will continue to accrue and be payable on any unpaid amount at a Rate of Interest determined in accordance with Condition 5)*
- (b) Interest Payment Date(s): [[●] in each year up to and including the Maturity Date or the Extended Due for Payment Date, if applicable]/[specify other]  
*(N.B. After an Extension Determination Date, the Interest Payment Dates may be monthly. See Paragraph [11] above).*
- (c) Interest Period End Date(s): [●]  
*(If nothing is specified, the Interest Period End*

*Dates will correspond with the Interest Payment Dates)*

- (d) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/[specify other, unless no adjustment is required in which case specify "No Adjustment". If nothing is specified there will be no adjustment. Care should be taken to match the Maturity Date (as well as other key dates) of the Covered Bonds with any underlying swap transaction. Since Maturity Dates do not automatically move with business day conventions under ISDA, it may be necessary to specify "No Adjustment" in relation to the Maturity Date of the Covered Bonds to disapply the applicable Business Day Convention.]]
- (i) [for Interest Payment Dates: [●]]
- (ii) [for Interest Period End Dates: [●]]
- (iii) [for Maturity Date: [●]]
- (iv) [for any other date: [●]]
- (e) Additional Business Centre(s): Brisbane and Sydney, Australia  
[London, United Kingdom]  
[●]
- (f) Fixed Coupon Amount(s): [●] per [●] in specified denomination
- (g) Broken Amount(s): [●]  
*(Insert particulars where the initial or final broken interest amounts do not correspond with the Fixed Coupon Amount[s])*
- (h) Day Count Fraction: [Actual/365]  
[Actual/365 (Fixed)]  
[30/360]  
[Actual/Actual (ICMA)] *(N.B. If interest is not payable on a regular basis (for example, if Broken Amounts are specified) Actual/Actual (ICMA) may not be a suitable Day Count Fraction)*  
[Actual/360]  
[30E/360]  
[30E/360 (ISDA)]  
  
[RBA Bond Basis/Australian Bond Basis]  
[specify other]  
*(See Condition 4 for alternatives)*  
[adjusted/not adjusted]
- (i) Accrual Feature: [Not Applicable/specify]



- (j) Determination Date: [●]
- (k) Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: [Not Applicable/Give details]
15. Floating Rate Covered Bond provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s): [●] *(N.B. only applicable if the Specified Period does not correspond with the Interest Payment Date)*
- (b) Interest Payment Dates: [●], subject to adjustment in accordance with the Business Day Convention specified in paragraph 16(d)  
  
*(N.B. After an Extension Determination Date, the Interest Payment Dates may be monthly. See Paragraph [11] above).*
- (c) Interest Period End Dates or (if the applicable Business Day Convention below is the FRN Convention) Interest Accrual Period: [●]  
*(If nothing is specified Interest Period End Date will correspond with Interest Payment Dates)*
- (d) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/[specify other, unless no adjustment is required in which case specify "No Adjustment". If nothing is specified there will be no adjustment. Care should be taken to match the Maturity Date (as well as other key dates) of the Covered Bonds with any underlying swap transaction. Since Maturity Dates do not automatically move with business day conventions under ISDA, it may be necessary to specify "No Adjustment" in relation to the Maturity Date of the Covered Bonds to disapply the applicable Business Day Convention.]]
- (i) [for Interest Payment Dates: [●]]
- (ii) [for Interest Period End Dates: [●]]
- (iii) [for Maturity Date: [●]]
- (iv) [for any other date: [●]]
- (e) Additional Business Centre(s): Brisbane and Sydney, Australia  
[●]

- (f) Manner in which the Rate of Interest and Interest Amount are to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (g) Party responsible for calculating the Rate of Interest and Interest Amount (if not the [Principal Paying Agent/Calculation Agent]): [●]
- (h) Screen Rate Determination:
- Reference Rate: [●] (*Either LIBOR, EURIBOR or other. If other, provide additional information, including amendment to fallback provisions in the Agency Agreement*)
- Interest Determination Date(s): [●] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which TARGET 2 is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR*)
- N.B. Specify the Interest Determination Date(s) up to and including the Extended Due for Payment Date, if applicable*
- Relevant Screen Page: [●]
- (In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- Relevant Time: [For example, 11.00 a.m. London time/Brussels time]
- Relevant Financial Centre: [For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
- (i) ISDA Determination:
- 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]  
*[specify other]*  
*(See Condition 4 for alternatives)*  
[adjusted/not adjusted]
- (n) Fallback provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Terms and Conditions: [●]
- (o) Accrual Feature: [Not Applicable/[●]]
- (p) Broken Amounts: *(Give details)*
16. Zero Coupon Covered Bond provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: [●]% per annum
- (b) Reference Price: [●]
- (c) Any other formula/basis of determining amount payable: [●]  
*(Consider applicable Day Count Fraction if not U.S. dollar denominated)*
- (d) Business Day Convention: [Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/*[specify other]*]
- (e) Additional Business Centre(s): Brisbane and Sydney, Australia  
[●]
- (f) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 6.8 applies/*specify other*]
17. Variable Interest Covered Bond provisions: [Applicable/Not Applicable]  
*(other than Dual Currency Interest Covered Bonds): (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Index/Formula/other variable: *[give or annex details]*

- (b) Calculation Agent responsible for calculating the interest due: [●]
- (c) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [●]
- (d) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable or otherwise disrupted: [●] *(Include a description of market disruption or settlement disruption events and adjustment provisions)*
- (e) Specified Period(s): [●]
- (f) Specified Interest Payment Dates: [●]
- (g) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/FRN Convention/specify other]
- (h) Additional Business Centre(s): Brisbane and Sydney, Australia [●]
- (i) Minimum Rate of Interest: [●]% per annum
- (j) Maximum Rate of Interest: [●]% per annum
- (k) Day Count Fraction: [Actual/365]  
[Actual/365 (Fixed)]  
[30/360]  
[Actual/Actual (ICMA)] *(N.B. If interest is not payable on a regular basis (for example, if Broken Amounts are specified) Actual/Actual (ICMA) may not be a suitable Day Count Fraction)*  
[Actual/360]  
[30E/360]  
[30E/360 (ISDA)]  
  
[RBA Bond Basis/Australian Bond Basis]  
[specify other]  
*(See Condition 4 for alternatives)*  
[adjusted/not adjusted]
18. Dual Currency Interest Covered Bond provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate of Exchange/method of calculating Rate of Exchange: [Give or annex details]
- (b) Calculation Agent, if any, [●]

responsible for calculating the interest payable:

- (c) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[Include a description of market disruption or settlement disruption events and adjustment provisions]*
- (d) Person at whose option Specified Currency(ies) is/are payable: [●]
- (e) Additional terms and conditions: [●]
- (f) Additional Business Centre(s): Sydney, Australia [●]

19. Coupon Switch Option: [Applicable/Not Applicable]  
Coupon Switch Option Date: [●]

#### PROVISIONS RELATING TO REDEMPTION

20. Redemption at the option of the Issuer (Call): [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s) (Call): [●]  
*(N.B. Optional Redemption Dates must be Interest Payment Dates unless otherwise agreed with the Dealers and the Bond Trustee)*
  - (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): *(specify, otherwise redemption will only be permitted of whole Series)* [●] per Covered Bond of [●] specified denomination  
  
*(Specify if not the outstanding principal amount or, in the case of any Zero Coupon Covered Bonds, if other than the sum of the amount provided in Condition 6.8(a) and 6.8(b))*
  - (d) Notice period (if other than as set out in the Terms and Conditions): [●]  
  
*(N.B. If setting notice periods which are different to those provided in the Terms and Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent or Bond Trustee)*

21. Partial redemption (Call): [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
22. (a) Minimum Redemption Amount: [●] per [●] specified denomination
- (b) Maximum Redemption Amount: [●] per [●] specified denomination
- (c) Notice Period: [●]  
*(N.B.: If setting notice periods which are different to those provided in the terms and conditions, issuers are advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the issuer and its paying agent or any trustee)*
23. Redemption at the option of the Covered Bondholders (Put): [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (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  
*(Specify if not the outstanding principal amount or, in the case of any Zero Coupon Covered Bonds, if other than the sum of the amount provided in Condition 6.8(a) and (b))*
- (c) Notice Period: [●]  
*(N.B.: If setting notice periods which are different to those provided in the terms and conditions, issuers are advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the issuer and its paying agent or any trustee)*
24. Automatic Redemption Option: [Applicable/Not Applicable]
- (a) Automatic Redemption Date: [●]
- (b) Early Redemption Amount (Automatic): [●]
- (c) Early Redemption Automatic Trigger: [●]
- (d) Additional terms and conditions: [●]

25. Final Redemption Amount of each Covered Bond:  per  specified denomination/specify other/see Appendix]

*(N.B. If the Final Redemption Amount is other than 100% of the nominal value, the Covered Bonds will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Regulation will apply. This proforma has been annotated to indicate where the key additional requirements of Annex XII are dealt with)*

In cases where the Final Redemption Amount is Index Linked:

(a) Index:  [give or annex details]

(b) Party responsible for calculating the Final Redemption Amount (if not the Principal Paying Agent):

(c) Provisions for determining Final Redemption Amount where calculated by reference to Index:

(d) Determination Date(s):

(e) Provisions for determining Final Redemption Amount where calculation by reference to Index is impossible or impracticable or otherwise disrupted:

(f) Minimum Final Redemption Amount:

(g) Maximum Final Redemption Amount:

26. Early Redemption for Tax reasons:

(a) Early Redemption Amount (Tax) of each Covered Bond:  per  specified denomination

*(Specify if not the outstanding principal amount or, in the case of any Zero Coupon Covered Bonds, if other than the sum of the amount provided in Condition 6.8(a) and (b))*

(b) Date after which changes in law, etc. entitle Issuer to redeem:  [Specify, if not the Issue Date]

#### **GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

27. (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]]

*(N.B. The exchange upon notice should not be expressed to be applicable if the specified denomination of the Covered Bonds in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]" )*

[Registered Covered Bonds:

Regulation S Global Covered Bond (U.S.\$[●] nominal amount) registered in the name of [a nominee for DTC/a common depository for Euroclear and Clearstream, Luxembourg/Common Safekeeper for Euroclear and Clearstream, Luxembourg]/Rule 144A Global Covered Bond (U.S.\$[●] nominal amount) registered in the name of [a nominee for DTC /a common depository 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]  
*(If yes, give details)*  
*(Where there are more than 28 Coupons, Talons will be attached)*
- (c) Receipts to be attached to Instalment Covered Bonds which are Definitive Covered Bonds: [Yes/No]  
*(If yes, give details)*
- (d) Definitive Covered Bonds to be in ICMA or successor's format: [Yes/No]  
*(If nothing is specified, Definitive Covered Bonds will be security printed and in ICMA or successor's format)*
- (e) Additional Exchange Events [Yes/No] *(if yes, set out such additional events; not*



*applicable for Australian Domestic Covered Bonds)*

28. [Events of Default (Condition 9):  
Early Redemption Amount] *(Specify, if not the outstanding principal amount or, in the case of any Zero Coupon Covered Bond, if other than the sum of the amount provided in Condition 6.8(a) and (b))*
29. [New Global Covered Bond: [Yes/No]]
30. Details relating to Partly-Paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment: [Not Applicable/give details. N.B. a new form of Temporary Global Covered Bond and/or Permanent Global Covered Bond may be required for Partly-Paid issues]
31. Details relating to Instalment Covered Bonds:
- (a) Instalment Amount(s): [Not Applicable/give details]
- (b) Instalment Date(s): [Not Applicable/give details]
32. Payments:  
Unmatured Coupons missing upon Early Redemption *(Specify whether Condition 7.1(f)(i) or 7.1(f)(ii) applies. If nothing is specified, Condition 7.1(f)(i) will apply to fixed rate or fixed coupon amount Covered Bonds and Condition 7.1(f)(ii) will apply to floating rate or variable coupon amount Covered Bonds)*
33. Notices: *(Specify if Condition 14 applies or any other means of effective communication)*
34. Other terms or special conditions: [Not Applicable/give details]  
*(When adding any other final terms consideration should be given as to whether such terms constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive)*

## **DISTRIBUTION**

35. (a) If syndicated, names and addresses of Managers: [Not Applicable/give names]  
*(If the Covered Bonds are derivative securities to which Annex XII of the Prospectus Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a "best efforts"*

*basis if such entities are not the same as the Managers)*

- (b) Date of Subscription Agreement: [●]
- (The above is only relevant if the Covered Bonds are derivative securities to which Annex XII of the Prospectus Regulation applies)*
- (c) Stabilising Manager (if any): [Not Applicable/give name]
36. (a) Terms and Conditions applicable: [International Terms and Conditions of the Covered Bonds (other than Australian Domestic Covered Bonds) [ Australian Terms and Conditions of the Australian Domestic Covered Bonds]
- (b) Governing Law: *[In the case of Covered Bonds which are not Australian Domestic Covered Bonds: English law. The courts of England and Wales [and 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][To be included for Covered Bonds issued pursuant to Rule 144(a)]shall have non-exclusive jurisdiction to settle any dispute arising from or in connection with such Covered Bonds. [Specify any additional or alternate arrangements]*
- [In the case of Australian Domestic Covered Bonds: 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.]*
37. If non-syndicated, name and address of Dealer: [Not Applicable/give name]
38. U.S. Selling Restrictions: [Reg. S Compliance Category. TEFRA D applicable/TEFRA C applicable/TEFRA not applicable]
39. Non-exempt Offer: Not Applicable
40. Additional selling restrictions: [Not Applicable/give details]
41. Additional U.S. Federal Income Tax Considerations: [Not Applicable/give details]
42. Additional ERISA considerations: [Not Applicable/give details]

## **PURPOSE OF FINAL TERMS**

This Final Terms comprises the final terms required for issue and admission to trading on [*the London Stock Exchange's regulated market/specify other relevant regulated market*] of the Covered Bonds described herein pursuant to the U.S.\$5 billion Global Covered Bond Programme of Suncorp-Metway Limited and unconditionally and irrevocably guaranteed as to payments of interest and principal by Perpetual Corporate Trust Limited as trustee of the Suncorp Covered Bond Trust (the **Covered Bond Guarantor**) pursuant to the Covered Bond Guarantee which is secured over the Portfolio and the other assets of the Suncorp Covered Bond Trust. Recourse against the Covered Bond Guarantor under the Covered Bond Guarantee is limited to the Portfolio and the other assets of the Suncorp Covered Bond Trust.

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in this Final Terms. [*Relevant third party information, for example in compliance with Annex XII to the Prospectus Regulation in relation to an Index or its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING:

[Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on *[specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's Regulated Market or the Regulated Market of the Irish Stock Exchange) and, if relevant, admission to an official list (for example, the Official List of the U.K. Listing Authority)]* with effect from [●].] [Application is expected to be made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on *[specify relevant regulated market, for example the Bourse de Luxembourg, the London Stock Exchange's Regulated Market or the Regulated Market of the Irish Stock Exchange) and, if relevant, admission to an official list (for example, the Official List of the U.K. Listing Authority)]*] with effect from [●]] [Not Applicable]

*(Where documenting a fungible issue need to indicate that original Covered Bonds are already admitted to trading.)*

### 2. RATINGS:

[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 2001 of Australia 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 2001 of Australia, 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.]

Ratings:

The Covered Bonds are expected to be rated:

[Fitch: [●]]

[Moody's: [●]]

[[Other]: [●]]

*(The above disclosure should reflect the rating allocated to Covered Bonds of the type being issued under the Programme generally or, where the issue*

*has been specifically rated, that rating.)*

*(N.B. Consult the relevant Rating Agencies in relation to Covered Bonds which may have a Final Redemption Amount of less than 100% of the nominal value.)*

**3. COVERED BOND SWAP:**

Covered Bond Swap Provider: [Include name, address and description of the Covered Bond Swap Provider]

Nature of Covered Bond Swap: [Forward Starting/Non-Forward Starting]

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

[Save as discussed in *Subscription and Sale* and *Transfer and Selling Restrictions*, so far as the Issuer is aware, no person involved in the offer of the Covered Bonds has an interest material to the offer. – *Amend as appropriate if there are other interests*]

[*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.*]

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

[(i)] Reasons for the offer: [●]

[(ii)] Estimated net proceeds: [●]

[(iii)] Estimated total expenses: [●]

*Delete (i) and (ii) unless the Covered Bonds are derivative securities to which Annex XII of the Prospectus Regulation applies in which case (i) above is required where the reasons for the offer are different from making project and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) is required.*

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

Indication of yield: [●]  
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

**7. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING: (Index Linked or other variable/linked Covered Bonds only)**

[*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained. Where the underlying is an index, include the name*

*of the index and if the index is composed by the Issuer, include a description of the index. If the index is not composed by the Issuer, include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Regulation.]*

*[When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information].

*(N.B. This paragraph 7 applies only if the Covered Bonds are derivative securities to which Annex XII of the Prospectus Regulation applies.)*

**8. PERFORMANCE OF RATE[S] OF EXCHANGE: (Dual Currency Interest Covered Bonds only)**

*[Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained.]*

*[When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

*(N.B. This paragraph 8 only applies if the Covered Bonds are derivative securities to which Annex XII of the Prospectus Regulation applies.)*

**9. TRADEABLE AMOUNTS:**

So long as the Covered Bonds are represented by a Global Covered Bond and *[specify clearing system(s)]* so permit, the Global Covered Bond shall be tradeable in minimum principal amounts of [€100,000]/*[specify equivalent to €100,000 if Global Covered Bond not denominated in euro]* and integral multiples of [●] in addition thereto up to and including [€99,000].

Further, such Specified Denomination construction is not permitted in relation to any issue of Covered Bonds which is to be represented on issue by a Temporary Global Covered Bond exchangeable for Bearer Definitive Covered Bonds.

[If item [28] of Part A of these Final Terms indicates that the Global Covered Bond is exchangeable for definitive Covered Bonds at the option of the Covered Bondholders, the Covered Bonds will be tradeable only in principal amounts of at least the Specified Denomination.]

**10. OPERATIONAL INFORMATION:**

- (a) ISIN Code: [●]
- (b) Common Code: [●]
- (c) CMU Instrument Number: [●]
- (d) Austraclear ID: [●]
- (e) WKN: [●]

- [(f)] (insert here any other relevant codes such as CUSIP and CINS codes):
- [(g)] Any clearing system(s) other than DTC, Euroclear, Clearstream, Luxembourg, Austraclear or the CMU Service and the relevant identification number(s):  [CMU Service/Not Applicable/give name(s) and number(s)]
- [(h)] Delivery: Delivery [against/free of] payment
- [(i)] Name and address of initial Paying Agent(s):
- [(j)] Names and addresses of additional Paying Agent(s) (if any):
- [(k)] Name and address of Australian Agent and Registrar: Austraclear Services Limited (ABN 28 003 284 419)  
20 Bridge Street  
Sydney NSW 2000  
Australia
- [(l)] [New Global Covered Bond intended to be held in a manner which would allow Eurosystem eligibility:  [Not Applicable][Yes][No]
- [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, that is, held under the NSS *[include this text for Registered Covered Bonds which are to be held under the NSS]*] 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.] *[Include this text if "yes" selected in which case the Covered Bonds must be issued in NGCB form]*

## 11. RATING AGENCY INFORMATION:

[Insert credit rating agency] is established in the European Union and has applied for registration under Regulation (EU) No 1060/2009, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.]

[Insert credit rating agency] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009.]

[[Insert credit rating agency] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. However, the application for registration under Regulation (EC) No. 1060/2009 of [insert the legal name of the relevant EU CRA entity that applied for registration], which is established in the European Union, disclosed the intention to endorse credit ratings of [insert the legal name of the relevant non-EU CRA entity].]

[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009. The ratings [[have been]/[are expected to be]] endorsed by [insert the legal name of the relevant EU-registered CRA entity] in accordance with Regulation (EC) No. 1060/2009. [Insert the legal name of the relevant EU CRA entity] is established in the European Union and registered under Regulation (EC) No. 1060/2009.]

[[Insert the legal name of the relevant non-EU CRA entity] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, but it is certified in accordance with such Regulation.]

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 Regulation (EU) No 1060/2009 (the CRA Regulation) unless the rating is provided by a credit rating agency operating in the European Union before 7 June 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused.

## 12. ASSET LEVEL DISCLOSURE:

### POOL STATISTICS AS AT [ ]

The statistical and other information contained in these Final Terms has been compiled by reference to the Mortgage Loans in the Portfolio as at [●] (the **Cut-Off Date**). Except as otherwise indicated, these tables have been prepared using the current balance as at the Cut-Off Date, which includes all principal and accrued interest for the Mortgage Loans in the Portfolio as at the Cut-Off Date and may no longer be a true reflection of the Portfolio. The following information does [not] include any New Loans sold into the Portfolio since the Cut-Off Date, including any sale in connection with this Series [●] issuance and it does not reflect any redemption or sales out of the Portfolio since the 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 Cut-Off Date, however, it should be noted that Mortgage Loans may be removed from the Portfolio in the event that any such Mortgage Loans are repaid in full or do not comply with the terms of the Mortgage Sale Deed on or about the relevant sale date. The Seller may also choose, in certain circumstances, to repurchase any of the Mortgage Loans in accordance with the terms of the Mortgage Sale Deed. The Intercompany Loan Provider may require the retransfer or extinguishment of the Covered Bond Guarantor's interest in the Mortgage 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 Mortgage Loans included in the Portfolio, and stratify the Portfolio by reference to either Mortgage Account or Mortgage Loan as appropriate. A Mortgage Account represents the total of all Mortgage Loans secured on a single property. Columns stating percentage amounts may not add up to 100% due to rounding.

Housing Loan Pool Size (\$A)



Number of Housing Loans  
 Average Housing Loan Balance (\$A)  
 Maximum Housing Loan Balance (\$A)  
 Weighted Average Current Loan-to-Value Ratio (%)  
 Highest Individual Current Loan-to-Value Ratio (%)  
 [Weighted Average Indexed Current Loan-to-Value Ratio (%)]<sup>1</sup>  
 Percentage of Investment Property Loan (%)  
 Percentage of Low Doc Loans (%)  
 Weighted Average Mortgage Rate (%)  
 Weighted Average Seasoning (Months)  
 Weighted Average Remaining Term to Maturity (Months)  
 Maximum Remaining Term to Maturity (Months)  
 Weighted Average Original Term to Maturity (Months)

<b>Loan To Value Ratio Distribution</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
<= 5.00%					
5.01% - 10.00%					
10.01% - 15.00%					
15.01% - 20.00%					
20.01% - 25.00%					
25.01% - 30.00%					
30.01% - 35.00%					
35.01% - 40.00%					
40.01% - 45.00%					
45.01% - 50.00%					
50.01% - 55.00%					
55.01% - 60.00%					
60.01% - 65.00%					
65.01% - 70.00%					
70.01% - 75.00%					
75.01% - 80.00%					
80.01% - 85.00%					
85.01% - 90.00%					
90.01% - 95.00%					
95.01% - 100.00%					
100.01% - 105.00%					
105.01% - 110.00%					
> 110.00%					
<b>TOTAL</b>					

<b>[Indexed Loan To Value Ratio Distribution</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
<= 5.00%					
5.01% - 10.00%					
10.01% - 15.00%					
15.01% - 20.00%					
20.01% - 25.00%					

<sup>1</sup> [Name of index used]

<b>[Indexed Loan To Value Ratio Distribution</b>	<b>Number of Loans</b>	<b>Current Balance Outstanding A\$</b>	<b>Average Balance A\$</b>	<b>% By Number</b>	<b>% By Balance</b>
25.01% - 30.00%					
30.01% - 35.00%					
35.01% - 40.00%					
40.01% - 45.00%					
45.01% - 50.00%					
50.01% - 55.00%					
55.01% - 60.00%					
60.01% - 65.00%					
65.01% - 70.00%					
70.01% - 75.00%					
75.01% - 80.00%					
80.01% - 85.00%					
85.01% - 90.00%					
90.01% - 95.00%					
95.01% - 100.00%					
100.01% - 105.00%					
105.01% - 110.00%					
> 110.00%					
No Indexation Data					
<b>TOTAL]</b>					

*[Name of Index used]*

<b>Current Balance Distribution</b>	<b>Number of Loans</b>	<b>Current Balance Outstanding A\$</b>	<b>Average Balance A\$</b>	<b>% By Number</b>	<b>% By Balance</b>
Less Than \$50,000					
\$50,001 - \$100,000					
\$100,001 - \$150,000					
\$150,001 - \$200,000					
\$200,001 - \$250,000					
\$250,001 - \$300,000					
\$300,001 - \$350,000					
\$350,001 - \$400,000					
\$400,001 - \$450,000					
\$450,001 - \$500,000					
\$500,001 - \$550,000					
\$550,001 - \$600,000					
\$600,001 - \$650,000					
\$650,001 - \$700,000					
\$700,001 - \$750,000					
\$750,001 - \$800,000					
\$800,001 - \$850,000					
\$850,001 - \$900,000					
\$900,001 - \$950,000					
\$950,001 - \$1,000,000					
\$1,000,001 - \$1,100,000					
\$1,100,001 - \$1,200,000					
\$1,200,001 - \$1,300,000					
\$1,300,001 - \$1,400,000					
\$1,400,001 - \$1,500,000					

<b>Current Balance Distribution</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
Over \$1,500,000					
<b>TOTAL</b>					

<b>Seasoning Distribution</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
Less Than 3Mth					
3 - 6 Mth					
6 - 12 Mth					
12 - 18 Mth					
18 - 24 Mth					
24 - 36 Mth					
36 - 48 Mth					
48 - 60 Mth					
More Than 60 Mth					
<b>TOTAL</b>					

<b>State Distribution</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
Australian Capital Territory					
New South Wales					
Northern Territory					
Queensland					
South Australia					
Tasmania					
Victoria					
Western Australia					
<b>TOTAL</b>					

<b>Region Distribution</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
ACT - Metropolitan					
NSW - Other					
NSW - Sydney Metropolitan					
NT - Darwin Metropolitan					
NT - Other					
QLD - Brisbane Metropolitan					
QLD - Other					
SA - Adelaide Metropolitan					
SA - Other					
TAS - Hobart Metropolitan					
TAS - Other					
VIC - Metropolitan					
VIC - Other					
WA - Other					
WA - Perth Metropolitan					

<b>Region Distribution</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
TOTAL					

<b>Repayment Category Distribution</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
Interest Only					
Principal and Interest					
TOTAL					

<b>Property Type Distribution</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
Detached House					
Semi-Detached House					
Unit					
Terrace					
Villa					
Townhouse					
Duplex					
Other					
TOTAL					

<b>Mortgage Insurance Distribution</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
Genworth					
HLIC					
QBE LMI					
WLMI					
No Insurance					
TOTAL					

<b>Year of Maturity</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
[2012 - 2016					
2017 - 2021					
2022 - 2026					
2027 - 2031					
2032 - 2036					
2037 - 2041]					
TOTAL					

<b>Interest Rate Type</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
Fixed Rate					

<b>Interest Rate Type</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
Variable Rate					
TOTAL					

<b>Fixed Rate Year of Maturity</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
[2011					
2012					
2013					
2014					
2015					
2016]					
TOTAL					

<b>Mortgage Rate Distribution</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
<= 4.500%					
4.501% - 5.000%					
5.001% - 5.500%					
5.501% - 6.000%					
6.001% - 6.500%					
6.501% - 7.000%					
7.001% - 7.500%					
7.501% - 8.000%					
8.001% - 8.500%					
8.501% - 9.000%					
>9.001%					
TOTAL					

<b>Arrears Days</b>	Number of Loans	Current Balance Outstanding A\$	Average Balance A\$	% By Number	% By Balance
Current					
1 - 30 days					
31 - 60 days					
61 - 90 days					
> 90 days					
TOTAL					

Signed on behalf of the Issuer:

Signed on behalf of the Covered Bond Guarantor:

By:

By:

*Duly authorised*

*Duly authorised*

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

*Subject to completion or amendment, the following are the Terms and Conditions of the Covered Bonds (other than the Australian Domestic Covered Bonds) (the **International Terms and Conditions**) which will (i) be incorporated by reference into 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 in relation to any Tranche of Covered Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace, amend, supplement or modify the following Terms and Conditions for the purpose of such Covered Bonds. 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.*

Each Covered Bond is one of a Series (as defined below) of Covered Bonds issued by Suncorp-Metway Limited (ABN 66 010 831 722) (**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, Perpetual Corporate Trust Limited (ABN 99 000 341 533) as trustee of the Suncorp Covered Bond Trust (in such capacity, the **Covered Bond Guarantor**, which expression shall include any successor as Covered Bond Guarantor) and Deutsche Trustee Company 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 Covered Bond 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.

The Covered Bonds, the Receipts (as defined below) 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 Covered Bond Guarantor, the Bond Trustee, Deutsche Bank AG, London Branch, as 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**) and Deutsche Bank Luxembourg S.A., as transfer agent (in such capacity, the **Transfer Agent**, which expression shall include any additional transfer agents) and as Luxembourg Registrar (in such capacity, the **Luxembourg Registrar**, which expression shall include any successor registrar). The Issuer may also appoint an exchange agent in accordance with the Agency Agreement (any such person, the **Exchange Agent**).

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**. Bearer Definitive Covered Bonds repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Covered Bonds and Global Covered Bonds do not have Receipts, 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 and the relevant Dealer(s) 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 Receipts (**Receiptholders**), 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) in accordance with the provisions of the Bond Trust Deed and the Australian Covered Bond Deed Poll (in the case of the Australian Domestic 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor (after the occurrence of a CBG Event of Default).

The security for the obligations of the Covered Bond 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 10 May 2012 and made between the Covered Bond Guarantor, the Issuer, the Bond Trustee, P.T. Limited (ABN 67 004 454 666) 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, the Receiptholders 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 Deed (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 Deed (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 Directive, 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 and the relevant Paying Agent as to its identity and holding of such Covered Bonds.

The Bond Trustee is not the holder of an Australian Financial Services Licence.

## **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 Deed 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 Deed**) dated 10 May 2012, 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 circumstances or formula described in the applicable Final Terms and the denominator is the number of days in the relevant Interest Accrual Period, in each case as further described in the applicable Final Terms;

**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 covered bonds 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;

**Automatic Redemption Date** has the meaning given in the applicable Final Terms;

**Automatic Redemption Option** has the meaning given in the applicable Final Terms;

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

**Business Day** means:

- (a) for the purposes of Condition 7.1(e) (*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 London, in the Principal Financial Centre of the country of the relevant currency (if other than London) 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 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 London 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 Covered Bond Guarantor or by the Covered Bond 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*);

**CMU Lodging Agent** means the agent appointed as such in accordance with the Offshore Agency Agreement;

**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:

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

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Accrual Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Accrual Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Accrual Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Accrual Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Accrual Period, unless such number is 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** 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<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** 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<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Accrual Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Accrual Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Accrual Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Accrual Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Accrual Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** 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 in which case **D<sub>2</sub>** 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<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Accrual Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Accrual Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Accrual Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Accrual Period falls;

**D<sub>1</sub>** 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<sub>1</sub> will be 30; and

**D<sub>2</sub>** 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<sub>2</sub> will be 30;

**Early Redemption Amount** means the Early Redemption Amount (Automatic) or 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 6.8 (*Early redemption of Zero Coupon Covered Bonds*), the amount specified in, or determined in accordance with the terms of, the Final Terms, as applicable;

**Early Redemption Amount (Automatic)** means such amount as may be specified in, or determined in accordance with, the applicable Final Terms;

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

**Early Redemption Automatic Trigger** means such trigger as may be specified in, or determined in accordance with, the applicable Final Terms;

**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;

**Final Redemption Amount** means, in respect of any Covered Bond, its Principal Amount Outstanding or such other amount as may be specified in, or determined in accordance with, the applicable Final Terms;

**Fixed Coupon Amount** 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*);

**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;

**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, or determined in accordance with, 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, or determined in accordance with, 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 (as required by Condition 6.6) 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 5.3 (*Floating Rate Covered Bond and Variable Interest 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 Early Redemption Amount (Automatic), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the final Instalment Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with 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 Calculation Agent in the market that is most closely connected with the Reference Rate;

**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 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 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;

**Specified Currency** has the meaning given in the applicable Final Terms;

**Specified Period** has the meaning given in the applicable Final Terms;

**Suncorp Covered Bond Trust** means the trust constituted under the trust deed dated 10 May 2012 between the Covered Bond Guarantor, the Administrative Agent and Suncorp-Metway Limited (ABN 66 010 831 722);

**TARGET Settlement Day** means any day on which TARGET 2 is operating credit or transfer instructions in respect of euro; 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 Instalment Amount or Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*), any premium 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 Deed; 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 Bonds.

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 Covered Bonds 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** and unless otherwise specified in the applicable Final Terms).

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 (if any) 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 Depository 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 Depository or Common Safekeeper, as the case may be, for, and registered in the name of the Common Depository 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 depository for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act;
- (b) in the case of a Registered Global Covered Bond registered in the name of (i) the Common Depository 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** and unless otherwise specified in the applicable Final Terms).

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 Instalment Covered Bonds**

Covered Bonds, the principal amounts of which are repayable by instalments (**Instalment Covered Bonds**) and which are Definitive Covered Bonds, have endorsed thereon a grid for recording the repayment of principal or, if so specified in the applicable Final Terms, have attached thereto, at the time of their initial delivery, payment Receipts in respect of the instalments of principal.

### **2.13 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.

### **2.14 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.

### **2.15 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.\$250,000 (or the equivalent denomination of €100,000 if such amount is greater than U.S.\$250,000, 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).

## 2.16 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.

## 2.17 Partly-Paid Covered Bonds

Covered Bonds may be issued on a partly-paid basis (**Partly-Paid Covered Bonds**) if so specified in the applicable Final Terms. The subscription monies therefor shall be paid in such number of instalments (**Partly-Paid Instalments**), in such amounts, on such dates and in such manner as may be specified in the applicable Final Terms. The first such instalment shall be due and payable on the Issue Date of the Covered Bonds. Not less than 14 days nor more than 30 days prior to the due date for payment of any Partly-Paid Instalment (other than the first such instalment) the Issuer shall publish a notice in accordance with Condition 14 (*Notices*) stating the due date for payment thereof and stating that failure to pay any such Partly-Paid Instalment on or prior to such date will entitle the Issuer to forfeit the Covered Bonds with effect from such date (**Forfeiture Date**) as may be specified in such notice (not being less than 14 days after the due date for payment of such Partly-Paid Instalment), unless the relevant Partly-Paid Instalment together with any interest accrued thereon is paid prior to the Forfeiture Date. The Issuer shall procure that any Partly-Paid Instalments paid in respect of any Covered Bonds subsequent to the Forfeiture Date in respect thereof shall be returned promptly to the persons entitled thereto. The Issuer shall not be liable for any interest on any Partly-Paid Instalment so returned. Interest shall accrue on any Partly-Paid Instalment which is not paid on or prior to the due date for payment thereof at the Rate of Interest (or, in the case of Zero Coupon Covered Bonds, at the rate applicable to overdue payments) and shall be calculated in the same manner and on the same basis as if it were interest accruing on the Covered Bonds for the period from (and including) the due date for payment of the relevant Partly-Paid Instalment up to (but excluding) the Forfeiture Date. For the purpose of the accrual of interest, any payment of any Partly-Paid Instalment made after the due date for payment shall be treated as having been made on the day preceding the Forfeiture Date (whether or not a Business Day).

Unless an Issuer Event of Default or a CBG Event of Default shall have occurred and be continuing on the Forfeiture Date, the Issuer shall forfeit all of the Covered Bonds in respect of which any Partly-Paid Instalment shall not have been duly paid, whereupon the Issuer shall be entitled to retain all Partly-Paid Instalments previously paid in respect of such Covered Bonds and shall be discharged from any obligation to repay such amount or to pay interest thereon, or (where such Covered Bonds are represented by a Temporary Global Covered Bond or a Permanent Global Covered Bond) to exchange any Interests in such Covered Bond for interests in a Permanent Global Covered Bond or to deliver Definitive Covered Bonds or Registered Covered Bonds in respect thereof, but shall have no other rights against any person entitled to the Covered Bonds which have been so forfeited.

Without prejudice to the right of the Issuer to forfeit any Covered Bonds, for so long as any Partly-Paid Instalment remains due but unpaid, and except in the case where an Issuer Event of Default or a CBG Event of Default shall have occurred and be continuing, (a) no interests in a Temporary Global Covered Bond may be exchanged for interests in a Permanent Global Covered Bond and (b) no transfers of Registered Covered Bonds or exchanges of Bearer Covered Bonds for Registered Covered Bonds may be requested or effected. Until such time as all the subscription monies in respect of Partly-Paid Covered Bonds shall have been paid in full, and except in the case where an Exchange Event has occurred in respect of the relevant Series of Partly-Paid Covered Bonds, no



interests in a Temporary Global Covered Bond or a Permanent Global Covered Bond may be exchanged for Definitive Covered Bonds or Registered Covered Bonds.

## **2.18 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, Receipts and Coupons**

Title to Bearer Covered Bonds, Receipts and Coupons passes by delivery. References herein to the **holders** of Bearer Covered Bonds or of Receipts or Coupons are, subject as provided in Condition 3.4 (*Common Depositary*) below and Clause 3.6 (*Persons to be treated as Covered Bondholders*) of the Bond Trust Deed, to the bearers of such Bearer Covered Bonds or such Receipts or Coupons, as the case may be.

### **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 3.6 (*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 and Clause 3.6 of the Bond Trust Deed, the holder of any Bearer Covered Bond, Coupon, Receipt 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 3.6 (*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 Cedcom system) in accordance with its usual procedures and in which the holder of a particular nominal amount of the Covered Bonds is clearly identified with the amount of such holding) shall be treated by the Issuer, the Covered Bond

Guarantor, the Paying Agents and the Bond Trustee as the holder of such nominal amount of such Covered Bonds for all purposes other than with respect to the payment of principal or interest or other amounts on such nominal amount of such Covered Bonds, and, in the case of a Registered Global Covered Bond held through 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 Covered Bond 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 Receipts and 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 Covered Bond 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 Australia (Banking Act). Under sections 13A(3) and 16(2) of the Banking Act and section 86 of the Reserve Bank Act 1959 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 Covered Bond 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 (a) an account where the Issuer is required to pay the account-holder, 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 an ADI due to APRA shall in a winding-up of the ADI have, subject to section 13A(3) of the Banking Act, priority over all other unsecured debts of the ADI. Further, section 86 of the Reserve Bank Act provides that in a winding-up of a bank, debts due by the bank to the RBA shall, subject to section 13A(3) of the Banking Act, have priority over all other debts of the bank.*

*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 apply to:*

- (i) the obligations of the Covered Bond 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 Covered Bond Guarantor; and*
- (ii) 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.*

## **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 Covered Bond Guarantor pursuant to a guarantee (**Covered Bond Guarantee**) in the Guarantee Deed Poll. However, the Covered Bond 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 Covered Bond Guarantor (which the Bond Trustee shall, subject to being indemnified and/or secured and/or pre-funded to its satisfaction, 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 Covered Bond Guarantor. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are direct, unconditional and unsubordinated obligations of the Covered Bond Guarantor, which are secured as provided in the Security Trust Deed.

Any payment made by the Covered Bond 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, Receipts and Coupons and the Covered Bond Guarantee respectively, except where such payment by the Covered Bond 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 Covered Bond Guarantor's obligations under the Covered Bond Guarantee and the other Transaction Documents to which it is a party, the Covered Bond 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 Covered Bond Guarantor to the Covered Bondholders pursuant to the Covered Bond Guarantee shall be limited to the Security Collateral 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 Covered Bond Guarantor and subject to the provisions of the Bond Trust Deed, the Covered Bond 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 (or, in the case of an Instalment Covered Bond, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless, upon due presentation, payment in full of the Redemption Amount or the relevant Instalment 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 Floating Rate Covered Bond and Variable Interest Covered Bond provisions

- (a) **(Application)** This Condition 5.3 (*Floating Rate Covered Bond and Variable Interest Covered Bond provisions*) is applicable to the Covered Bonds only if the Floating Rate Covered Bond provisions or the Variable Interest 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 (or, in the case of an Instalment Covered Bond, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless, upon due presentation, payment in full of the Redemption Amount or the relevant Instalment 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)** 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, 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, selected by the Calculation Agent, 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 the London inter-bank offered rate (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) **(Index Linked Interest)** If the Index Linked Interest Covered Bond provisions are specified in the applicable Final Terms as being applicable, the Rate(s) of Interest applicable to the Covered Bonds for each Interest Accrual Period will be determined in the manner specified in the applicable Final Terms.
- (f) **(Interest on Partly-Paid Covered Bonds)** In the case of Partly-Paid Covered Bonds (other than Partly-Paid Covered Bonds which are Zero Coupon Covered Bonds), interest will accrue on the paid up nominal amount of such Covered Bonds or as otherwise specified in the applicable Final Terms.
- (g) **(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.



- (h) **(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.
- (i) **(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.
- (j) **(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, Bank Bill Rates or other floating 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).
- (k) **(Publication)** The Calculation Agent 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 Covered Bond 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 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.
- (l) **(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 Bond Trustee will (in the absence of proven or manifest error) be binding on the Issuer, the Covered Bond Guarantor, the Principal Paying Agent, the other Paying Agents, the Registrar, all Covered Bondholders, Receiptholders 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 (*Floating Rate Covered Bond and Variable Interest 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 (*Floating Rate Covered Bond and Variable Interest 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 Zero Coupon Covered Bond provisions**

- (a) **(Application)** This Condition 5.4 (*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 (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 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).

#### **5.5 Dual Currency Interest Covered Bond provisions**

- (a) **(Application)** This Condition 5.5 (*Dual Currency Interest Covered Bond provisions*) is applicable to the Covered Bonds only if the Dual Currency Interest Covered Bond provisions are specified in the applicable Final Terms as being applicable.
- (b) **(Rate of Interest)** The Issuer may issue Covered Bonds with principal or interest determined by reference to an exchange rate, an index or a formula based on foreign exchange cross rates or such other exchange rates as may be specified in the applicable Final Terms (a **Rate of Exchange**). In addition, the Issuer may issue Covered Bonds with principal or interest payable in one or more currencies which may be different from the Specified Currency in which the Covered Bonds are denominated. The rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

## 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 Interest following a Notice to Pay

If a Notice to Pay is served on the Covered Bond Guarantor, the Covered Bond 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) (or, in the case of Instalment Covered Bonds, in such number of instalments and in such amounts (**Instalment Amounts**) as may be specified in, or determined in accordance with, the provisions of the applicable Final Terms), 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, the Issuer undertakes to give the Principal Paying Agent not less than four Business Days notice prior to the Maturity Date whether (a) payment will be made of the Final Redemption Amount of the applicable Series of Covered Bonds in full on their (1) Maturity Date or (ii) Extension Determination Date or (b) the obligation to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date shall be deferred until the Extended Due for Payment Date (the **Extension Notice**).

Forthwith upon the receipt by the Principal Paying Agent of the Extension Notice, the Principal Paying Agent shall notify both Clearstream, Luxembourg and Euroclear not less than three Business Days prior to the Maturity Date whether (a) payment will be made of the Final Redemption Amount of the applicable Series of Covered Bonds in full on their Maturity Date or (b) the obligation to pay

the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date shall be deferred until the Extended Due for Payment Date.

For the avoidance of doubt, a failure by the Issuer to give the Extension Notice shall not affect the validity or effectiveness of any extension of a Series of Covered Bonds under this Condition.

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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor, at the direction of the Administrative Agent, 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 Covered Bond Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of a Series of Covered Bonds pursuant to the Covered Bond Guarantee. Any failure by the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor to pay any amounts in respect of the

balance of the Final Redemption Amount not so paid shall be deferred as described above. Such failure to pay by the Covered Bond Guarantor 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 Covered Bond 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 neither the Floating Rate Covered Bond provisions nor the Variable Interest Covered Bond provisions are specified in the applicable Final Terms as being applicable); or
- (b) on any Interest Payment Date (if the Floating Rate Covered Bond provisions or the Variable Interest Covered Bond provisions are specified in the applicable Final Terms as being applicable),

on giving not less than 30 nor 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 nor 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(f) (*Bearer Covered Bonds*) 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 Conditions 6.3 (*Redemption for tax reasons*) or 6.4 (*Redemption at the option of the Issuer*).

## **6.7 Automatic Redemption Option**

If the Automatic Redemption Option is specified in the applicable Final Terms as being applicable, the Covered Bonds will be redeemed at their Early Redemption Amount (Automatic) on any Automatic Redemption Date in accordance with the Early Redemption Automatic Trigger as specified in the applicable Final Terms. If the Covered Bonds are not redeemed before the Maturity Date in accordance with this Condition 6.7 (*Automatic Redemption Option*), the Covered Bonds are to be redeemed at the Final Redemption Amount or such other amount as may be specified in the applicable Final Terms.

## **6.8 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 6.8 (*Early redemption of Zero Coupon Covered Bonds*) or, if none is so specified, a Day Count Fraction of Actual/365.

## 6.9 Purchase

The Issuer, the Covered Bond 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 Receipts and Coupons are purchased therewith.

## 6.10 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 Covered Bond Guarantor or any of their respective Related Entities may, at the option of the Issuer, the Covered Bond 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, or it is the payment of the final Instalment Amount) 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.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Covered Bond which is a Definitive Covered Bond with Receipts will be made against presentation of the Covered Bond together with the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title, and if separated from the Covered Bond to which they relate, will not represent any obligation of the Issuer or the Covered Bond Guarantor. Accordingly, the presentation of a Covered Bond without the relative Receipt or the presentation of a Receipt without the Covered Bond to which it appertains shall not entitle the holder to any payment in respect of the relevant Instalment Amount.

- (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 subject to fiscal laws)** All payments in respect of the Covered Bonds are subject in all cases to any applicable fiscal or other Laws in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Covered Bondholders in respect of such payments.
- (e) **(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.
- (f) **(Presentation with all unmaturing Receipts, Coupons and Talons)** Each Definitive Covered Bond initially delivered with Coupons, Talons or Receipts attached thereto shall be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmaturing Receipts, Coupons and Talons relating thereto, failing which:
  - (i) if the applicable Final Terms specifies that this paragraph (i) of Condition 7.1(f) 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 unmaturing 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(f) 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;
- (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; and
- (iv) in the case of Definitive Covered Bonds initially delivered with Receipts attached thereto, all Receipts relating to such Covered Bonds in respect of a payment of an Instalment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 7.1(f) 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 business (local time in the place of the specified office of the Registrar) 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*)) 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 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 and the 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. No commissions or expenses shall be charged to the holders of Covered Bonds, Coupons or Receipts 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.

## 8. TAXATION

### 8.1 Gross up by Issuer

All payments of principal and interest in respect of the Covered Bonds, and the Receipts or 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 (i) by or on behalf of Australia or any political subdivision or any authority or any agency thereof or therein having power to tax or (ii) pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA unless such withholding or deduction is required by any Law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA or any law implementing an intergovernmental approach to FATCA). In that event, the Issuer shall pay such additional amounts as will result in the receipt by the holders of the Covered Bonds, Receipts or Coupons, after any such withholding or deduction for or on account of 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, Receipt 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, Receipt 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, Receipt or Coupon, or (ii) the receipt of principal, interest or any other amount in respect of such Covered Bond, Receipt 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, Receipt 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) 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, Receipt 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, Receipt 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 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, Receipt 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) where such withholding or deduction is imposed on a payment to an individual and is made pursuant to the Savings Directive or any Law implementing or complying with, or introduced in order to conform to, any such directive;
- (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, Receipt 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, Receipt or Coupon to another Paying Agent in a Member State which does not impose such withholding or deduction;
- (i) where such withholding or deduction is required by reason of the holder (i) failing to enter into an agreement described in Section 1471(b) of the Code, (ii) being a "recalcitrant account holder" as defined in Section 1471(d)(6) of the Code, (iii) electing to be withheld against pursuant to Section 1471(c) of the Code or (iv) failing to satisfy the requirements of Section 1472(b) of the Code; or
- (j) in such other circumstances as may be specified in the relevant Final Terms.

## **8.2 No gross up by Covered Bond Guarantor**

- (a) The Covered Bond Guarantor will not be obliged to pay any amount under the Covered Bond Guarantee in respect of any additional amounts due from the Issuer pursuant to Condition 8 (*Taxation*).
- (b) The Covered Bond Guarantor will not be obliged to pay any additional amount under the Covered Bond Guarantee in respect of any withholding or deduction which it may be required to make in respect of any payments made under the Covered Bond Guarantee.
- (c) If any withholding or deduction arises under or in connection with FATCA, the Covered Bond Guarantor will not be required to pay any additional amounts 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:

- (a) references to Covered Bonds shall be interpreted so as to include Australian Domestic Covered Bonds;
- (b) references to a Tranche shall be interpreted so as to include tranches of Australian Domestic Covered Bonds which are identical in all respects (including as to listing and, if applicable, admission to trading) (each, an **Australian Tranche**); and
- (c) references to a Series shall be interpreted so as to include an Australian Tranche together with any further Australian Tranche or Australian Tranches of Australian Domestic Covered

Bonds which are (i) expressed to be consolidated and form a single series, and (ii) 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).

## 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 in writing (an **Issuer Acceleration Notice**) to the Issuer that as against the Issuer (but not, for the avoidance of doubt, against the Covered Bond 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 or any interest in respect of the Covered Bonds of any Series or any of them within ten days of the relevant due date for payment;
- (b) the Issuer defaults in performance or observance of any of or compliance with 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 a period of 21 days (or such longer period as the Bond Trustee may permit) following the service by the Bond Trustee on the Issuer of notice requiring such default to be remedied;
- (c) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations in respect of any Covered Bonds of any Series;
- (d) the Issuer:
  - (i) becomes insolvent, is unable to pay its debts as they fall due or fails to comply with a statutory demand (which is still in effect) under Section 459F of the Corporations Act; or
  - (ii) stops or suspends or threatens to stop or suspend payment of all or a material part of its debts, or appoints an administrator under Section 436A of the Corporations Act; or

- (iii) begins negotiations or takes any proceeding or other steps with a view to re-adjustment, rescheduling or deferral of all its indebtedness (or any part of its indebtedness which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or a moratorium is agreed or declared in respect of or affecting indebtedness of the Issuer,
- (iv) except in any case referred to in (iii) above for the purposes of a solvent reconstruction or amalgamation the terms of which have previously been (A) approved by the Bond Trustee or (B) sanctioned 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 with the nominal amount of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate as aforesaid for the purposes of such resolution);
- (e) an order is made or an effective resolution is passed for the Winding-Up of the Issuer except in any such case for the purposes of a solvent reconstruction or amalgamation the terms of which have previously been (i) approved by the Bond Trustee or (ii) sanctioned 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 with the nominal amount of Covered Bonds not denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate as aforesaid for the purposes of such resolution) or an administrator is appointed to the Issuer by a provisional liquidator of the Issuer under Section 436B of the Corporations Act;
- (f) 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;
- (g) if the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached and the Covered Bond Guarantor has not funded the Pre-Maturity Liquidity Ledger in accordance with the Participation Agreement by the later of:
  - (i) 6 months prior to the Maturity Date of the relevant Series of Hard Bullet Covered Bonds; and
  - (ii) the earlier to occur of:
    - (A) 20 Local Business Days from the date that the Seller and the Issuer are notified by the Covered Bond 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; and
- (h) any event occurs which, under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events mentioned in this Condition,

provided that any condition, event or act described in subparagraph (b) shall only constitute an Issuer Event of Default if the Bond Trustee shall have certified in writing to the Issuer and the Covered Bond Guarantor that such condition, event or act is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series; or



Upon the Covered Bonds becoming immediately due and payable against the Issuer following service of an Issuer Acceleration Notice, the Bond Trustee shall (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) forthwith serve a notice to pay (**Notice to Pay**) on the Covered Bond Guarantor pursuant to the Covered Bond Guarantee. If a Notice to Pay has been served, the Covered Bond 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 and a Notice to Pay (**Excess Proceeds**), shall be paid by the Bond Trustee on behalf of the holders of the relevant Series of Covered Bonds (or relative Receipts or Coupons) to the Covered Bond Guarantor for its own account, as soon as practicable, and shall be held by the Covered Bond Guarantor in the GI Account and the Excess Proceeds shall thereafter be subject to the Charge and shall be used by the Covered Bond 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, Receipts and Coupons (subject to restitution of the same, if such Excess Proceeds shall be required to be repaid by the Covered Bond Guarantor). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 delivery of the CBG Acceleration Notice to the Security Trustee, the Charge granted by the Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor of notice requiring the same to be remedied;
- (c) an Insolvency Event has occurred in respect of the Covered Bond 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 Covered Bond Guarantor or a distress or execution is levied or enforced upon any substantial part of the assets or undertaking of the Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor, under the Covered Bond

Guarantee, for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with (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, (i) enforce, in accordance with the terms of the applicable Transaction Documents, the provisions of the Bond Trust Deed, the Australian Covered Bond Deed Poll, the Guarantee Deed Poll, the Covered Bonds, the Receipts, the Coupons and any other Transaction Document or (ii) instruct the Security Trustee to enforce the Charge. 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 Covered Bond Guarantor, as the case may be, and/or any other person as it may think fit to enforce the provisions of the Bond Trust Deed, the Australian Covered Bond Deed Poll, the Guarantee Deed Poll, the Covered Bonds, the Receipts, 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 Covered Bond Deed Poll, the Guarantee Deed Poll, the Covered Bonds, the Receipts, 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 Covered Bond 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, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the Covered Bond Guarantor or to take any action to enforce the provisions of the Bond Trust Deed, the Australian Domestic Covered Bond Deed Poll, the Guarantee Deed Poll, any other Transaction Document, the Covered Bonds, the Receipts, 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, Receiptholder or Couponholder shall be entitled in the name of the Bond Trustee (except in the case of the Australian Domestic Covered Bonds, in which case the Australian Domestic Covered Bondholders shall be entitled in their own name) or, as the case may be, the Security Trustee to take any such steps or proceedings as it shall deem necessary and which the Bond Trustee or, as the case may be, the Security Trustee would have been entitled under the Transaction Documents to take if it were enforcing the provisions of the relevant Transaction Document pursuant to this Condition and in any case shall not include the presentation of a petition for the winding-up of, or for an administration order in respect of, the Issuer or the Covered Bond Guarantor).

Notwithstanding any other Condition or any provision of any Transaction Document, the Covered Bond Guarantor's liability in connection with the Transaction Documents (including all obligations of the Covered Bond Guarantor to the Bond Trustee under the Covered Bond Guarantee) (except in instances where there has been fraud, negligence or wilful default on the part of the Covered Bond Guarantor and the provisions of the Conditions or any Transaction Document state that the Covered Bond Guarantor will be liable in such circumstances) is limited in recourse to the property, assets and undertakings of the Covered Bond Guarantor the subject of the Charge created under the Security Trust Deed (the **Security Collateral**). 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 Security Collateral (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,

(except as aforesaid) the Covered Bondholders shall have no further claim against the Covered Bond 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 Covered Bond Guarantor over the Security Collateral.

## **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 the initial Principal Paying Agent, the initial Registrar and the initial Transfer 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 Covered Bond Guarantor reserve the right at any time (but subject to the requisite notice periods), 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) a Luxembourg Registrar;
  - (iii) so long as the Covered Bonds are admitted to listing, quotation and/or trading on or by any Stock Exchange or other relevant authority, a Paying Agent (in the case of Bearer Covered Bonds) and a Transfer Agent (in the case of Registered Covered Bonds) with a specified office in such place as may be required by such Stock Exchange or other relevant authority;
  - (iv) so long as any of the Registered Global Covered Bonds payable in a denomination other than U.S. Dollars are held through DTC or its nominee, there will at all times be an Exchange Agent;
  - (v) 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;
  - (vi) 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);
  - (vii) 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; and
  - (viii) a Paying Agent (which, for the avoidance of doubt, may be one of the Paying Agents referred to in (iii) above) that will not be obliged to withhold or deduct Tax pursuant to the Savings Directive or any other directive implementing the conclusions of the ECOFIN Council Meeting of 26 and 27 November 2000 on the taxation of savings income or any Law implementing or complying with, or introduced to conform to, any such directive, or any agreement entered into by a Member State with (A) any other state, or (B) any relevant dependent or associated territory of any Member State providing for measures equivalent to, or the same as, those provided for by any such directive, provided that the Issuer and the Covered Bond Guarantor shall not, under any circumstances, be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one Member State does not require a Paying Agent making payments through a specified office in that Member State so to withhold or deduct Taxes, whether pursuant to the Savings Directive, under the Law of that Member State or otherwise; and

- (ix) a Paying Agent in a Member State of the European Union (other than the United Kingdom) in the event that it is required to withhold or deduct tax on payments made in the United Kingdom.

- (c) If any Agent determines to change its specified office it shall give to the Issuer, the Covered Bond Guarantor, the Administrative Agent, the Bond Trustee and the Principal Paying Agent written notice of that fact giving the address of the new specified office stating the date on which the change is to take effect, which shall not be less than 45 days after the notice. The Principal Paying Agent (on behalf of and at the expense of the Issuer or the Covered Bond Guarantor) shall within 30 days of receipt of the notice give notice of the change to the Covered Bondholders in accordance with Condition 14 (Notices).

## 11.2 Relationships

Each Agent acts solely as an agent of the Issuer and, to the extent relevant, after service of a Notice to Pay, the Covered Bond 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, Receiptholders 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, Receipt 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, Receipts 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, Receipts 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:

- (a) references to Covered Bonds shall be interpreted so as to include Australian Domestic Covered Bonds;
- (b) references to a Tranche shall be interpreted so as to include tranches of Australian Domestic Covered Bonds which are identical in all respects (including as to listing and, if applicable, admission to trading) (each, an **Australian Tranche**); and
- (c) references to a Series shall be interpreted so as to include an Australian Tranche together with any further Australian Tranche or Australian Tranches of Australian Domestic Covered Bonds which are (i) expressed to be consolidated and form a single series, and (ii) 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).

*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 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 Covered Bond 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 each of the relevant Series, as determined in accordance with the provisions summarised in the third paragraph of this Condition 13, 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 Receiptholders and 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 Covered Bond Guarantor or any other party of any of the covenants or provisions contained in the Bond Trust Deed, the Australian 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 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, 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 (a) exposing the Bond 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 or materially increasing the obligations or duties, or materially decreasing the protections, of the Bond 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 Receiptholders and/or 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 Covered Bond Guarantor or any other party of any of the provisions of the Bond Trust Deed, the Australian 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 Receiptholders and the 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 Receiptholders and/or the Couponholders at any time and from time to time concur with the Issuer and the Covered Bond Guarantor and any other party, or direct the Security Trustee to concur with the Issuer and the Covered Bond 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 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 Receiptholders and/or the 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.

The Bond Trustee will be absolutely entitled to rely on a Ratings Notification in respect of the proposed modification as conclusive evidence that the Covered bondholders of any Series, the related Receiptholders and/or the Couponholders are not or will not be adversely affected or prejudiced because of the modification, or that the modification will not have an Adverse Effect (as the case may be).

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 Receiptholders and/or the Couponholders, at any time and from time to time, concur with the Issuer and the Covered Bond Guarantor and any other party, or direct the Security Trustee to concur with the Issuer and the Covered Bond 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 subparagraph (d) of the definition of a Series Reserved Matter) to the Bond Trust Deed, the Australian 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 appropriate in order to implement or comply with, or to enable the Issuer, the Covered Bond 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 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 or materially increasing the obligations or duties, or materially decreasing the protections, of the Bond 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 Covered Bond Guarantor and any other party, or to direct the Security Trustee to concur with the Issuer and the Covered Bond 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 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 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 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 or materially increasing the obligations or duties, or materially decreasing the protections, of the Bond Trustee under the Bond Trust Deed or the other Transaction Documents.

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 21.2 (*Amendments to take into account changes to the methodologies of the Rating Agencies*).

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 parties to a Transaction Document may, without the consent of the Security Trustee or the Bond Trustee (unless the Security Trustee or the Bond Trustee, as the case may be, is a party to the relevant Transaction Document), amend a Transaction Document to which they are parties for the purpose of:

- (a) making any amendments (including, without limitation, adding, changing or removing parties and correcting or rectifying any ambiguity, defective provisions, errors, omissions or inconsistencies) to the Transaction Document, provided that, following the first Issue Date, the Administrative Agent or the Cash Manager has delivered a Ratings Notification to the Covered Bond Guarantor, the Security Trustee and the Bond Trustee in respect of such amendment and the Administrative Agent has confirmed in writing to the Security Trustee and the Bond Trustee (as the case may be) and to the Covered Bond Guarantor that in its opinion such amendment will not result in an Adverse Effect; and
- (b) making any amendments which in the opinion of counsel to the Administrative Agent or the Covered Bond Guarantor, are necessary or advisable in order to incorporate, reflect or comply with any Law or any requirements of any Government Agency which apply to the Covered Bond Guarantor, any member of the Suncorp Group or any Transaction Document or the transactions under them and provided that the Administrative Agent has confirmed in writing to the Security Trustee, the Bond Trustee and the Covered Bond Guarantor that in its opinion such amendment will not result in an Adverse Effect,

provided any such amendment must be notified to the Security Trustee and the Bond Trustee. If the Security Trustee or the Bond Trustee is a party to a Transaction Document to be amended under

paragraph (a) or (b) above, the Security Trustee or the Bond Trustee, as the case may be, may rely on the Ratings Notification delivered to it in accordance with paragraph (a).

No other amendment may be made to a Transaction Document to which neither the Security Trustee nor the Bond Trustee is a party without the prior written consent of the Security Trustee and the Administrative Agent.

The Bond Trustee and the Security Trustee shall be obliged to consent to and effect any variations to the Transaction Documents that are requested by the Administrative Agent and which variations are to enable N Covered Bonds to be issued under the Programme provided that the Bond Trustee or the Security Trustee (as applicable) has received:

- (i) a certificate of two Authorised Officers of the Administrative Agent, certifying to the Security Trustee or the Bond Trustee (as applicable) that the requested amendments are to be made solely for the purpose of the issuance of N Covered Bonds; and
- (ii) a Ratings Notification from the Administrative Agent in respect of the requested amendments,

provided that the Security Trustee and the Bond Trustee are not required to agree to such variation to the extent that it determines that any such variation (I) exposes the Security Trustee or the Bond Trustee (as applicable) to any Costs against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (II) increases the obligations or duties or decreases the protections of the Security Trustee or the Bond Trustee (as applicable); or (III) otherwise reduces any fees or other amount due to the Security Trustee or the Bond Trustee (as applicable).

A variation in accordance with the subparagraph above does not require the consent or sanction of:

- (i) any Covered Bondholders of any Series or the related Receiptholders and/or the Couponholders; or
- (ii) any other Secured Creditors (other than any Secured Creditor who is party to the relevant Transaction Document).

The Security Trust Deed contains provisions requiring the Security Trustee to agree to modifications as directed by the Bond Trustee as referred to in this Condition 13, except to the extent that the Security Trustee determines that the relevant modification:

- (a) exposes the Security Trustee to any Costs against which it has not been indemnified and/or pre-funded to its satisfaction; or
- (b) increases the obligations or duties or decreases the protections of the Security Trustee; or
- (c) otherwise reduces any fees or other amount due to the Security Trustee.

## **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, provided that the Issuer will not issue any such further Covered Bonds unless such further Covered Bonds have no more than a "*de minimis* amount of original issue discount" for U.S. federal income tax purposes or such issuance would constitute a "qualified reopening" for U.S. federal income tax purposes, and provided further that any such further Covered Bonds issued after 31 December 2012 do not cause holders of Covered Bonds to become subject to any United States

reporting obligation or any United States withholding tax which holders of Covered Bonds would otherwise not have been subject to had the Issuer not issued such further Covered Bonds.

## 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 Australian Domestic Covered Bonds;
- (b) references to a Tranche shall be interpreted so as to include tranches of Australian Domestic Covered Bonds which are identical in all respects (including as to listing and, if applicable, admission to trading) (each, an **Australian Tranche**); and
- (c) references to a Series shall be interpreted so as to include an Australian Tranche together with any further Australian Tranche or Australian Tranches of Australian Domestic Covered Bonds which are (i) expressed to be consolidated and form a single series, and (ii) 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).

### 16.2 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, Receiptholders or Couponholders or any other Secured Creditor, agree with the Issuer and the Covered Bond 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 Covered Bond Guarantor shall deliver to the Bond Trustee a certificate of two authorised officers of the Issuer and the Covered Bond Guarantor stating that (I) in respect of the Issuer, immediately after giving effect to such transaction no Issuer Event of Default or Potential Issuer Event of Default shall have occurred and be continuing and (II) in respect of the Covered Bond Guarantor, immediately after giving effect to such transaction no CBG Event of Default (in respect of the events set out in subparagraphs (a) and (f) of the definition of CBG Event of Default, to the best of the knowledge of the Covered Bond Guarantor) and no Potential CBG Event of Default (in respect of a Potential CBG Event of Default which relates to an event set out in subparagraphs (a) or (f) of the definition of CBG

Event of Default, to the best of the knowledge of the Covered Bond 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*) and is subject to the terms of Condition 6.3 (*Redemption for tax reasons*), in each case with, where applicable, the substitution of references to the Former Residence with references to the New Residence;
- (d) the Covered Bond 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 Covered Bond 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.

### **16.3 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 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.

#### **16.4 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;
- (b) references to a Tranche shall be interpreted so as to include tranches of Australian Domestic Covered Bonds which are identical in all respects (including as to listing and, if applicable, admission to trading) (each, an **Australian Tranche**); and
- (c) references to a Series shall be interpreted so as to include an Australian Tranche together with any further Australian Tranche or Australian Tranches of Australian Domestic Covered Bonds which are (i) expressed to be consolidated and form a single series, and (ii) 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).

*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, Receiptholders 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 17.1 (*Merger, Consolidation and Amalgamation of the Issuer*) above:

- (a) the Issuer and the Covered Bond Guarantor shall deliver to the Bond Trustee a certificate of two authorised officers of the Issuer and the Covered Bond Guarantor stating that (A) in respect of the Issuer, immediately after giving effect to such transaction no Issuer Event of Default or Potential Issuer Event of Default shall have occurred and be continuing and (B) in respect of the Covered Bond Guarantor, immediately after giving effect to such transaction no CBG Event of Default (in respect of the events set out in subparagraphs (a) and (f) of the definition of CBG Event of Default, to the best of the knowledge of the Covered Bond Guarantor) and no Potential CBG Event of Default (in respect of a Potential CBG Event of Default which relates to an event set out in subparagraphs (a) or (f) of the definition of CBG Event of Default, to the best of the knowledge of the Covered Bond 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*) and is subject to the terms of Condition 6.3 (*Redemption for tax reasons*), in each case with, where applicable, 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 in the opinion of the Administrative Agent;
- (e) the Covered Bond 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 Covered Bond 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 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 17.5 (*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 COVERED BOND GUARANTOR AND LIMITED RECOURSE AGAINST THE COVERED BOND 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 and/or pre-funded 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 Covered Bond 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 Covered Bond Guarantor. Set out below is a description of those provisions. In the event of any inconsistency between the provisions of the Bond Trust Deed or the Security Trust Deed and this description, the provisions of the Bond Trust Deed or the Security Trust Deed prevail (respectively).

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) enter into or be interested in any contract or financial or other transaction or arrangement with the Issuer or the Covered Bond Guarantor or any other party to a Transaction Document or any of their respective Related Entities (including any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, the Covered bonds or any other securities of, the Issuer, the Covered Bond Guarantor or any other party to a Transaction Document or any of their respective Related Entities, (ii) accept or hold the trusteeship of any other trust deed constituting or securing any other securities issued by or guaranteed by, or relating to the Issuer or the Covered Bond Guarantor or any other party to a Transaction Document or any of their respective Related Entities, or any other office of profit under the Issuer or Covered Bond Guarantor or any other party to a Transaction Document or any of their respective Related Entities.

The Bond Trustee shall be entitled to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such contract, transaction or arrangement or, as the case may be, any trusteeship or office of profit as is referred to above without regard to the interests of, or consequences for the Covered Bondholders, and notwithstanding that the same may be contrary or prejudicial to the interests of the Covered Bondholders and shall not be responsible for any Costs occasioned to the Covered Bondholders thereby and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit thereby or in connection therewith.

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 Mortgage Loans or Related Security, or any deeds

or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Bond Trustee 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 Covered Bond 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) the acts, omissions, defaults and losses of the Security Trustee or for any Costs incurred by the Security Trustee, and the Bond Trustee and Security Trustee shall not incur any liability in relation thereto, (iii) considering the basis on which approvals or consents are granted by the Issuer, the Covered Bond Guarantor or any other party to the Transaction Documents under the Transaction Documents, (iv) 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 (v) 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 Covered Bond Guarantor and Limited Liability of the Covered Bond 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 Covered Bond 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 Security Collateral 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 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 Covered Bond 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 Covered Bond 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 Security Collateral; or (ii) enforcing any rights arising out of the Transaction Documents against the Covered Bond Guarantor or procuring the winding-up of the Suncorp Covered Bond Trust. The Secured Creditors are, however, permitted to (i) do anything necessary to enforce their rights in connection with the Security Collateral, (ii) take proceedings to obtain an injunction or other order to restrain any breach of the Transaction Documents by the Covered Bond Guarantor or declaratory relief or other similar judgement or order as to the obligations of the Covered Bond Guarantor under the Transaction Documents.

The Covered Bond Guarantor enters into the Transaction Documents only in respect of the Suncorp 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 Covered Bond Guarantor only to the extent to which it can be satisfied out of the property of the Suncorp Covered Bond Trust, out of which the Covered Bond Guarantor is actually indemnified for the liability. This limitation of the Covered Bond Guarantor's liability applies despite any other provision of the Transaction Documents and extends to all liabilities and obligations of the Covered Bond Guarantor in any way

connected with any representation, warranty, conduct, omission, agreement or transaction related to the Transaction Documents, except for any liabilities, losses or Costs to the extent that they are due to the Covered Bond Guarantor's fraud, negligence or wilful default.

The parties may not sue the Covered Bond Guarantor in any capacity other than as trustee of the Suncorp Covered Bond Trust, including seeking the appointment of a receiver (except in relation to property of the Suncorp Covered Bond Trust), a liquidator, an administrator or any similar person to the Covered Bond Guarantor or prove in any liquidation, administration or arrangement of or affecting the Covered Bond Guarantor (except in relation to property of the Suncorp Covered Bond Trust). Except in the case of and to the extent that the Covered Bond Guarantor's indemnification out of the property of the Suncorp Covered Bond Trust is reduced as a result of fraud, negligence or wilful default on the part of the Covered Bond Guarantor, the parties waive their rights and release the Covered Bond 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 Covered Bond Guarantor of any of its obligations; or (B) non-performance by the Covered Bond Guarantor of the obligations and (ii) which cannot be paid or satisfied out of the Trust Assets out of which the Covered Bond Guarantor is entitled to be indemnified in respect of any liability incurred by it as trustee of the Suncorp Covered Bond Trust.

The provisions of the Bond Trust Deed as described in this Condition 20 will not apply to any obligation or liability of the Covered Bond 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 Covered Bond Guarantor's indemnification out of the assets of the Suncorp Covered Bond Trust, as a result of the Covered Bond Guarantor's fraud, negligence or wilful default.

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

#### **20.4 Bond Trustee not responsible for Transaction Documents**

The Bond Trustee shall not be responsible for the execution, delivery, legality, registration, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the trust presents, the Security Trust Deed and/or any other Transaction Document or any other document relating or expressed to be supplemental thereto, shall not be liable for any failure to obtain any licence, legal opinion, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of the trust presents and any other Transaction Document or any other document relating or expressed to be supplemental thereto and shall not be responsible for ensuring compliance with the PPSA with respect to any security interest arising under or in connection with or provided for by any Transaction Document or any other document relating, or expressed to be supplemental, thereto.

### **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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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:

- (a) references to Covered Bonds shall be interpreted so as to include Australian Domestic Covered Bonds;
- (b) references to a Tranche shall be interpreted so as to include tranches of Australian Domestic Covered Bonds which are identical in all respects (including as to listing and, if applicable, admission to trading)(each, an **Australian Tranche**); and
- (c) references to a Series shall be interpreted so as to include an Australian Tranche together with any further Australian Tranche or Australian Tranches of Australian Domestic Covered Bonds which are (i) expressed to be consolidated and form a single series, and (ii) 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).

*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, the Receiptholders or the Couponholders, in the case of an update in the published Rating Agency criteria applicable to the Programme, concur with the Issuer, the Covered Bond 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, the Receiptholders 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, would have the effect of (a) exposing the Bond 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 or increasing the obligations or duties, or decreasing the protections, of the Bond 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

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 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 and the Covered Bond Guarantor at Law Debenture Corporate Services Limited, Fifth Floor, 100 Wood Street, London EC2V 7EX .

## **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 in relation to any Tranche of Covered Bonds may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace, amend, supplement or modify the following Terms and Conditions for the purpose of such 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 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 Suncorp-Metway Limited (ABN 66 010 831 722) (**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, Perpetual Corporate Trust Limited (ABN 99 000 341 533) as trustee of the Suncorp Covered Bond Trust (in such capacity, the **Covered Bond Guarantor**, which expression shall include any successor as Covered Bond Guarantor) and Deutsche Trustee Company 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 Covered Bond 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 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 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 of the Issuer*) 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 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 14 May 2012 between, among others, the Issuer, and Austraclear Services Limited as 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 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 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor (after the occurrence of a CBG Event of Default).

The security for the obligations of the Covered Bond 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 10 May 2012 and made between the Covered Bond Guarantor, the Issuer, the Bond Trustee, P.T. Limited (ABN 67 004 454 666) 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 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 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 Deed (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 Covered Bond Deed Poll, the Security Trust Deed, the Master Definitions and Construction Deed (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.

The Bond Trustee is not the holder of an Australian Financial Services Licence.

## 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 Deed 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 Deed**) dated 10 May 2012 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 circumstances or formula described in the applicable Final Terms and the denominator is the number of days in the relevant Interest Accrual Period, in each case as further described in the applicable Final Terms;

**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 (except where expressly provided otherwise), the **Covered Bonds**, means Covered Bonds 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;

**Automatic Redemption Date** has the meaning given in the applicable Final Terms;

**Automatic Redemption Option** has the meaning given in the applicable Final Terms;

**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 Brisbane 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 Covered Bond 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:

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

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Accrual Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Accrual Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Accrual Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Accrual Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Accrual Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** 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<sub>1</sub> is greater than 29, in which case D<sub>2</sub> 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<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Accrual Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Accrual Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Accrual Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Accrual Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Accrual Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

**D<sub>2</sub>** 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, in which case D<sub>2</sub> 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<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Accrual Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Accrual Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Accrual Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Accrual Period falls;

**D<sub>1</sub>** 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<sub>1</sub> will be 30; and

**D<sub>2</sub>** 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<sub>2</sub> 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 (Automatic) or 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 6.8 (*Early redemption of Zero Coupon Covered Bonds*), the amount specified in, or determined in accordance with the terms of, the Final Terms, as applicable;

**Early Redemption Amount (Automatic)** means such amount as may be specified in, or determined in accordance with, the applicable Final Terms;

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

**Early Redemption Automatic Trigger** means such trigger as may be specified in, or determined in accordance with, the applicable Final Terms;

**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;

**Final Redemption Amount** means, in respect of any Covered Bond, its Principal Amount Outstanding or such other amount as may be specified in, or determined in accordance with, the applicable Final Terms;

**Fixed Coupon Amount** 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*);

**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;

**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, or determined in accordance with, 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, or determined in accordance with, 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 5.3 (*Floating Rate Covered Bond and Variable Interest 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 Early Redemption Amount (Automatic), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the final Instalment Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with, 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 Calculation Agent in the market that is most closely connected with the Reference Rate;

**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 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;

**Specified Currency** has the meaning given in the applicable Final Terms;

**Specified Period** has the meaning given in the applicable Final Terms;

**Suncorp Covered Bond Trust** means the trust constituted under the trust deed dated 10 May 2012 between the Covered Bond Guarantor, the Administrative Agent and Suncorp-Metway Limited (ABN 66 010 831 722); 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 Instalment Amount or Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 8 (*Taxation*), any premium 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 Deed; 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 Partly-Paid Covered Bonds**

Covered Bonds may be issued on a partly-paid basis (**Partly-Paid Covered Bonds**) if so specified in the applicable Final Terms. The subscription monies therefor shall be paid in such number of instalments (**Partly-Paid Instalments**), in such amounts, on such dates and in such manner as may be specified in the applicable Final Terms. The first such instalment shall be due and payable on the Issue Date of the Covered Bonds. Not less than 14 days nor more than 30 days prior to the due date for payment of any Partly-Paid Instalment (other than the first such instalment) the Issuer shall publish a notice in accordance with Condition 14 (*Notices*) stating the due date for payment thereof and stating that failure to pay any such Partly-Paid Instalment on or prior to such date will entitle the Issuer to forfeit the Covered Bonds with effect from such date (**Forfeiture Date**) as may be specified in such notice (not being less than 14 days after the due date for payment of such Partly-Paid Instalment), unless the relevant Partly-Paid Instalment together with any interest accrued thereon is paid prior to the Forfeiture Date. The Issuer shall procure that any Partly-Paid Instalments paid in respect of any Covered Bonds subsequent to the Forfeiture Date in respect thereof shall be returned promptly to the persons entitled thereto. The Issuer shall not be liable for any interest on any Partly-Paid Instalment so returned. Interest shall accrue on any Partly-Paid Instalment which is not paid on or prior to the due date for payment thereof at the Rate of Interest (or, in the case of Zero Coupon Covered Bonds, at the rate applicable to overdue payments) and shall be calculated in the same manner and on the same basis as if it were interest accruing on the Covered Bonds for the period from (and including) the due date for payment of the relevant Partly-Paid Instalment up to (but excluding) the Forfeiture Date. For the purpose of the accrual of interest, any payment of any Partly-

Paid Instalment made after the due date for payment shall be treated as having been made on the day preceding the Forfeiture Date (whether or not a Business Day).

Unless an Issuer Event of Default or a CBG Event of Default shall have occurred and be continuing on the Forfeiture Date, the Issuer shall forfeit all of the Covered Bonds in respect of which any Partly-Paid Instalment shall not have been duly paid, whereupon the Issuer shall be entitled to retain all Partly-Paid Instalments previously paid in respect of such Covered Bonds and shall be discharged from any obligation to repay such amount or to pay interest thereon, but shall have no other rights against any person entitled to the Covered Bonds which have been so forfeited.

Without prejudice to the right of the Issuer to forfeit any Covered Bonds, for so long as any Partly-Paid Instalment remains due but unpaid, and except in the case where an Issuer Event of Default or a CBG Event of Default shall have occurred and be continuing, no transfers of Registered Covered Bonds may be requested or effected.

## **2.5 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 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 Covered Bond 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 Australia (Banking Act). Under sections 13A(3) and 16(2) of the Banking Act and section 86 of the Reserve Bank Act 1959 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 Covered Bond 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 (a) an account where the Issuer is required to pay the account-holder, 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 an ADI due to APRA shall in a winding-up of the ADI have, subject to section 13A(3) of the Banking Act, priority over all other unsecured debts of the ADI. Further, section 86 of the Reserve Bank Act provides that in a winding-up of a bank, debts due by the bank to the RBA shall, subject to section 13A(3) of the Banking Act, have priority over all other debts of the bank.*

*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 apply to:*

- (i) the obligations of the Covered Bond 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 Covered Bond Guarantor; and*
- (ii) 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.*

#### **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 Covered Bond Guarantor pursuant to a guarantee (**Covered Bond Guarantee**) in the Guarantee Deed Poll. However, the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor. The obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are direct, unconditional and unsubordinated obligations of the Covered Bond Guarantor, which are secured as provided in the Security Trust Deed.

Any payment made by the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor's obligations under the Covered Bond Guarantee and the other Transaction Documents to which it is a party, the Covered Bond 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 Covered Bond Guarantor to the Covered Bondholders pursuant to the Covered Bond Guarantee shall be limited to the Security Collateral 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 Covered Bond Guarantor and subject to the provisions of the Bond Trust Deed, the Covered Bond 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 (or, in the case of an Instalment Covered Bond, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) 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 one cent.

### 5.3 Floating Rate Covered Bond and Variable Interest Covered Bond provisions

- (a) **(Application)** This Condition 5.3 (*Floating Rate Covered Bond and Variable Interest Covered Bond provisions*) is applicable to the Covered Bonds only if the Floating Rate Covered Bond provisions or the Variable Interest 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 (or, in the case of an Instalment Covered Bond, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) 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, 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, selected by the Calculation Agent, 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 Australian 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 the London inter-bank offered rate (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) **(Bank Bill Rate Determination)** If Bank Bill 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 Bank Bill Rate where **Bank Bill Rate** in relation to any Interest Accrual Period means the average mid-rate for Bills having a tenor closest to the Interest Accrual Period as displayed at approximately 10.00 a.m. (Sydney time) on the "BBSW" page (or any replacement page) of the Reuters Monitor System on the first day of that Interest Accrual Period.

However, if the average mid-rate is not displayed by 10.30 a.m. (Sydney time) on that day, or if it is displayed but the Issuer or the Calculation Agent determines that there is an obvious error in that rate, **Bank Bill Rate** means the rate determined by the Calculation Agent in good faith at approximately 10.30 a.m. on that day, having regard, to the extent possible, to the rates otherwise bid and offered for bank accepted Bills of that tenor at or around that time (including any displayed on the "BBSY" or "BBSW" page of the Reuters Monitor System).

The rate must be expressed as a percentage per annum and:

- (i) **Bill** has the meaning given in the Bills of Exchange Act 1909 of Australia; and

- (ii) a reference to the acceptance of a Bill is to be interpreted in accordance with that Act.
- (f) **(Index Linked Interest)** If the Index Linked Interest Covered Bond provisions are specified in the applicable Final Terms as being applicable, the Rate(s) of Interest applicable to the Covered Bonds for each Interest Accrual Period will be determined in the manner specified in the applicable Final Terms.
- (g) **(Interest on Partly-Paid Covered Bonds)** In the case of Partly-Paid Covered Bonds (other than Partly-Paid Covered Bonds which are Zero Coupon Covered Bonds), interest will accrue on the paid up nominal amount of such Covered Bonds or as otherwise specified in the applicable Final Terms.
- (h) **(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.
- (i) **(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 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.
- (j) **(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.
- (k) **(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, Bank Bill Rates or other floating 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).
- (l) **(Publication)** The Calculation Agent 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 Covered Bond 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 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.

- (m) **(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 Bond Trustee will (in the absence of proven or manifest error) be binding on the Issuer, the Covered Bond Guarantor, the Australian Agent, the 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 5.3 (*Floating Rate Covered Bond and Variable Interest 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 (*Floating Rate Covered Bond and Variable Interest 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 Zero Coupon Covered Bond provisions**

- (a) **(Application)** This Condition 5.4 (*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 (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 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).

## 5.5 Dual Currency Interest Covered Bond provisions

- (a) **(Application)** This Condition 5.5 (*Dual Currency Interest Covered Bond provisions*) is applicable to the Covered Bonds only if the Dual Currency Interest Covered Bond provisions are specified in the applicable Final Terms as being applicable.
- (b) **(Rate of Interest)** The Issuer may issue Covered Bonds with principal or interest determined by reference to an exchange rate, an index or a formula based on foreign exchange cross rates or such other exchange rates as may be specified in the applicable Final Terms (a **Rate of Exchange**). In addition, the Issuer may issue Covered Bonds with principal or interest payable in one or more currencies which may be different from the Specified Currency in which the Covered Bonds are denominated. The rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

## 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 Interest following a Notice to Pay

If a Notice to Pay is served on the Covered Bond Guarantor, the Covered Bond 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) (or, in the case of Instalment Covered Bonds, in such number of instalments and in such amounts (**Instalment Amounts**) as may be specified in, or determined in accordance with, the provisions of the applicable Final Terms), 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, the Issuer undertakes to give the Principal Paying Agent not less than four Business Days notice prior to the Maturity Date whether (a) payment will be made of the Final Redemption Amount of the applicable Series of Covered Bonds in full on their (1) Maturity Date or (ii) Extension Determination Date or (b) the obligation to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date shall be deferred until the Extended Due for Payment Date (the **Extension Notice**).

Forthwith upon the receipt by the Principal Paying Agent of the Extension Notice, the Principal Paying Agent shall notify both Clearstream, Luxembourg and Euroclear not less than three Business Days prior to the Maturity Date whether (a) payment will be made of the Final Redemption Amount of the applicable Series of Covered Bonds in full on their Maturity Date or (b) the obligation to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date shall be deferred until the Extended Due for Payment Date.

For the avoidance of doubt, a failure by the Issuer to give the Extension Notice shall not affect the validity or effectiveness of any extension of a Series of Covered Bonds under this Condition.

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 Covered Bond Guarantor by no later than the date falling one Business Day prior to the Extension Determination Date, the Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor at the direction of the Administrative Agent, shall notify the relevant Covered Bondholders (in accordance with Condition 14 below (*Notices*), the Rating Agencies, the Bond Trustee, the Security Trustee, the Australian Agent and 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 Covered Bond Guarantor to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount in respect of a Series of Covered Bonds pursuant to the Covered Bond Guarantee. Any failure by the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor to pay any amounts in respect of the balance of the Final Redemption Amount not so paid shall be deferred as described above. Such failure to pay by the Covered Bond Guarantor 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 Covered Bond 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 neither the Floating Rate Covered Bond provisions nor the Variable Interest Covered Bond provisions are specified in the applicable Final Terms as being applicable); or
- (b) on any Interest Payment Date (if the Floating Rate Covered Bond provisions or the Variable Interest Covered Bond provisions are specified in the applicable Final Terms as being applicable),

on giving not less than 30 nor 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 nor 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. 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 Conditions 6.3 (*Redemption for tax reasons*) or 6.4 (*Redemption at the option of the Issuer*).

### **6.7 Automatic Redemption Option**

If the Automatic Redemption Option is specified in the applicable Final Terms as being applicable, the Covered Bonds will be redeemed at their Early Redemption Amount (Automatic) on any Automatic Redemption Date in accordance with the Early Redemption Automatic Trigger as specified in the applicable Final Terms. If the Covered Bonds are not redeemed before the Maturity Date in accordance with this Condition 6.7 (*Automatic Redemption Option*), the Covered Bonds are to be redeemed at the Final Redemption Amount or such other amount as may be specified in the applicable Final Terms.

### **6.8 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 6.8 (*Early redemption of Zero Coupon Covered Bonds*) or, if none is so specified, a Day Count Fraction of Actual/365.

### **6.9 Purchase**

The Issuer, the Covered Bond 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.

### **6.10 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 Covered Bond Guarantor or any of their respective Related Entities may, at the option of the Issuer, the Covered Bond 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, **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

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 and the 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. No commissions or expenses shall be charged to the holders of Covered Bonds in respect of such payments.

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.

## 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 (i) by or on behalf of Australia or any political subdivision or any authority or any agency thereof or therein having power to tax or (ii) pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA, unless such withholding or deduction is required by any Law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to FATCA or any law implementing an intergovernmental approach to FATCA). 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 such withholding or deduction for or on account of 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) 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 Australia (the **Australian Tax Act**);
- (d) 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;

- (e) where such withholding or deduction is required by reason of the Holder (i) failing to enter into an agreement described in Section 1471(b) of the Code, (ii) being a "recalcitrant account holder" as defined in Section 1471(d)(6) of the Code, (iii) electing to be withheld against pursuant to Section 1471(c) of the Code, (iv) failing to satisfy the requirements of Section 1472(b) of the Code, or (v) otherwise failing to claim or perfect an exemption or comply with requirements under FATCA; or
- (f) in such other circumstances as may be specified in the relevant Final Terms.

## **8.2 No gross up by Covered Bond Guarantor**

- (a) The Covered Bond 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) The Covered Bond Guarantor will not be obliged to pay any additional amount under the Covered Bond Guarantee in respect of any withholding or deduction which it may be required to make in respect of any payments made under the Covered Bond Guarantee.
- (c) If any withholding or deduction arises under or in connection with FATCA, the Covered Bond Guarantor will not be required to pay any additional amounts under Condition 8 (*Taxation*) on account of such withholding or deduction.

## **9. EVENTS OF DEFAULT**

In the provisions of the Bond Trust Deed described in this Condition 9:

- (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 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 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 in writing (an **Issuer Acceleration Notice**) to the Issuer that as against the Issuer (but not, for the avoidance of doubt, against the Covered Bond 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 or any interest in respect of the Covered Bonds of any Series or any of them within ten days of the relevant due date;
- (b) the Issuer defaults in performance or observance of or compliance with any of its other obligations under or in respect of any of the Covered Bonds of any Series, the Bond Trust Deed, the Australian 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 a period of 21 days (or such longer period as the Bond Trustee may permit) following the service by the Bond Trustee on the Issuer of notice requiring such default to be remedied;
- (c) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations in respect of any Covered Bonds of any Series;
- (d) the Issuer:
  - (i) becomes insolvent, is unable to pay its debts as they fall due or fails to comply with a statutory demand (which is still in effect) under Section 459F of the Corporations Act; or
  - (ii) stops or suspends or threatens to stop or suspend payment of all or a material part of its debts, or appoints an administrator under Section 436A of the Corporations Act; or
  - (iii) begins negotiations or takes any proceeding or other steps with a view to re-adjustment, rescheduling or deferral of all its indebtedness (or any part of its indebtedness which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or a moratorium is agreed or declared in respect of or affecting indebtedness of the Issuer,
  - (iv) except in any case referred to in (iii) above for the purposes of a solvent reconstruction or amalgamation the terms of which have previously been (A) approved by the Bond Trustee or (B) sanctioned 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 with the nominal amount of Covered Bonds not

denominated in Australian Dollars converted into Australian Dollars at the relevant Covered Bond Swap Rate as aforesaid for the purposes of such resolution);

- (e) an order is made or an effective resolution is passed for the Winding-Up of the Issuer except in any such case for the purposes of a solvent reconstruction or amalgamation the terms of which have previously been (i) approved by the Bond Trustee or (ii) sanctioned 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 with the nominal amount of Covered Bonds not denominated in Australia Dollars converted in Australian Dollars at the relevant Covered Bond Swap Rate as aforesaid for the purposes of such resolution) or an administrator is appointed to the Issuer by a provisional liquidator of the Issuer under Section 436B of the Corporations Act;
- (f) 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
- (g) if the Pre-Maturity Test in respect of any Series of Hard Bullet Covered Bonds is breached and the Covered Bond Guarantor has not funded the Pre-Maturity Liquidity Ledger in accordance with the Participation Agreement by the later of:
  - (i) twelve months prior to the Maturity Date of the relevant Series of Hard Bullet Covered Bonds; and
  - (ii) the earlier to occur of:
    - (A) 20 Local Business Days from the date that the Seller and the Issuer are notified by the Covered Bond 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; and
- (h) any event occurs which, under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events mentioned in this Condition,

provided that any condition, event or act described in subparagraph (b) shall only constitute an Issuer Event of Default if the Bond Trustee shall have certified in writing to the Issuer and the Covered Bond Guarantor that such condition, event or act is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series; or

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 Covered Bond Guarantor pursuant to the Covered Bond Guarantee. If a Notice to Pay has been served, the Covered Bond 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 Covered Bond Guarantor for its own account, as soon as practicable, and shall be held by the

Covered Bond Guarantor in the GI Account and the Excess Proceeds shall thereafter form part of the Charge and shall be used by the Covered Bond 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 (subject to restitution of the same, if such Excess Proceeds shall be required to be repaid by the Covered Bond Guarantor). However, the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee are (following service of an Issuer Acceleration Notice and a Notice to Pay or, if earlier, 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor of notice requiring the same to be remedied;
- (c) an Insolvency Event has occurred in respect of the Covered Bond 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 Covered Bond Guarantor or a distress or execution is levied or enforced upon any substantial part of the assets or undertaking of the Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor, under the Covered Bond Guarantee, for an amount equal to the Early Redemption Amount in respect of each Covered Bond together with (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 Covered Bond 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 Covered Bond Guarantor, as the case may be, and/or any other person as it may think fit to enforce the provisions of the Bond Trust Deed, the Australian 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 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 Covered Bond 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 Covered Bond Guarantor or to take any action to enforce the provisions of the Bond Trust Deed, the Australian 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 in the name of the Bond Trustee (except in the case of the Australian Domestic Covered Bonds, in which case the Australian Domestic Covered Bondholders shall be entitled in their own name) or, as the case may be, the Security Trustee to take any such steps or proceedings as it shall deem necessary and which the Bond Trustee or, as the case may be, the Security Trustee would have been entitled under the Transaction Documents to take if it were enforcing the provisions of the relevant Transaction Document pursuant to this Condition and in any case shall not include the presentation of a petition for the winding-up of, or for an administration order in respect of, the Issuer or the Covered Bond Guarantor).

Notwithstanding any other Condition or any provision of any Transaction Document, the Covered Bond Guarantor's liability in connection with the Transaction Documents (including all obligations of the Covered Bond Guarantor to the Bond Trustee under the Covered Bond Guarantee) (except in instances where there has been fraud, negligence or wilful default on the part of the Covered Bond Guarantor and the provisions of the Conditions or any Transaction Document state that the Covered



Bond Guarantor will be liable in such circumstances) is limited in recourse to the property, assets and undertakings of the Covered Bond Guarantor the subject of the Charge created under the Security Trust Deed (the **Security Collateral**). 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 Security Collateral (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,

(except as aforesaid) the Covered Bondholders shall have no further claim against the Covered Bond 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 Covered Bond Guarantor over the Security Collateral.

## **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 or other relevant authority, a Paying Agent with a specified office in such place as may be required by such Stock Exchange or other relevant authority; 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 in certain circumstances as specified in the Australian Agency Agreement the Bond Trustee and the Covered Bond Guarantor, 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:

- (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 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 International Terms and Conditions of the Covered Bonds (other than the 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, 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 Covered Bond 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 each of the relevant Series, as determined in accordance with the provisions

summarised in the third paragraph of this Condition 13 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 Receiptholders and 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 Covered Bond Guarantor or any other party of any of the covenants or provisions contained in the Bond Trust Deed, the Australian 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 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, 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 (a) exposing the Bond 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 or materially increasing the obligations or duties, or materially decreasing the protections, of the Bond 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 Receipholders and/or 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 Covered Bond Guarantor or any other party of any of the provisions of the Bond Trust Deed, the Australian 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 Receipholders and the 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 Receipholders and/or the Couponholders at any time and from time to time concur with the Issuer and the Covered Bond Guarantor and any other party, or direct the Security Trustee to concur with the Issuer and the Covered Bond 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 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 Receipholders and/or the 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.

The Bond Trustee will be absolutely entitled to rely on a Ratings Notification in respect of the proposed modification as conclusive evidence that the Covered Bondholders of any Series are not or will not be adversely affected or prejudiced because of the modification, or that the modification will not have an Adverse Effect (as the case may be).

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 Receiptholders and/or the Couponholders, at any time and from time to time, concur with the Issuer and the Covered Bond Guarantor and any other party, or direct the Security Trustee to concur with the Issuer and the Covered Bond 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 subparagraph (d) of the definition of a Series Reserved Matter) to the Bond Trust Deed, the Australian 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 appropriate in order to implement or comply with, or to enable the Issuer, the Covered Bond 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 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 or materially increasing the obligations or duties, or materially decreasing the protections, of the Bond 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 Covered Bond Guarantor and any other party, or to direct the Security Trustee to concur with the Issuer and the Covered Bond 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 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 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 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 or materially increasing the obligations or duties, or materially decreasing the protections, of the Bond Trustee under the Bond Trust Deed or the other Transaction Documents.

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 21.2 (*Amendments to take into account changes to the methodologies of the Rating Agencies*).

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 parties to a Transaction Document may, without the consent of the Security Trustee or the Bond Trustee (unless the Security Trustee or the Bond Trustee, as the case may be, is a party to the relevant Transaction Document), amend a Transaction Document to which they are parties for the purpose of:

- (a) making any amendments (including, without limitation, adding, changing or removing parties and correcting or rectifying any ambiguity, defective provisions, errors, omissions or inconsistencies) to the Transaction Document, provided that, following the first Issue Date, the Administrative Agent or the Cash Manager has delivered a Ratings Notification to the Covered Bond Guarantor, the Security Trustee and the Bond Trustee in respect of such amendment and the Administrative Agent has confirmed in writing to the Security Trustee and the Bond Trustee (as the case may be) and to the Covered Bond Guarantor that in its opinion such amendment will not result in an Adverse Effect; and
- (b) making any amendments which in the opinion of counsel to the Administrative Agent or the Covered Bond Guarantor, are necessary or advisable in order to incorporate, reflect or comply with any Law or any requirements of any Government Agency which apply to the Covered Bond Guarantor, any member of the Suncorp Group or any Transaction Document or the transactions under them and provided that the Administrative Agent has confirmed in writing to the Security Trustee, the Bond Trustee and the Covered Bond Guarantor that in its opinion such amendment will not result in an Adverse Effect,

provided any such amendment must be notified to the Security Trustee and the Bond Trustee. If the Security Trustee or the Bond Trustee is a party to a Transaction Document to be amended under paragraph (a) or (b) above, the Security Trustee or the Bond Trustee, as the case may be, may rely on the Ratings Notification delivered to it in accordance with paragraph (a).

No other amendment may be made to a Transaction Document to which neither the Security Trustee nor the Bond Trustee is a party without the prior written consent of the Security Trustee and the Administrative Agent.

The Bond Trustee and the Security Trustee shall be obliged to consent to and effect any variations to the Transaction Documents that are requested by the Administrative Agent and which variations are to enable N Covered Bonds to be issued under the Programme provided that the Bond Trustee or the Security Trustee (as applicable) has received:

- (i) a certificate of two Authorised Officers of the Administrative Agent, certifying to the Security Trustee or the Bond Trustee (as applicable) that the requested amendments are to be made solely for the purpose of the issuance of N Covered Bonds; and
- (ii) a Ratings Notification from the Administrative Agent in respect of the requested amendments,

provided that the Security Trustee and the Bond Trustee are not required to agree to such variation to the extent that it determines that any such variation (I) exposes the Security Trustee or the Bond Trustee (as applicable) to any Costs against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (II) increases the obligations or duties or decreases the protections of the Security Trustee or the Bond Trustee (as applicable); or (III) otherwise reduces any fees or other amount due to the Security Trustee or the Bond Trustee (as applicable).

A variation in accordance with the subparagraph above does not require the consent or sanction of:

- (i) any Covered Bondholders of any Series or the related Receiptholders and/or the Couponholders; or
- (ii) any other Secured Creditors (other than any Secured Creditor who is party to the relevant Transaction Document).

The Security Trust Deed contains provisions requiring the Security Trustee to agree to modifications as directed by the Bond Trustee as referred to in this Condition 13, except to the extent that the Security Trustee determines that the relevant modification:

- (a) exposes the Security Trustee to any Costs against which it has not been indemnified and/or pre-funded to its satisfaction; or
- (b) increases the obligations or duties or decreases the protections of the Security Trustee; or
- (c) otherwise reduces any fees or other amount due to the Security Trustee.

#### **14. NOTICES**

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, provided that the Issuer will not issue any additional Covered Bonds unless such additional Covered Bonds have no more than a *de minimis* amount of original issue discount or such issuance would constitute a "qualified reopening" for U.S. federal income tax purposes, and provided further that any further Covered Bonds issued after December 31, 2012 do not cause holders of Covered Bonds to become subject to any United States reporting obligation or any United States withholding tax which holders of Covered Bonds would otherwise not have been subject to had the Issuer not issued the further Covered Bonds.

## 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 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 International Terms and Conditions of the Covered Bonds (which are not Australian Domestic Covered Bonds)).

### 16.2 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, Receiptholders or Couponholders or any other Secured Creditor, agree with the Issuer and the Covered Bond 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 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 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 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 Covered Bond Guarantor shall deliver to the Bond Trustee a certificate of two authorised officers of the Issuer and the Covered Bond Guarantor stating that (I) in respect of the Issuer, immediately after giving effect to such transaction no Issuer Event of Default or Potential Issuer Event of Default shall have occurred and be continuing and (II) in respect of the Covered Bond Guarantor, immediately after giving effect to such transaction no CBG Event of Default (in respect of the events set out in subparagraphs (a) and (f) of the definition of CBG Event of Default, to the best of the knowledge of the Covered Bond Guarantor) and no Potential CBG Event of Default (in respect of a Potential CBG Event of Default which relates to an event set out in subparagraphs (a) or (f) of the definition of CBG Event of Default, to the best of the knowledge of the Covered Bond 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 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 applicable, the substitution of references to the Former Residence with references to the New Residence;
- (d) the Covered Bond 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 Covered Bond 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.

### 16.3 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.

### 16.4 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:

- (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 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 International Terms and Conditions of the Covered Bonds (other than the 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.

### 17.1 Merger, Consolidation and Amalgamation of the Issuer

The Issuer may, without the consent of the Covered Bondholders, Receiptholders 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**).

### 17.2 Further conditions

The following further conditions shall apply in addition to the provisions of the provisions of the Bond Trust Deed as described in to Condition 17.1 (*Merger, Consolidation and Amalgamation of the Issuer*) above:

- (a) the Issuer and the Covered Bond Guarantor shall deliver to the Bond Trustee a certificate of two authorised officers of the Issuer and the Covered Bond Guarantor stating that (I) in respect of the Issuer, immediately after giving effect to such transaction no Issuer Event of Default or Potential Issuer Event of Default shall have occurred and be continuing and (II) in respect of the Covered Bond Guarantor, immediately after giving effect to such transaction no CBG Event of Default (in respect of the events set out in subparagraphs (a) and (f) of the definition of CBG Event of Default, to the best of the knowledge of the Covered Bond Guarantor) and no Potential CBG Event of Default (in respect of a Potential CBG Event of Default which relates to an event set out in subparagraph (a) or (f) of the definition of CBG Event of Default, to the best of the knowledge of the Covered Bond 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 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 applicable, 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 Covered Bond 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 Covered Bond 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.

### **17.3 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*).

### **17.4 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 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 Covered Bond Deed Poll and under the Bond Trust Deed.

### **17.5 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 COVERED BOND GUARANTOR AND LIMITED RECOURSE AGAINST THE COVERED BOND 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 Covered Bond 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 Covered Bond Guarantor. Set out below is a description of those provisions. In the event of any inconsistency between the provisions of the Bond Trust Deed or the Security Trust Deed and this description, the provisions of the Bond Trust Deed or the Security Trust Deed prevail (respectively).*

*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) enter into or be interested in any contract or financial or other transaction or arrangement with the Issuer or the Covered Bond Guarantor or any other party to a Transaction Document or any of their respective Related Entities (including any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities or financial advice to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with, or acting as paying agent in respect of, the Covered bonds or any other securities of, the Issuer, the with the Covered Bond Guarantor or any other party to a Transaction Document or any of their respective Related Entities, (ii) accept or hold the trusteeship of any other trust deed constituting or securing any other securities issued by or guaranteed by, or relating to the Issuer or the Covered Bond Guarantor or any other party to a Transaction Document or any of their respective Related Entities, or any other office of profit under the Issuer or Covered Bond Guarantor or any other party to a Transaction Document or any of their respective Related Entities.*

*The Bond Trustee shall be entitled to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such contract, transaction or arrangement or, as the*

*case may be, any trusteeship or office of profit as is referred to above without regard to the interests of, or consequences for the Covered Bondholders, and notwithstanding that the same may be contrary or prejudicial to the interests of the Covered Bondholders and shall not be responsible for any Costs occasioned to the Covered Bondholders thereby and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit thereby or in connection therewith.*

*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 Mortgage Loans or Related Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Bond Trustee 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 Covered Bond 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) the acts, omissions, defaults and losses of the Security Trustee or for any Costs incurred by the Security Trustee, and the Bond Trustee and Security Trustee shall not incur any liability in relation thereto, (iii) considering the basis on which approvals or consents are granted by the Issuer, the Covered Bond Guarantor or any other party to the Transaction Documents under the Transaction Documents, (iv) 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 (v) 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 Covered Bond Guarantor and Limited Liability of the Covered Bond 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 Covered Bond 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 Security Collateral 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 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 Covered Bond 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 Covered Bond 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 Security Collateral; or (ii) enforcing any rights arising out of the Transaction Documents against the Covered Bond Guarantor or procuring the winding-up of the Suncorp Covered Bond Trust. The Secured Creditors are, however, permitted to (i) do anything necessary to enforce their rights in connection with the Security Collateral, (ii) take proceedings to obtain an injunction or other order to restrain any breach of the Transaction Documents by the Covered Bond*

*Guarantor or declaratory relief or other similar judgement or order as to the obligations of the Covered Bond Guarantor under the Transaction Documents.*

*The Covered Bond Guarantor enters into the Transaction Documents only in respect of the Suncorp 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 Covered Bond Guarantor only to the extent to which it can be satisfied out of the property of the Suncorp Covered Bond Trust, out of which the Covered Bond Guarantor is actually indemnified for the liability. This limitation of the Covered Bond Guarantor's liability applies despite any other provision of the Transaction Documents and extends to all liabilities and obligations of the Covered Bond Guarantor in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Transaction Documents, except for any liabilities, losses or Costs to the extent that they are due to the Covered Bond Guarantor's fraud, negligence or wilful default.*

*The parties may not sue the Covered Bond Guarantor in any capacity other than as trustee of the Suncorp Covered Bond Trust, including seeking the appointment of a receiver (except in relation to property of the Suncorp Covered Bond Trust), a liquidator, an administrator or any similar person to the Covered Bond Guarantor or prove in any liquidation, administration or arrangement of or affecting the Covered Bond Guarantor (except in relation to property of the Suncorp Covered Bond Trust). Except in the case of and to the extent that the Covered Bond Guarantor's indemnification out of the property of the Suncorp Covered Bond Trust is reduced as a result of fraud, negligence or wilful default on the part of the Covered Bond Guarantor, the parties waive their rights and release the Covered Bond 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 Covered Bond Guarantor of any of its obligations; or (B) non-performance by the Covered Bond Guarantor of the obligations and (ii) which cannot be paid or satisfied out of the Trust Assets out of which the Covered Bond Guarantor is entitled to be indemnified in respect of any liability incurred by it as trustee of the Suncorp Covered Bond Trust.*

*The provisions of the Bond Trust Deed as described in this Condition 20 will not apply to any obligation or liability of the Covered Bond 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 Covered Bond Guarantor's indemnification out of the assets of the Suncorp Covered Bond Trust, as a result of the Covered Bond Guarantor's fraud, negligence or wilful default.*

*It is acknowledged that certain parties are each responsible under the Transaction Documents for performing a variety of obligations relating to the Suncorp Covered Bond Trust. No act or omission of the Covered Bond Guarantor (including any related failure to satisfy its obligations or breach of representation or warranty under the Transaction Documents) will be considered fraudulent, negligent or in wilful default of the Covered Bond 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 the Administrative Agent, the Cash Manager, the Servicer, the Seller or any other person appointed by the Covered Bond Guarantor under any Transaction Document (other than a person whose acts or omissions the Covered Bond Guarantor is liable for in accordance with any Transaction Document) to fulfil its obligations relating to the Suncorp Covered Bond Trust or by any other act or omission of the Administrative Agent, the Cash Manager, the Servicer, the Seller or any other such person.*

#### **20.4 Bond Trustee not responsible for Transaction Documents**

*The Bond Trust Deed contains limitations on the responsibility of the Bond Trustee under the Transaction Documents. Set out below is a description of certain 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 shall not be responsible for the execution, delivery, legality, registration, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of the trust presents, the Security Trust Deed and/or any other Transaction Document or any other document relating or expressed to be supplemental thereto, shall not be liable for any failure to obtain any licence, legal opinion, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of the trust presents and any other Transaction Document or any other document relating or expressed to be supplemental thereto and shall not be responsible for ensuring compliance with the PPSA with respect to any security interest arising under or in connection with or provided for by any Transaction Document or any other document relating, or expressed to be supplemental, thereto.*

## **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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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:

- (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 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 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, the Receiptholders or the Couponholders, in the case of an update in the published Rating Agency criteria applicable to the Programme, concur with the Issuer, the Covered Bond 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, the Receiptholders 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, would have the effect of (a) exposing the Bond 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 or increasing the obligations or duties, or decreasing the protections, of the Bond 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.

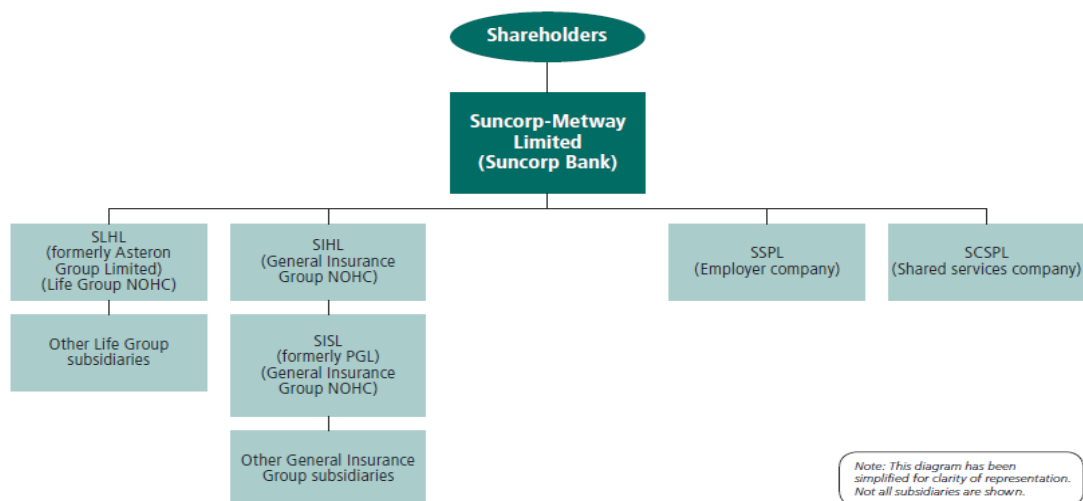
## **USE OF PROCEEDS**

The net proceeds from each issue of Covered Bonds will be used by the Issuer to make available Advances to the Covered Bond Guarantor pursuant to the terms of the Intercompany Loan Agreement (after swapping the net proceeds from each issue into Australian Dollars, if necessary).

## SUNCORP-METWAY LIMITED

### Corporate Profile

Prior to 7 January 2011, the Issuer was a publicly listed company incorporated in the State of Queensland, Australia and was the holding company of a diversified financial services group (the **Pre-NOHC Group**). A simplified version of the corporate structure of the Issuer and its subsidiaries was as follows:

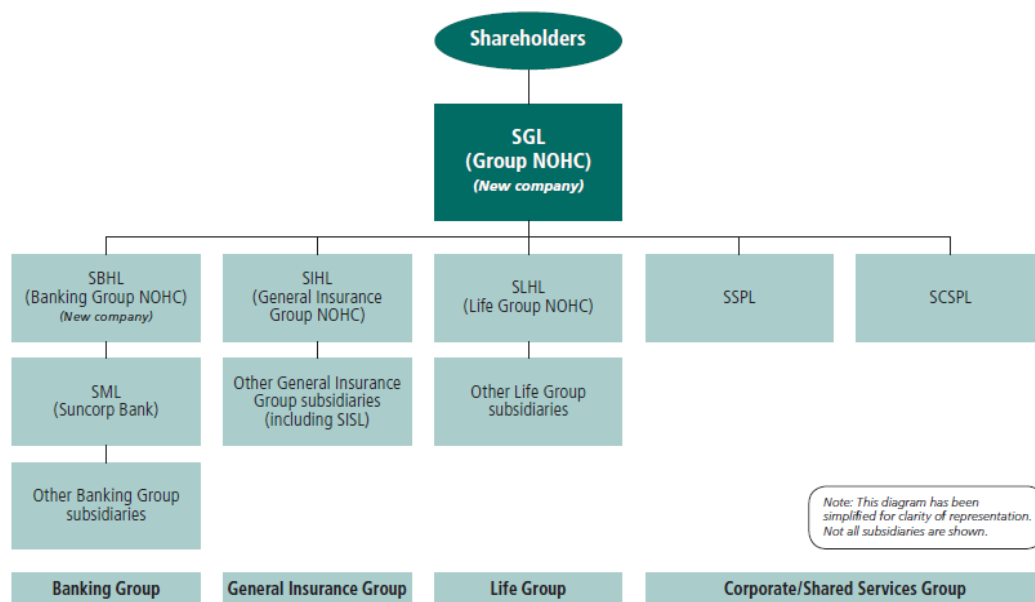


On 15 December 2010, the shareholders of the Issuer approved a non-operating holding company restructuring proposal (**NOHC Restructure**) which took the form of a scheme of arrangement approved by the Supreme Court of Queensland and involved:

- each shareholder (except for each ineligible foreign shareholders) agreeing to transfer all of their shares in the Issuer to a new non-operating holding company known as Suncorp Group Limited ABN 66 145 290 124 (Suncorp Group Limited) in exchange for shares in Suncorp Group Limited;
- Suncorp Group Limited buying back and cancelling the share that the Issuer held in Suncorp Group Limited;
- Suncorp Group Limited selling the Issuer to another non-operating holding company, known as SBGH Limited ABN 83 145 980 838, (**Bank NOHC**) in return for shares in Bank NOHC;
- the Issuer transferring its shares in its general insurance and life insurance subsidiaries to Suncorp Group Limited;
- the Issuer remaining listed on the Australian Securities Exchange (ASX Limited) in respect of its redeemable preference shares (ASX code: SBKPA), convertible preference shares (ASX code: SBKPB) and floating rate capital notes (ASX code: SBKHB) and Suncorp Group Limited being admitted to the official list of the ASX Limited in respect of its ordinary shares; and
- other immaterial asset transfers within the restructured entities occurring as part of the NOHC Restructure.

## Implementation of NOHC Restructure

On 22 December 2010, the NOHC Restructure was approved at a final court hearing and was implemented on 7 January 2011. A simplified corporate structure of Suncorp Group Limited and its subsidiaries (including the Issuer) (the Post NOHC Group) following the implementation of the NOHC Restructure, is as follows:



## History of Suncorp prior to NOHC Restructure

Suncorp's history dates back more than 100 years involving a number of State and publicly owned banking, insurance and wealth management companies.

In 1902, the Queensland Government established the Agricultural Bank which later became part of Queensland Industry Development Corporation (**QIDC**). Suncorp started business in 1916 and was previously known as the State Accident Insurance Office and then the State Government Insurance Office.

Both Suncorp and QIDC were owned by the Queensland Government. On 1 December 1996, they were merged into the publicly listed company, Metway Bank Limited, creating a new allfinanz group headed by Metway Bank Limited (which was renamed as Suncorp- Metway Limited).

On 1 July 2001, the Issuer acquired AMP Limited's Australian general insurance interests, which increased the Issuer's consolidated annual premium income to A\$2 billion. The number of general insurance customers doubled and the business mix became more diversified, with growth in personal and commercial lines and the addition of workers compensation lines.

On 20 March 2007, Suncorp merged with Promgroup Limited (ACN 000 746 092) (formerly known as Promina Group Limited) (**Promina Group**) (the **Promina Merger**). This brought the number of customers to over seven million and lifted total assets to A\$84.9 billion across Australia and New Zealand.

The Promina Group's operations trace back to 1833 in Australia and 1878 in New Zealand. Shares in Promina Group were delisted as a consequence of the Promina Merger.

## **Current Operations**

As a result of the NOHC Restructure, the Issuer is now a subsidiary of Suncorp Group Limited. The Issuer's principal operation is as a regional bank undertaking business in personal banking, small to medium enterprises and agribusiness.

The Issuer will continue to be the sole issuer under the Programme.

The Issuer's ordinary shares are no longer listed on the ASX. The redeemable preference shares (ASX code: SBKPA), convertible preference shares (ASX code: SBKPB) and floating rate capital notes (ASX code: SBKHB) of the Issuer are however still listed on the ASX and will continue to be listed until called or converted. The obligations of the Issuer in relation to these shares and notes remain subject to the disclosure and other requirements of the ASX as they apply to ASX debt listings.

The registered office of the Issuer is located at level 18, Suncorp Centre, 36 Wickham Terrace, Brisbane QLD 4000 and its telephone number is +61 7 3835 5355.

## **Suncorp-Metway Ltd**

### ***Banking***

The Issuer is Australia's largest regional bank, with A\$59.6 billion in assets at 31 December 2011.

The Issuer's core banking business provides personal banking services including home and personal loans, transaction savings and investment accounts, margin lending and foreign exchange services, to approximately 900,000 customers nationally through retail outlets, call centres, internet banking and ATMs. In addition, the core bank has banking relationships with approximately 130,000 commercial (SME) and agribusiness customers.

The Issuer also has a non-core portfolio of property development, property investment, equipment finance and corporate lending which is closed to new business and proceeding through an orderly run-off process.

### ***The Issuer's financial results for the half year ended 31 December 2011***

The core banking business profit after tax was up 41.8% to A\$156 million, with a half year net interest margin of 1.91%.

The non-core banking business incurred a loss after tax of A\$54 million down from a A\$107 million loss in the December 2010 half. The run-off of the portfolio progressed ahead of expectations with total gross loans and advances reducing to A\$5.7 billion.

## **Trend Information**

There has been no material adverse change in the prospects of the Issuer since the date of its last published audited financial statements as at 30 June 2011. There are no known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current fiscal year, other than as disclosed on the full-year and half-year results of the Issuer (as incorporated by reference in this document).

## **Profit Forecasts or Estimates**

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

## Shareholding

Following the NOHC Restructure (as described above), the Issuer became a wholly owned subsidiary of Bank NOHC.

## Credit ratings

As at the date of the prospectus, Suncorp's long-term senior unsecured debt rating was A+ (Standard & Poor's), A1 (Moody's) and A+ (Fitch) and its short-term debt rating was A-1 (Standard & Poor's), P-1 (Moody's) and F1 (Fitch). The outlook for all of these ratings is stable.

For the purposes of this section of the Prospectus entitled – *Credit Ratings* only, a reference to **Fitch** is a reference to Fitch Australia Pty Ltd., a reference to **Moody's** or **Moody's Investors Service** is a reference to Moody's Investors Service Pty Limited and a reference to **Standard & Poor's** or **S&P** is a reference to Standard & Poor's (Australia) Pty Ltd. None of Fitch Australia Pty Ltd., nor Moody's Investors Service Pty Limited and Standard & Poor's (Australia) Pty Ltd is established in the European Union and none is registered under the CRA Regulation. Fitch Australia Pty Ltd., Moody's Investors Service Pty Limited and Standard & Poor's (Australia) Pty Ltd each have an affiliate that is established in the European Union and registered under the CRA Regulation: respectively, Fitch Ratings Ltd, Moody's Investors Service Limited and Standard & Poor's Credit Markets Services Europe Limited (under its trading name Standard & Poor's Ratings Services).

## Liquidity

On 16 December 2010, the Basel Committee on Banking Supervision (**BCBS**) released the text of the Basel III liquidity framework. The framework introduces two new liquidity measures; the LCR and the NSFR.

The LCR requires banks to hold sufficient high-quality liquid assets, as defined, to withstand 30 days under an acute stress scenario. As there are insufficient Government bonds available in the Australian marketplace to allow institutions to meet the LCR, the Reserve Bank of Australia (**RBA**) has announced, jointly with the Australian Prudential Regulation Authority (**APRA**), that it will make available to Australian institutions a committed secured liquidity facility that can be utilised to meet the LCR requirement. The terms and conditions of this liquidity facility are to be finalised.

The timetable for implementing of the liquidity standard schedules the LCR to be introduced from 1 January 2015 and the NSFR from 1 January 2018. Both liquidity measures are subject to an observation and review period prior to implementation and as such are potentially subject to modification.

APRA has released draft prudential standards regarding the implementation of the Basel III liquidity framework in Australia. Until the Australian standards are finalised, the full extent of the impact on the Suncorp Group is incomplete. Notwithstanding the uncertain requirements, Suncorp expects to increase its holding of level one assets, however overall is relatively well positioned.

## Capital

On 16 December 2010 the BCBS released final text of the Basel III capital framework. The framework incorporates higher global minimum capital requirements and the introduction of two new capital buffers. The framework includes:

- an increase in the minimum common equity requirement from 2.0% to 4.5%;
- an increase in the minimum Tier 1 capital requirement from 4.0% to 6.0%;
- a capital conservation buffer at 2.5%, to be met with common equity; and

- a countercyclical buffer of between 0% to 2.5% to be met with common equity or other fully loss absorbing capital (subject to further BCBS guidance). The buffer is intended to be applied during times of excess credit growth.

The framework includes a compliance timetable, with phase-in arrangements starting from 1 January 2013 and some elements not becoming fully effective until 1 January 2019.

APRA released a discussion paper for consultation in September 2011. Based on the discussion paper, Suncorp believes it is well placed to meet the new capital requirements within the timeframes proposed. However, until APRA's final prudential standards are issued and APRA advises institutions of their prudential capital ratios, the full extent of the impact on the Suncorp Group cannot be confirmed.

### ***Systemically Important Financial Institutions (SIFIs)***

On 4 November 2011, the Financial Stability Board (**FSB**) released the list of global systemically important banks (**G-SIBs**) to which higher loss-absorbency and other regulatory requirements would apply. Suncorp is not on that list. Also on 4 November 2011, the Group of Twenty requested a progress report for April 2012 considering the extension of G-SIB requirements to domestic systemically important banks (**D-SIBs**). Until this report is released and any potential policy framework emerges, the impact on Suncorp is unable to be determined.

### ***Recovery and Resolution Planning***

On 4 November 2011, the FSB issued the final framework of policy measures to improve the capacity of authorities to resolve failing SIFIs, without systemic disruption and without exposing the taxpayers to risk of loss. As part of the framework, the FSB proposed that a recovery and resolution plan is required for any firm deemed by its home authority to have systemic importance to the domestic economy. In addition, SIFIs will be subject to resolvability assessments to ensure they may be resolved without severe systemic disruption and taxpayer loss and while protecting systemically important functions. The FSB framework provides a global standard for investors to implement locally. Therefore until APRA implementation is proposed, the full extent of impact on the Suncorp Group is uncertain.

### ***OTC Derivatives Reform***

The 'Over the Counter' (**OTC**) derivatives market is undergoing significant reform globally with regulators mandating central clearing for standardised OTC derivatives; encouraging exchange trading where appropriate; imposing higher capital charges on non-cleared products; and requiring all transactions to be reported to trade repositories. Locally, the Council of Financial Regulators (APRA, ASIC, RBA and the Australian Treasury) released a discussion paper on the mandatory clearing of OTC derivatives in Australia in June 2011. The paper covers only the mandatory clearing element of the OTC reform agenda, with consultation to follow on trading platforms and trade repositories. The issues raised in the paper are complex, with the Council seeking to establish stakeholders' views before any final decision is made.

Suncorp is monitoring the offshore developments and is engaging with regulators, trade associations, banks, and clearing houses. As both the international and local reforms are not yet finalised, the full extent of the impact on Suncorp Group's operations remains unclear.

### ***Financial Claims Scheme***

On 12 December 2010, the Australian Government announced its intention to confirm the permanent continuance of the Financial Claims Scheme (**FCS**). The FCS was established by the Australian Government in 2008. Under the FCS a person who holds a protected account with a net credit balance at an Authorised Deposit-taking Institution (**ADI**) which APRA has applied to be wound up and which has been declared by the responsible Australian government minister to be covered by the FCS will be entitled to receive payment from APRA in respect of that balance and certain accrued but uncredited interest, subject to various



adjustments and preconditions. Before 1 February 2012, a limit of \$1,000,000 applied to all protected accounts. In September 2011 the Australian Government announced a reduced cap to be introduced from 1 February 2012 of \$250,000 per person per institution. The new cap is permanent, subject to continued advice from Australia's financial regulators that the cap remains appropriate.

The FCS applies to an eligible ADI if APRA has applied for the winding up of the ADI and the responsible Australian Government minister has declared that the FCS applies to that ADI. The Financial Claims Scheme (ADIs) Levy Act 2008 provides for the imposition of a levy to fund the excess of certain of APRA's financial claims scheme costs connected with that ADI. The levy would be imposed on liabilities of eligible ADIs to their depositors and cannot be more than 0.5% of the amount of those liabilities.

### ***United States***

There are a number of significant regulatory reforms currently occurring in the United States (**U.S.**). These include:

#### ***Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)***

In response to the global financial crisis, new legislation designed to reform the system for supervision and regulation of financial firms in the U.S. was signed into law on 21 July 2010. The Dodd-Frank Act contains a wide range of provisions that will affect financial institutions operating in the U.S., including foreign banks like Suncorp. Included among its provisions are reforms designed to reduce systemic risk presented by very large financial institutions, promote enhanced supervision, regulation, and prudential standards for financial institutions, establish comprehensive supervision of financial markets, impose new limitations on permissible financial institution activities and investments, expand regulation of the derivatives markets, protect consumers and investors from financial abuse, and provide the U.S. Government with the tools needed to manage a financial crisis. Many of the provisions of the Dodd-Frank Act require extensive rulemaking by U.S. regulatory agencies before the provisions become effective. The issuance of final rules under the Dodd-Frank Act is far from complete, with the process now extending into 2012. Aside from the general observations regarding OTC derivatives reform above, until there is greater clarity regarding the final forms of the rules and the extra-territorial application, it is not possible to assess the full impact of the legislation and the regulations on Suncorp's operations. However in the event that some of the rules are implemented in or close to the current draft, significant investment in compliance and reporting programs and changes to business activities may be required.

#### ***Foreign Account Tax Compliance (FATCA)***

Legislation incorporating provisions referred to as FATCA was passed in the U.S. on 18 March 2010. The legislation and subsequent guidance require Foreign Financial Institutions (**FFIs**) (such as Suncorp) to enter into an FFI agreement by 30 June 2013 and agree to identify and provide the U.S. Internal Revenue Service (**IRS**) with information on accounts held by U.S. persons and U.S. owned foreign entities, or otherwise face 30% withholding tax on payments made to the FFI from U.S. sources. In addition, FFIs which have entered into an FFI agreement will be required to withhold on certain payments made to FFIs that have not entered into an FFI agreement and account holders who do not respond to requests to confirm their U.S. person status and/or do not agree to the FFI reporting certain account related information to the IRS. However, if the FATCA provisions are implemented in or near to their current form, taking into account guidance issued to date by the U.S. Treasury and IRS, substantial investment in a compliance and reporting framework would be required.

#### ***Changes to accounting standards***

In continuing response to the global financial crisis, governments, regulators and accounting standard setters are working to revise certain accounting standards. The objective is to achieve convergence towards a single set of high-quality, global and independent accounting standards. The specific areas that have been targeted include accounting for financial instruments, loan-loss provisioning, off-balance sheet exposures and the

impairment and valuation of financial assets and lease accounting. The Suncorp Group expects that there will be a number of new standards issued in the next three years that will require changes to Suncorp's current accounting approaches.

### *Further regulatory developments*

The Australian Federal Government has embarked on a program of regulatory reform, which will affect Suncorp.

This includes:

- Credit law reform – following the commencement of the National Credit Code on 1 July 2010, new licensing obligations commenced on 1 January 2011 to regulate the activities of credit providers, including obligations requiring licensees to observe responsible lending practices. A second phase of reform requires credit providers to make available credit guides and for credit assistance providers to provide quotes and proposal disclosure documents. From 1 January 2012, credit providers have been required to produce Key Facts Sheets for standard home loans. A number of other reforms, including reforms relating to the regulation of credit cards, have also been announced, which are scheduled to commence on 1 July 2012.
- Margin lending reform – from 1 January 2011, margin lending facilities to retail clients have been regulated as financial products under the Corporations Act. This has resulted in additional conduct and disclosure requirements for issuers and advisors of margin lending facilities.
- Superannuation changes – on 16 December 2010 the Government provided its response to the Super System (Cooper) Review into Australia's superannuation system. The Government's proposals include the introduction of a simple, low-cost 'MySuper' superannuation product from 1 July 2013 and an initiative called 'SuperStream' to improve the efficiency of processing superannuation transactions through the use of technology. Legislation is being introduced in several tranches throughout the first half of 2012 to implement the superannuation reforms.
- Financial advice changes – on 22 March 2012 the Government's Future of Financial Advice (**FOFA**) reforms passed the House of Representatives. They are due to be debated in the Senate during May 2012 and will need to be passed by the Senate before the reforms can become law. The FOFA reforms are aimed at improving consumer trust and confidence in, and the quality of, financial advice. The FOFA reforms include a ban on certain conflicted payments and soft dollar benefits, a ban on certain volume-based payments, a ban on the charging of asset-based fees on borrowed funds, a statutory best interests duty so that financial advisers must act in the best interests of their clients, and an 'adviser charging regime' where the investor will be required to opt-in every two years to receive ongoing advice and where advisers will be required to give annual disclosure of ongoing fees and services to investors. The majority of the proposed reforms are scheduled to commence from 1 July 2012, although the Government announced in March 2012 that the application of the provisions will be voluntary until 1 July 2013.
- Privacy law reform – the Privacy Act was first introduced in Australia in 1988. The Privacy Act regulates how personal information is collected, used, disclosed and, maintained by organisations and grants rights to individuals to access and request the correction of their information. The Government has released proposed changes to the Privacy Act to strengthen individual's rights under the current National Privacy Principles and to amend, among other things, how credit reporting is conducted. It is proposed that these reforms and changes yet to be released will be rolled out in four tranches. No changes to the Privacy Act are expected to take effect prior to mid 2012.
- The introduction of a new regulatory framework for personal property securities – on 30 January 2012 the Personal Property Securities Act (PPSA) commenced. The PPSA is a national personal property securities regime involving a single register and a uniform set of rules, replacing a wide

range of complex State and Territory based legislation and registers. The new regime also makes fundamental changes to the treatment of security interests in personal property.

- Covered bonds – on 13 October 2011, the Commonwealth Parliament passed an amendment to the Banking Act permitting ADIs to issue covered bonds. Among other things, this legislation caps at 8% the value of an ADI's assets in Australia that can be included in a cover pool supporting covered bonds.

In addition, the Federal Government has initiated a number of inquiries related to the financial services industry. These include:

- the inquiry by the Parliamentary Joint Committee on Corporations and Financial Services into the access for small and medium business to finance, which delivered its report on 28 April 2011. The Government has not yet responded on the recommendations made by the Committee;
- the Senate inquiry into competition within the banking sector which delivered its report on 6 May 2011. The Government has not yet responded on the recommendations made by the Senate;
- requesting that the former Reserve Bank of Australia Governor, Bernie Fraser, undertake a feasibility study on account number portability and options for greater account transferability. He reported his findings to the Government on 4 July 2011. On 21 August 2011, the Government released Mr Fraser's report and accepted his recommendations in full. The Government stated that it would establish a working party to finalise details of reforms aimed at simplifying the process for customers to switch accounts between financial institutions, to be introduced on 1 July 2012; and
- the National Disaster Insurance Review which will concentrate on insurance arrangements for individuals and businesses for damage and loss associated with flood and other natural disasters. The Review Panel provided its report to the Government on 30 September 2011. The Government has not yet responded to the report.

Suncorp continues to review these developments, engage with Government, regulators and industry bodies as appropriate, and amend its systems, processes and operations to align with regulatory changes as they occur.

### ***Competition***

The Suncorp Group operates in a highly competitive environment across the regions in which it operates.

The Suncorp Group serves the banking, insurance and wealth needs of a broad set of customer segments from small businesses to large corporate and institutional clients on the business side and across all consumer segments. The Suncorp Group competes for customers, and their business, with other players across a wide range of products and services. Suncorp's competitors range from large global organisations with broad offerings to entities more focused on specific regions or products. Suncorp's competitors also include a range of other financial services and advisory companies such as banks, insurance companies, credit unions, building societies, mortgage originators, credit card issuers, brokerage firms, fund and asset management companies, insurance companies and internet-based financial services providers.

Suncorp's competitive position is determined by a variety of factors. These factors include:

- published market share statistics;
- the number of products per customer;
- customer satisfaction surveys;
- the effectiveness of, and access to, distribution channels;

- brand reputation and preference;
- the quality, range, innovation and pricing of products and services offered;
- technology solutions; and
- the talent and experience of Suncorp's employees.

In Australia, Suncorp has seen competition for deposits intensify as some traditional sources of funding, such as securitisation, have become more difficult. Banks and other financial institutions seek to reduce their reliance on wholesale funding to better position themselves for pending regulatory liquidity requirements.

The Suncorp Group expects competition for lending to also remain intense. In mortgages, the desire of some players to aggressively maintain or grow their market share using price has seen particularly aggressive competition over the last 12 months and this is expected to continue, particularly if lending growth remains modest. In business lending, competition is likely to increase when business confidence improves and investment returns.

The Suncorp Group's non life insurance business expects competition for personal insurance to remain within the three larger insurers in Australia. The life insurance business expects competition from other financial institutions to increase and superannuation business will move to capture a greater share of the market in response to emerging regulatory changes.

## **Board of Directors**

### ***Role of the Board***

The Board of Directors of the Issuer (the **Board**) is accountable for the Issuer's performance.

An important feature of the Board's work is to monitor compliance with the prudential and solvency requirements of the Australian Prudential Regulation Authority (**APRA**).

### ***Director independence and conflicts of interest***

The Board has adopted a policy in regard to director independence, that is consistent with the Corporate Governance Principles and Recommendations (**Recommendations**) published by the Australian Securities Exchange and includes:

- criteria for determining the independence of directors; and
- criteria for determining the materiality of a director's association or business relationship with the Issuer.

Based on these criteria, which are consistent with the Recommendations, the Board considers all current directors, other than CEO, Patrick Snowball (director since September 2009) to be independent.

The names of the directors considered to be independent at the date of this Prospectus are:

<i>Director</i>	<i>Term in Office (at the date of this Prospectus)</i>
Dr Zygmunt E Switkowski (Chairman)	6 years 7 months
Ms Ilana Atlas	1 year 4 months
Mr William J Bartlett	8 years 10 months

Mr Michael A Cameron	appointed 16 April 2012
Mr Ewoud J Kulk	5 years 1 month
Mr Geoffrey T Ricketts	5 years 1 month
Dr Douglas F McTaggart	appointed 16 April 2012

The Board regularly assesses each director against the following criteria to determine whether they are in a position to exercise independent judgment:

- being a substantial shareholder of Suncorp Group Limited (the Issuer's parent entity) or of a company that has a substantial shareholding in Suncorp Group Limited or being an officer of, or being otherwise associated with, either directly or indirectly, a substantial shareholder;
- being employed in an executive capacity by Suncorp Group within the last three years;
- being a principal of a material professional adviser or a material consultant to the Suncorp Group, within the last three years;
- being, or being associated with, a material supplier or customer of the Suncorp Group;
- being in a material contractual relationship with Suncorp Group other than as a director of the Suncorp Group company; and
- having any other interest or relationship that could materially interfere with the director's ability to act in the best interests of the Suncorp Group company and independently of management.

### **Suncorp Group Board Committees**

The members of the board committees for the Suncorp Group (**Suncorp Board Committees**) comprise Non Executive Directors on Audit, Risk, Remuneration and Nomination Committees. The objectives of the Suncorp Board Committees is to assist the board of directors of Suncorp Group Limited and the Issuer in conducting their duties and obligations.

The primary role of each of these Suncorp Board Committees is:

**Audit Committee** to assist the Board in fulfilling its statutory and fiduciary responsibilities with respect to oversight of the Suncorp Group's financial and operational control environment.

**Risk Committee** to provide the Board an oversight across the Suncorp Group for all categories of risk through the identification, assessment and management of risk and monitoring adherence to internal risk management policies and procedures.

**Remuneration Committee** is responsible for making recommendations to the Board in respect to remuneration of directors and the remuneration and performance targets of the Group CEO, appointments to and terminations from Senior Executive positions reporting to the Group CEO, remuneration and human resource policy matters and management succession planning.

**Nomination Committee** is responsible for reviewing the composition, appointments, performance evaluation and succession planning of the board.

## ***Directors' Profiles***

### **Zygmunt E Switkowski**

Age 63

Non-executive Chairman

Dr. Switkowski was appointed to the board of directors in September 2005 and was appointed a director of Suncorp Group Limited on 22 December 2010. Dr Switkowski is Chairman of Opera Australia, a director of Tabcorp Holdings Limited, Lynas Corporation Ltd, Oil Search Limited and Chancellor of RMIT University. He is the immediate past Chairman of the Australian Nuclear Science and Technology Organisation and previously the CEO of Telstra Corporation Limited, Optus Communications Ltd, and Kodak Australasia Pty Ltd.

### **Ilana Atlas**

Age 57

Non-executive director

Ms Atlas has been a director since January 2011 and was appointed a director of Suncorp Group Limited on 22 December 2010. Ms Atlas is an experienced financial services and legal executive with a significant track record of success and has most recently held positions at Westpac ranging from General Counsel and Group Secretary to her most recent position as a Group Executive of People and Corporate Affairs & Sustainability. Prior to joining Westpac, Ms Atlas was a partner at Mallesons Stephen Jacques, practising as a corporate lawyer holding a number of managerial roles in the firm including Managing Partner and Executive Partner, People & Information.

Ms Atlas is Chairman at Bell Shakespeare, a director of Coca-Cola Amatil Limited, Westfield Holdings Limited, Westfield Management Limited and Westfield America Management Limited, a director of Oakridge Wines Pty Ltd and is a councillor of the Australian National University.

### **William J Bartlett**

Age 63

Non-executive director

Mr. Bartlett was appointed to the board of directors in July 2003 and was appointed a director of Suncorp Group Limited on 22 December 2010. Mr. Bartlett is currently a professional director of Reinsurance Group of America Inc., GWA International Limited and Abacus Property Group. He has 35 years' experience in accounting and was a partner of Ernst & Young in Australia for 23 years, retiring on 30 June 2003. He also has extensive experience in the actuarial, insurance and financial services sectors through membership of many industry and regulatory advisory bodies, including the Life Insurance Actuarial Standards Board (1994 – 2007). He is also Chairman of the Council of Governors of the Cerebral Palsy Foundation.

### **Michael Andrew Cameron**

Age 52

Non-executive director

Mr Cameron has been a director and a director of Suncorp Group Limited since April 2012. Mr Cameron is the CEO and Managing Director of the GPT Group and has over 30 years' experience in Finance and

Business. His past experience includes roles at Barclays Bank, and 10 years with Lend Lease where he was Group Chief Accountant then Financial Controller for MLC Limited before moving to the U.S. in 1994 in the role of Chief Financial Officer/Director of the Yarmouth Group, Lend Lease's U.S. property business. On returning to Sydney in 1996 Mr Cameron was appointed to the role of Chief Financial Officer, MLC Limited before moving to the role of Chief Financial Officer, then Chief Operating Officer of the NAB Wealth Management Division following the sale of MLC.

Mr Cameron joined the Commonwealth Bank of Australia in 2002 and was appointed to the role of Group Chief Financial Officer in early 2003, then in 2006 he was appointed to the position of Group Executive of the Retail Bank Division.

Mr Cameron was Chief Financial Officer at St. George Bank Limited from mid 2007 until the sale to Westpac in December 2008. Mr Cameron is a fellow of the Australian Institute of Chartered Accountants, a fellow of CPA Australia and a fellow of the Australian Institute of Company Directors.

### **Geoffrey T Ricketts**

Age 66

Non-executive director

Mr. Ricketts was appointed to the board of directors on 20 March 2007 and was appointed a director of Suncorp Group Limited on 22 December 2010. Mr. Ricketts was a director of Promina Group at the date of the merger with Suncorp. He is Chairman of Todd Corporation Limited, a non-executive director of Lion Nathan National Foods Limited, Spotless Group Limited, Heartland NZ Limited and Heartland Building Society (NZ). Mr. Ricketts is also a director of the Centre of Independent Studies Limited. He is a lawyer and a consultant for Russell McVeagh, Solicitors (NZ), and was a partner in that firm from 1973 until 2000. He was formerly Chairman of Royal & Sun Alliance's New Zealand (**R&SA NZ**) operations, having been a non-executive director of R&SA NZ for over 10 years.

### **Ewoud J Kulk**

Age 66

Non-executive director

Mr. Kulk was appointed to the board of directors on 20 March 2007 and was appointed a director of Suncorp Group Limited on 22 December 2010. Mr. Kulk was a director of Promina Group at the date of the merger with Suncorp. Mr. Kulk was Managing Director of the Australian General Insurance Group (1994 – 1998) and was appointed Group Director Asia Pacific for Royal and Sun Alliance Insurance Group Pty Ltd in March 1998. He continued in that role until his retirement in September 2003.

Mr. Kulk is Chairman of AA Insurance Limited (NZ), a director of the Westmead Millennium Institute, a member of the NSW Council of the Australian Institute of company Directors and past president of the Insurance Council of Australia and has over 25 years' experience in the insurance industry.

### **Douglas F McTaggart**

Age 59

Dr McTaggart has been a director and a director of Suncorp Group Limited since April 2012.

Dr McTaggart has broad experience in financial markets and funds management, having spent the last 14 years in the role of Chief Executive Officer of QIC Limited.

Dr McTaggart has also held senior academic roles including as Professor of Economics and Associate Dean at Bond University. Prior to joining QIC he was the Under Treasurer and Under Secretary of the Queensland Department of Treasury.

He is currently a Councillor on the National Competition Council, a member of the COAG Reform Council, and in March 2012 was appointed to the Queensland Government Independent Commission of Audit. He has also served in other advisory roles to government as well as holding positions on, including chairing, various industry representative bodies.

### **Patrick J R Snowball**

Age 61

Chief Executive Officer

Mr Snowball was appointed managing director on 1 September 2009 and managing director of Suncorp Group Limited on 22 December 2010. He is an experienced financial services executive with extensive knowledge of the insurance industry, having overseen businesses in the United Kingdom (UK), Ireland, Canada, India and Asia. He previously worked with the Towergate group of companies in both a Deputy Chairman and Chairman's role. He also served as a Non-Executive Director of Jardine Lloyd Thompson plc from 2008 to June, 2009. Mr. Snowball was a member of the executive team at Aviva plc, the insurance group and the insurance services provider in the UK, and its predecessor companies for 19 years, from 1988 to 2007.

The business address of each of the Directors is that of the principal office of Suncorp-Metway Limited (as set out below).

No director has any actual or potential conflict of interest between his or her duties to Suncorp-Metway Limited and his or her private interests or other duties.

The principal office of Suncorp-Metway Limited is the same as its registered office, and is located at level 18, Suncorp Centre, 36 Wickham Terrace, Brisbane, Queensland, 4000. The contact telephone number is +61 7 3835 5355.

## **Corporate Governance**

### ***Framework and approach***

The Board is responsible for the corporate governance of the Issuer. The 2011 Suncorp Group Corporate Governance Statement, which is available on the Company's website at [www.suncorpgroup.com.au](http://www.suncorpgroup.com.au) under 'Corporate Governance', outlines the principal corporate governance practices and policies that the Board has established, to ensure the interests of shareholders are protected and the confidence of the investment market in the Issuer is maintained. These practices and policies are current as at the date of this Prospectus.

### ***Australia***

Suncorp complies with the Corporations Act 2001 and the Corporate Governance Principles and Recommendations published by the Australian Securities Exchange. As an ADI, Suncorp must also comply with governance requirements prescribed by APRA under Prudential Standard APS 510 Governance.



## **Other matters**

### ***Litigation***

Contingent liabilities exist in respect of actual and potential claims and proceedings. An assessment of the Suncorp 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.

Suncorp is aware that class action proceedings relating to exception fees have been commenced against several Australian banks, and that proceedings may be commenced against other Australian banks including Suncorp. At this stage no such proceedings have been commenced against any company in the Suncorp Group.

## OVERVIEW OF SUNCORP-METWAY LIMITED'S MORTGAGE LENDING BUSINESS

### Origination Process

The Mortgage Loans in the Mortgage Pool were all originated through the Bank's origination platform called **SUN-loans**. These loans are sourced from the Banks distribution channels – branch network, mobile lenders and the broker network, and were all subject to normal credit assessment and settlement procedures of the Seller at that time.

### Approval and Underwriting Process

This Section provides details of how the Mortgage Loans were approved.

#### *Loan Applications*

Subject to the paragraph below, all applicants for a Mortgage Loan were required to complete and sign an application form which detailed the financial position of the applicants as well as permitting the Seller to make appropriate enquiries in relation to the employment, income and credit history of the applicants.

#### *Credit Assessment*

Subject to the paragraph below, all Mortgage Loan applications were assessed using the Seller's standard assessment criteria, which required independent confirmation of the details included in the application such as employment history and income of the applicants. No Mortgage Loans in the Mortgage Pool were originated on a "Low Doc" or self-certified basis. The applicant's credit history was assessed through obtaining a reference from the Veda Advantage Information Services and Solutions Limited.

Mortgage Loans were approved subject to the relevant lending officer's personal delegation. Lending delegations were granted to officers of the Seller based upon level of training and experience and were regularly reviewed. Applications outside the lending officer's personal delegation or which were of a more complex nature were referred to the Seller's centralised "Credit Assessment Unit".

### Suncorp's Product Types

#### *Loan Purpose*

The Mortgage Loans have been made for the following purposes:

- (a) **Personal Purpose Mortgage Loans** have been made for the purchase, construction or improvement of residential property which is the principal place of residence of the borrower, or the purchase of vacant land upon which to construct a principal place of residence, or to refinance an existing mortgage, or for the acquisition of various goods and services, cash advances, debt consolidation or any other worthwhile purpose. Mortgage Loans may be granted for stand alone houses, strata titled units and townhouses.
- (b) **Investment Loans** are loans for residential property other than the principal residence of the borrower (eg. a holiday home or rental property), and do not include major investments of a commercial nature.

#### *Interest Rate Options*

Mortgage Loans may be established on an amortising principal plus interest repayment arrangement, or for shorter terms on an interest only repayment arrangement.

The Mortgage Loans have a number of different interest rate options:

### **Variable Rate Loans**

The variable rate is an administered rate determined by the Seller (as Servicer of the Mortgage Loans). Whenever the rate is varied, for principal and interest repayment loans, a new monthly payment amount is determined (subject to a tolerance of \$50.00) to maintain the final payment date. The borrower is notified of the new interest rate and the new monthly payment amount, if applicable.

Borrowers have the option to switch to a fixed rate or "Back to Basics" rate at any time, for an appropriate fee.

### **Fixed Rate Loans**

Borrowers may fix the interest rate on their Mortgage Loans for a period of 1, 2, 3 or 5 years, converting automatically at the end of the agreed term to a Variable Rate Loan. The borrowers may choose to fix the interest rate for a further period.

If a borrower chooses to break the fixed rate prior to the end of the fixed term, they may be subject to an early payment interest adjustment (**EPIA**).

The EPIA is calculated by determining the difference between the swap reference rate for the fixed rate period at the loan disclosure date (i.e. the date that the fixed rate was originally set) and the swap reference date which applies to the remaining period of the fixed rate contract. The difference is multiplied by the current loan balance to give the annual interest loss. The resulting amount is then divided by 12 months (to calculate a monthly figure) and then multiplied by the number of months remaining in the fixed rate contract. The amount so calculated, is then discounted using the net present value formula to convert the EPIA to today's value.

### **Variable Rate Loans with Offset**

Personal Purpose Mortgage Loan borrowers may choose a Variable Rate Loan with an offset facility. The loan operates in the same way as a Variable Rate Loan, but is also offset 100% against an offset savings account. Therefore, interest on the loan account is only calculated on the difference between the loan account balance and the offset account balance. All holders of an offset savings account must be a party to the corresponding Mortgage Loan.

### **Back to Basics**

Borrowers may choose a Back to Basics Loan which operates in the same way as a Variable Rate Loan, however the interest rate is generally lower than the variable rate, and any redraw and paper based transactions on the loan are subject to transaction fees.

#### *Redraw Facility*

Borrowers may, subject to the approval of the Seller, redraw their Mortgage Loans, provided that the balance of the Mortgage Loan after the redraw does not exceed the scheduled loan amortisation balance (the **Scheduled Balance**).

#### *Prepayments*

A borrower may make repayments in excess of the scheduled instalment amounts for the Mortgage Loan. The "in advance" amount is the difference between the actual repayments made by the borrower and the scheduled instalment amounts for the Mortgage Loan.

When a borrower is in advance of their repayments and they do not meet their scheduled repayment, monies will be deducted from the in advance amount to meet the repayment. If the in advance amount only partially meets the scheduled repayment requirement, the borrower will be billed for the difference.

### **Servicing of Mortgage 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.

#### *Initial Servicer*

The initial Servicer of the Mortgage Loans and Related Securities is Suncorp.

#### *Servicing of Mortgage Loans and Related Securities*

The Servicer is contractually obliged to administer the Mortgage Loans and Related Securities:

- (a) according to the Servicing Deed;
- (b) according to the Servicing Standards as interpreted and applied by the Servicer in accordance with its ordinary course of 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.

Under the Servicing Deed, the Servicer is also responsible for custody of the mortgage title documents on behalf of the Covered Bond Guarantor and has custody of the relevant documents. The Covered Bond 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*.

#### *Collections*

The following describes the Seller's current collection procedures, which apply to all mortgage loans, including the Mortgage Loans in the Mortgage Pool.

Mortgage Loans that have breached the terms and conditions of the mortgage are administered by the "Credit Recovery/Retail Collections" section within "Banking Risk and Banking Operations". Accounts are assessed and monitored using the current balance, actual balance, and monthly repayment as the prime criteria.

Borrowers are contacted by mail, telephone or both. Follow-up action is assessed on the degree of arrears, current LVR, borrowers' financial position and liaison with mortgage insurers.

Collection action follows a structured process to protect the interests of the mortgagee and/or mortgage insurer. This process includes, issuing of notices, applying default charges and taking steps to protect and/or sell secured assets (including the maintenance of local government rates and property insurance payments, as prescribed in the mortgage document).

Litigation may or may not be initiated and is at the discretion of the Seller. Assessment is based on economic factors, enforceability, increased liability or consequential loss, cost/benefit and/or recommendation by the Seller's legal advisers.

#### *Enforcement*

The Servicer may take such action to enforce a Mortgage Loan and its Related Securities as it determines should be taken.

In particular, the Servicer is not required to institute, or continue, any litigation in respect of any amount owing under a Mortgage Loan if there are reasonable grounds for believing, based on advice from its legal advisers, that the Servicer will be unable to enforce the provisions of the Mortgage Loan under which such amount is owing or the likely proceeds, in light of the associated expenses, do not warrant the litigation.

However, the Servicer must not knowingly take any action, or knowingly fail to take any action, if that action or failure to take action will interfere with the enforcement of any rights under any Assets of the Portfolio, unless such action is in accordance with the Servicing Standards.

## SUNCORP COVERED BOND TRUST

The Suncorp Covered Bond Trust is a special purpose unit trust established by the Trust Deed on or about 10 May 2012. Perpetual Corporate Trust Limited is the trustee of the Suncorp Covered Bond Trust. The Suncorp Covered Bond Trust has not yet been allocated an Australian Business Number (or ABN).

The units in the Suncorp Covered Bond Trust comprise one Residual Income Unit and one 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 Suncorp Covered Bond Trust 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 Suncorp Covered Bond Trust are the holders of the Residual Income Unit and the Residual Capital Unit. As at the date of this Prospectus, Suncorp is the sole holder of the Residual Income Unit and the Residual Capital Unit.

### **Trustee of the Suncorp Covered Bond Trust**

The trustee of the Suncorp Covered Bond Trust is Perpetual Corporate Trust Limited (in such capacity, the **Covered Bond Guarantor**). Perpetual Corporate Trust Limited was appointed trustee of the Suncorp Covered Bond Trust on 10 May 2012 pursuant to the Trust Deed establishing the Suncorp Covered Bond Trust.

Perpetual Corporate Trust Limited was incorporated in New South Wales, Australia on 27 October 1960 as Perpetual Trustees Nominee Limited under the Companies Statute of New South Wales as a public company. The name was changed to Perpetual Corporate Trust Limited on 18 October 2006 and Perpetual Corporate

Trust Limited now operates as a limited liability public company under the Corporations Act. Its Australian Business Number is 99 000 341 533.

The Covered Bond Guarantor is registered in NSW and its registered office is at Level 12, 123 Pitt Street, Sydney NSW 2000, Australia, where the Covered Bond Guarantor's register of Unitholders is kept (telephone number +61 2 9229 9000). The Trust Deed may be inspected at the registered office of the Covered Bond Guarantor.

Perpetual Corporate Trust Limited enters into the Transaction Documents only in its capacity as trustee of the Suncorp 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 Covered Bond Guarantor only to the extent to which it can be satisfied out of the assets of the Suncorp Covered Bond Trust out of which the Covered Bond Guarantor is actually indemnified for the liability. This limitation of the Covered Bond Guarantor's liability applies despite any other provision of the Transaction Documents (other than in the case of fraud, negligence or wilful default by the Covered Bond Guarantor) and extends to all liabilities and obligations of the Covered Bond Guarantor in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to a Transaction Document.

## **Management**

The Directors and company secretary of Perpetual Corporate Trust Limited, in its capacity as the trustee of the Suncorp Covered Bond Trust, and other principal activities at the date of this Prospectus are:

<b>Name</b>	<b>Principal activity outside of the Covered Bond Guarantor</b>
Ivan Douglas Holyman	Director of Perpetual Corporate Trust Limited
Roger Burrows	Director of Perpetual Corporate Trust Limited
Christopher Green	Director of Perpetual Corporate Trust Limited

The business address of each of the Directors of the Covered Bond Guarantor is Level 12, 123 Pitt 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 Covered Bond 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 Covered Bond Guarantor will manage such conflicts in accordance with the policies of the Covered Bond Guarantor from time to time.

## **Administrative Agent**

Pursuant to the terms of the Administration Deed, the Administrative Agent shall assist the Covered Bond 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 Covered Bond Guarantor.

## **Auditors**

The auditors of the Suncorp Covered Bond Trust are initially KPMG, Chartered Accountants with their principal office at Riparian Plaza, 71 Eagle Street, Brisbane QLD 4000.

## OVERVIEW OF THE PRINCIPAL DOCUMENTS

### Bond Trust Deed

The Bond Trust Deed, made between the Issuer, the Covered Bond Guarantor and the Bond Trustee on or about 15 May 2012, 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 (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 covenant of the Issuer to comply with the provisions of, *inter alia*, the Australian Covered Bond Deed Poll and the Issuer's agreement that to the extent that the Issuer fails to pay an amount due and payable under the Australian Covered Bond Deed Poll, the Issuer's liability to the Bond Trustee in respect of such breach will be to pay to the Bond Trustee an amount equal to the amount that the Issuer has failed to pay under the Australian Covered Bond Deed Poll and which remains unpaid (with such payment taken to reduce the amount owing by the Issuer under the Australian Covered Bond Deed Poll by an equivalent amount);
- (c) the other covenants of the Issuer and the Covered Bond Guarantor;
- (d) the Issuer Events of Default and the CBG Events of Default;
- (e) the process for service of an Issuer Acceleration Notice and/or CBG Acceleration Notice;
- (f) the enforcement procedures relating to the Covered Bonds and the Covered Bond Guarantee; and
- (g) 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 Covered Bond Guarantor for its own account, as soon as practicable, and shall be held by the Covered Bond Guarantor in the GI Account and the Excess Proceeds shall thereafter be subject to the Charge and shall be used by the Covered Bond 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, Receipts 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 Covered Bond Guarantor) and any payments by the Covered Bond Guarantor out of the Excess Proceeds shall reduce the Guaranteed Amounts *pro tanto*. The obligations of the Covered Bond 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 Covered Bond Guarantor in the manner as described above.

The Bond Trust Deed, other than those clauses expressed to be governed by the laws of New South Wales, Australia, is governed by English law.



## **Australian Covered Bond Deed Poll**

The Australian Covered Bond Deed Poll is made by the Issuer prior to the first Issue Date for the benefit each Australian Domestic 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 and are issued on the condition that, *inter alia*, each Australian Domestic Covered Bondholder is deemed to have irrevocably authorised the Bond Trustee to act in accordance with the Bond Trust Deed, including to enforce the Australian Covered Bond Deed Poll on their behalf.

The Australian 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 Covered Bond Guarantor on or about 15 May 2012 for the benefit of the Bond Trustee and each Covered Bondholder, and is the document under which the Covered Bond 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 Receipts or 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor of the Guaranteed Amounts pursuant to the Covered Bond Guarantee will be made on the Guaranteed Amounts Due Date. In addition, the Covered Bond 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 (subject to being indemnified and/or secured and/or pre-funded to its satisfaction) on the Covered Bond 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 (*CBG Events of Default*) of the Terms and Conditions. Following service of a CBG Acceleration Notice, the Covered Bonds will (if not already immediately due and payable following the service of an Issuer Acceleration Notice) become immediately due and payable as against the Issuer and the obligations of the Covered Bond Guarantor under the Covered Bond Guarantee will be accelerated.

All payments of Guaranteed Amounts by or on behalf of the Covered Bond Guarantor will be made without any withholding or deduction for, or on account of, any present or future Taxes unless required by Law, in which case the Covered Bond Guarantor will account to the appropriate Tax authority for the amount required to be withheld or deducted. The Covered Bond Guarantor will not be obliged to pay 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 Covered Bond 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 Covered Bond Guarantor), irrespective of, and unaffected by, any invalidity, irregularity, illegality or unenforceability of, or defect in, any provisions of the Bond Trust Deed, the Guarantee Deed Poll or the Covered Bonds or Receipts 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, Receiptholders 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) of the Terms and Conditions, failure by the Covered Bond 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 dated on or about 11 May 2012, the Intercompany Loan Provider agrees to make available to the Covered Bond 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**). Loans issued in any currency other than Australian dollars are treated as Guarantee Loans (but Guarantee Loans may also be denominated in AUD). The interest rate on each Advance under the Intercompany Loan is a floating rate to be determined by the Intercompany Loan Provider, provided that in respect of any Matching Advances (that is, an Advance made in respect of a Matching Series of Covered Bonds), the rate of interest will match the rate of interest payable on the corresponding Matching Series of Covered Bonds..

### *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 AUD Equivalent aggregate principal amount of Advances outstanding at such time under the Intercompany Loan and (ii) the AUD Equivalent aggregate principal amount of Advances outstanding at such time under 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 aggregate of 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 aggregate AUD Equivalent principal amount of the Advances outstanding at that time and the AUD Equivalent 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. The Demand Loan will be denominated in Australian Dollars.

If a Notice to Pay or a CBG Acceleration Notice is served on the Covered Bond Guarantor 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 or Deemed Advances (which will be added to the Guarantee Loan).

*Purpose*

The Covered Bond 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 (if not denominated in Australian Dollars, upon exchange into Australian Dollars):

- (a) to purchase New Portfolios from the Seller, from time to time, in accordance with the terms of the Mortgage Sale Deed;
- (b) to invest in Substitution Assets or in Authorised Investments, in each case in accordance with the Participation Agreement;
- (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 Advance), to:
  - (i) make a payment to the Subordinated Loan Provider; and/or
  - (ii) make a payment to the Intercompany Loan Provider in respect of the Demand Loan, provided that the Asset Coverage Test will continue to be met following the making of such payment,

in an amount equal to the Advance or any part thereof, which shall be paid to the Subordinated Loan Provider or the Intercompany Loan Provider (as the case may be) directly and for the avoidance of doubt, such amounts will not form part of Available Principal Receipts or be applied in accordance with the applicable Priorities of Payments;

- (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); or
- (e) any combination of (a) – (d) inclusive.

The Covered Bond Guarantor may re-borrow any amount repaid by the Covered Bond 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 Mortgage 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 Mortgage 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:

- (i) the aggregate AUD Equivalent principal amount of Advances outstanding after giving effect to such Deemed Advance does not exceed the Intercompany Loan Facility Amount; and
- (ii) no Issuer Event of Default, CBG Event of Default or Demand Loan Repayment Event has occurred and is outstanding on the relevant Calculation Date or CBG Payment Date (as applicable) 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 that would otherwise have constituted a Deemed Advance will constitute (or continue to constitute (as the case may be)) 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 (other than the occurrence of Deemed Advances) will be made to the Covered Bond 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 to the extent such Asset Registers are required from time to time for the Intercompany Loan Provider to comply with any Law. The Administrative Agent must, upon request from the Intercompany Loan Provider and until the Intercompany Loan Provider otherwise notifies the Administrative Agent, 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 Covered Bond Guarantor;
- (ii) (if different to (i)), other assets of the Covered Bond Guarantor securing covered bond liabilities (as defined in the Banking Act) of the Covered Bond Guarantor;
- (iii) assets of the Covered Bond Guarantor that do not form part of the cover pool (as defined in the Banking Act) or secured covered bond liabilities (as defined in the Banking Act) in each case of the Covered Bond Guarantor (**Other Liabilities Register**);
- (iv) such other registers as the Intercompany Loan Provider may request from time to time.

The Administrative Agent will allocate the assets of the Covered Bond Guarantor to the Asset Registers, at such times as the Administrative Agent determines is necessary to comply with any requests from the Intercompany Loan Provider or its obligations to maintain such registers in accordance with the terms of the Intercompany Loan Agreement or as may be required for the purposes of any determination, calculation or repayment of the Demand Loans or Guarantee Loans on the following basis:

- (i) Mortgage Loans and Related Securities will be allocated on a Random Basis; and
- (ii) all other assets of the Covered Bond 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*

The repayment of principal in respect of the Demand Loan may be satisfied by any combination of (as selected by the Administrative Agent and notified to the Covered Bond Guarantor) (i) (prior to service of a Notice to Pay or a CBG Acceleration Notice) a cash payment applied in accordance with the relevant Priority of Payments; (ii) extinguishing in favour of the Intercompany Loan Provider the Covered Bond Guarantor's interest in Mortgage Loans and Related Security or if title to the relevant Mortgage Loans and Related Security has been perfected, transferring it to the Intercompany Loan Provider; and/or (iii) transferring to the Intercompany Loan Provider any Authorised Investments or Substitution Assets (other than cash) held by the Covered Bond Guarantor. Upon the Covered Bond Guarantor being required to repay all or part of the Demand Loan, to the extent such repayment is to be satisfied other than by cash, the Administrative Agent will deliver a Demand Loan Repayment Notice to the Covered Bond Guarantor, the Cash Manager, the Security Trustee and the Intercompany Loan Provider specifying the Mortgage Loans and Related Security, Authorised Investments or Substitution Assets (or any combination of these) (collectively, the **Demand Loan Repayment Assets**) that will satisfy the non cash repayment obligation. The Mortgage Loans and Related Securities will be selected by the Administrative Agent on a Random Basis first from the Other Liabilities Register and the Authorised Investments and Substitution Assets will be selected by the Administrative Agent first from the Other Liabilities Register. On or before 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 Covered Bond Guarantor's interest in the Demand Loan Repayment Assets will be transferred to the Intercompany Loan Provider or, in the case of the Mortgage Loans where title has not been perfected, extinguished in favour of the Intercompany Loan Provider. Similarly, Authorised Investment and Substitution Assets comprising the Demand Loan Repayment Assets shall be deemed to have been assigned to the Intercompany Loan Provider, free from the encumbrance created by the Security Trust Deed. On or before the first CBG Payment Date following the relevant Demand Loan Repayment Date, the Intercompany Loan Provider shall pay to the Covered Bond Guarantor an amount equal to the Arrears of Interest and Accrued Interest on the relevant Mortgage 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 Local 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 Covered Bond Guarantor (at the direction of the Cash Manager) agrees to remit such amounts to the Intercompany Loan Provider within 2 Local 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 on the 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. In addition, the Demand Loan will not be repaid if an Asset Coverage Test Breach Notice has been served and not revoked on or prior to the CBG Payment Date.

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 Covered Bond Guarantor. As soon as possible following service of a Notice to Pay or a CBG Acceleration Notice, the Administrative Agent will select the 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 (**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 (**Demand Loan Repayment Notice**) delivered to the Covered Bond 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 Demand Loan Repayment Asset Amount, 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 Demand Loan Repayment Notice delivered to the Covered Bond 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 Covered Bond 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 Covered Bond 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 Mortgage Loans where title has not been perfected, extinguished in favour of the Intercompany Loan Provider in repayment of the Demand Loan. Similarly, Authorised Investment and Substitution Assets comprising the Demand Loan Repayment Assets shall be deemed to have been assigned to the Intercompany Loan Provider, free from the encumbrance created by the Security Trust Deed.

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, 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 Covered Bond Guarantor; and

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

If:

- (a) the Intercompany Loan Provider, as the Interest Rate Swap Provider, is required to novate any Interest Rate Swap Agreement to a third party;
- (b) 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 lower 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
- (c) the Intercompany Loan Agreement is terminated,

(each of (a), (b) and (c) above, a **Demand Loan Repayment Event**), the Covered Bond Guarantor (at the direction of the Cash Manager) must recalculate the Asset Percentage under the Asset Coverage Test. The amount of the Demand Loan calculated on the basis of the new Asset Percentage will thereafter be repayable. The Demand Loan will be repayable by the Covered Bond 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 Mortgage Loans and their Related Security or extinguishment of the Covered Bond Guarantor's interest in such Mortgage 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. However, the Intercompany Loan Provider may, in respect of any Matching Advances, direct the relevant Covered Bond Swap Provider to pay any amounts due in respect of any Matching Advance by the Covered Bond Guarantor to the Intercompany Loan Provider, directly to the Principal Paying Agent.

Where all or part of a corresponding Tranche or Series of Covered Bonds has been purchased by the Issuer, the Covered Bond Guarantor or any of their respective Related Entities and such Covered Bonds have been subsequently cancelled in accordance with their Conditions, the Cash Manager may, where the Matching Advance is not denominated in Australian Dollars, convert the portion of that Matching Advance into Australian Dollars by giving written notice to the Covered Bond Guarantor. The portion of the Matching Advance corresponding to the Covered Bonds cancelled will be converted into Australian Dollars by reference to the Covered Bond Swap Rate applicable to that Matching Advance.

Any failure by the Covered Bond 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*

Mortgage Loans and their Related Security have been and will be sold to the Covered Bond Guarantor from time to time pursuant to the terms of the Mortgage Sale Deed entered into on or about 11 May 2012 between Suncorp (in its capacity as Seller and Servicer), the Covered Bond Guarantor and the Administrative Agent.

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

The Portfolio will consist of the Mortgage Loans and their Related Security sold from time to time by the Seller to the Covered Bond Guarantor in accordance with the terms of the Mortgage Sale Deed. The types of Mortgage Loans forming the Portfolio will vary over time provided that the Eligibility Criteria (as described below) in respect of such Mortgage Loans are met on the Cut-Off Date immediately preceding the relevant Assignment Date. Accordingly, the Portfolio may, at any time, include Mortgage Loans with different characteristics from Mortgage 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 Covered Bond Guarantor may acquire the Mortgage 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 Covered Bond Guarantor on or before the next Calculation Date to ensure compliance with the Asset Coverage Test as at the next Calculation Date. The obligation to use reasonable endeavours is subject to the proviso that the Seller is not obliged to sell the New Loans and their Related Security if, in the reasonable opinion of the Seller, the sale of the Mortgage Loans and their Related Security to the Covered Bond Guarantor would materially affect the business or financial condition of the Seller.

In addition, at the time that Covered Bonds are issued under the Programme or at any time, the Intercompany Loan Provider may make Advances to the Covered Bond Guarantor, the proceeds of which may be applied in whole or in part by the Covered Bond Guarantor to acquire Mortgage Loans and their Related Security from the Seller.

The Covered Bond 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.

If the Assignment Date is not a CBG Payment Date, then the Purchase Price will be paid by application of an Advance made available by the Intercompany Loan Provider under the Intercompany Loan Agreement.

The Covered Bond Guarantor may, at the direction of the Administrative Agent, accept an offer from the Seller for the sale of a New Portfolio of Mortgage Loans and their Related Security by payment of the Purchase Price for those Mortgage Loans (an amount equal to the aggregate Outstanding Principal Balance of those Mortgage 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 Covered Bond 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 Covered Bond Guarantor shall pay to the Seller the Accrued Interest Adjustment Amount as of such Assignment Date in respect of the Mortgage Loans and their Related Security comprised in the relevant New Portfolio assigned to the Covered Bond 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 Covered Bond Guarantor, or as the Administrative Agent directs, as an adjustment to the Purchase Price, an amount equal to any Principal Receipts received by the Seller in relation to the Mortgage 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 Mortgage Loans and their Related Security to the Covered Bond Guarantor will be subject to various conditions being satisfied on the relevant Assignment Date. These are as follows:

- (a) no Issuer Event of Default and service of an Issuer Acceleration Notice or CBG Event of Default and service of a CBG Acceleration Notice has occurred as at the relevant Assignment Date;
- (b) the Covered Bond 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 acceptance of an offer by the Covered Bond Guarantor of the relevant Mortgage 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 Mortgage Loans and their Related Security;
- (d) the Administrative Agent is satisfied that each Mortgage Loan offered for sale satisfies the Eligibility Criteria as that Assignment Date;
- (e) the Administrative Agent has given notice of such assignment to the Rating Agencies;
- (f) the Administrative Agent has determined that the Covered Bond Guarantor will have funds available to pay the relevant purchase price for the Mortgage Loans and their Related Security; and
- (g) 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 Mortgage Loans and their Related Security sold by the Seller to the Covered Bond Guarantor on that Assignment Date.

The Seller shall not be obliged to complete the sale of any Mortgage Loans and their Related Security and the Other Secured Liabilities in respect of the 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 Mortgage Loans and their Related Security or if the assignment of any of those Mortgage 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 Mortgage Loans and their Related Security and the Other Secured Liabilities in respect of the Related Security but shall notify the Administrative Agent and the Covered Bond Guarantor as soon as possible after becoming so aware. The Covered Bond Guarantor will have no obligation to (and must not be directed by the Administrative Agent to) pay the Purchase Price for that

Mortgage Loan and its Related Security and if no Mortgage Loans are to be assigned based on the untrue Representation and Warranty the Seller will repay the acceptance price to the Covered Bond Guarantor.

The sale of the Mortgage Loans and their Related Security by the Seller to the Covered Bond Guarantor is, and will take effect as, an equitable assignment of the Seller's rights, title, interest and benefit in and to the Mortgage 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 Mortgage Loan which is sold by the Seller to the Covered Bond Guarantor, the Seller may also offer to sell such Other Secured Liability to the Covered Bond Guarantor in the relevant New Portfolio Notice. However, the Covered Bond 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 Mortgage Loans and their Related Security to the Covered Bond Guarantor*

The perfection of the assignment of the Mortgage Loans and their Related Security comprised in the Portfolio to the Covered Bond Guarantor will only take place in the limited circumstances described below.

Each of the following is a **Title Perfection Event**:

- (a) service of a Notice to Pay on the Covered Bond Guarantor (provided that if the Seller has notified the Covered Bond Guarantor that it will repurchase certain Selected Loans as set out in the Selected Loan Offer Notice within the prescribed period specified in the Selected Loan Offer Notice, a Title Perfection Event in relation to the relevant Selected Loans will be deemed not to have occurred);
- (b) service of a CBG Acceleration Notice on the Covered Bond Guarantor;
- (c) in respect of Selected Loans only, at the request of the Covered Bond Guarantor or the Administrative Agent following the acceptance of any offer to sell the Selected Loans and their Related Security to any person who is not the Seller pursuant to an assignment to such person in accordance with the Mortgage Sale Deed;
- (d) the Seller or the Covered Bond Guarantor (or both) being required, by Law or 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 Mortgage Loans and their Related Security comprised in the Portfolio;
- (e) the termination of the Seller's role as Servicer under the Servicing Deed unless the substitute servicer, if any, is a member of the Suncorp Group;
- (f) the Seller requesting the perfection of the assignment of the Mortgage Loans and the Related Security comprised in the Portfolio by giving notice in writing to the Covered Bond Guarantor;
- (g) the occurrence of an Insolvency Event in relation to the Seller; or
- (h) the Seller is no longer an Eligible Seller.

Pending perfection of the assignment, the right of the Covered Bond 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 Covered Bond Guarantor.

If a Title Perfection Event has occurred and is subsisting, the Servicer or the Administrative Agent must, as soon as practicable but not more than 20 Local Business Days of the Servicer or Administrative Agent becoming aware of the occurrence of the Title Perfection Event, direct any or all of the Covered Bond

Guarantor, the Seller or the Servicer (as applicable) to take all necessary steps to protect the Covered Bond Guarantor's interest in, and title to, the Mortgage Loans and their Related Security (including providing details of what actions the Covered Bond Guarantor is to take) and the Covered Bond 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 Covered Bond Guarantor in accordance with the terms of the Mortgage Sale Deed;
- (c) requiring each Borrower to make all payments in respect of the relevant Mortgage Loans to the GI Account;
- (d) subject to and in accordance with the terms of the Mortgage Loan and applicable Law, promptly commencing the process and doing all things necessary for terminating Interest Off-Set Account arrangements in respect of that Mortgage Loan; and
- (e) any other step as may be reasonably required by the Administrative Agent, the Servicer or the Covered Bond Guarantor in writing (including in respect of the exercise of the Seller Power of Attorney).

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 Covered Bond Guarantor pursuant to the Mortgage Sale Deed as requested by the Covered Bond Guarantor (or the Administrative Agent or Servicer); and
- (b) upon request by the Administrative Agent, the Covered Bond Guarantor or the Servicer (if not the same entity as the Seller) execute all such deeds, assurances, agreements or instruments and do all such acts and things as the Administrative Agent, the Covered Bond Guarantor or the Servicer (as the case may be) may reasonably require to assist the Covered Bond Guarantor to protect or perfect the Covered Bond Guarantor's interest in, and title to, the Mortgage Loans and their Related Security.

#### *Representations and Warranties*

None of the Covered Bond 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 Mortgage Loans and their Related Security to be sold to the Covered Bond Guarantor. Instead, each is relying entirely on the Representations and Warranties by the Seller contained in the Mortgage Sale Deed. The Seller and the Covered Bond Guarantor (as directed by the Administrative Agent) 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 Mortgage Loans and Related Security to be sold to the Covered Bond Guarantor on that date.

1. No Insolvency Event is subsisting in respect of the Seller.

2. The particulars of each Mortgage Loan set out in the relevant New Portfolio Notice (each such Mortgage Loan being a "Mortgage Loan" for the purposes of the representations and warranties set out in Schedule 1 of the Mortgage Sale Deed) are true, complete and accurate in all material respects.
3. Each Mortgage Loan was made and its Related Security taken substantially on the terms of the Standard Documentation without any material variation.
4. The Seller:
  - (a) is under no obligation to make further amounts available under each Mortgage Loan or its Related Security to any Borrower; or
  - (b) has the right to cancel any obligation to make further amounts available under each Mortgage Loan or its Related Security to any Borrower,other than, in each case, as required by Law.
5. Each Mortgage Loan and Related Security is valid, binding and enforceable against the relevant Borrower(s) or security provider (as the case may be) in all material respects except to the extent that it is affected by laws relating to creditors rights generally or doctrines of equity.
6. The Mortgage Terms in respect of each Mortgage 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.
7. Neither the Seller nor any of its agents has received written notice of any litigation, dispute (subsisting, threatened or pending) or judgment in respect of any Borrower, any Property, any Mortgage Loan or its Related Security which might have a material adverse effect on that Mortgage Loan or its Related Security or have a material adverse effect on the value of the Mortgage Loans in aggregate.
8. Each Mortgage Loan and its Related Security was originated in good faith and in all material respects in accordance with the Seller's Policy in force at the time of its origination, and such Seller's Policy was consistent with the lending criteria of Reasonable, Prudent Mortgage Lenders at such time.
9. As at the relevant Cut-Off Date, each Mortgage 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 Mortgage Loan, the Mortgage Loan and its Related Security satisfy the Eligibility Criteria.
10. The Seller is the sole legal and beneficial owner of each Mortgage Loan and Related Security. Those Mortgage 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 Covered Bond Guarantor). The Seller is not in breach of any covenant or obligation by reason of its selling each Mortgage Loan and its Related Security.
11. All consents required in relation to the assignment of the Mortgage Loans and the Related Security have been obtained. Those Mortgage Loans and the Related Security are assignable.
12. The Seller has not knowingly waived or acquiesced in any material breach of the relevant Borrower's obligations under each Mortgage Loan or its Related Security, other than waivers and acquiescence such as a Reasonable, Prudent Mortgage Lender might make.

13. The Seller or the Originator holds, in accordance with the Servicing Standards, all documents which, pursuant to the Servicing Standards, it should hold to enforce the provisions of, and the security created by, the corresponding Mortgage.
14. The Seller or the Originator has, since the making of each Mortgage Loan, kept or procured the keeping of full and proper accounts, book and records showing all transactions and all material notices relating to such Mortgage Loan.
15. 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.
16. 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.
17. There is no fraud, dishonesty, material misrepresentation or negligence on the part of the Seller in connection with the selection and offer to the Covered Bond Guarantor of each Mortgage Loan and its Related Security.
18. As at the relevant Cut-Off Date, none of the Mortgage 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.
19. Subject to the Transaction Documents and except in respect of a Mortgage Loan subject to a fixed rate of interest (or a rate of interest which can be converted into a fixed rate of interest or a fixed margin relative to a benchmark) and except as may be provided by applicable laws (including the National Credit Code), any Binding Provision or any Competent Authority, the interest rate payable on the Mortgage Loan is not subject to any limitation and no consent, additional memoranda or other writing is required from the relevant Borrower to give effect to a change in the interest rate payable on the Mortgage Loan and, subject to the foregoing, any change in the interest rate may be set at the sole discretion of the Servicer and is effective no later than when notice is given to the mortgagee in accordance with the terms of the relevant Mortgage.
20. There are no Linked Accounts in relation to the Mortgage Loan other than any Interest Off-Set Account in relation to the Mortgage Loan and the Loan Terms permit, subject to applicable Law, the termination by the Seller of the Interest Off-Set Account arrangements, if any, in respect of that Loan.
21. The terms of the Loan relating to the Mortgage Loan require payments in respect of the Mortgage Loan to be made to the Seller free of set-off (other than in respect of Interest Off-Set Accounts).
22. At the time each Mortgage Loan and its Related Security was entered into, it complied in all material aspects with applicable Laws (including the National Credit Code, as applicable).
23. To the extent that a Mortgage Loan is insured, as at the relevant Assignment Date, that Mortgage Loan is the subject of a Mortgage Insurance Policy from a Mortgage Insurer for the scheduled term of that Mortgage Loan. The assignment of each such Mortgage Loan to the Covered Bond 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 Covered Bond Guarantor under or in respect of a Mortgage Insurance Policy to the extent that those rights relate to that Mortgage Loan. On transfer to the Covered Bond Guarantor of equitable title to a Mortgage Loan, the Covered Bond Guarantor will have the benefit of the relevant Mortgage Insurance Policy for that Mortgage Loan. Notwithstanding this paragraph 23, no Mortgage Loan is required to have the benefit of a Mortgage Insurance Policy unless the Seller and the Administrative Agent so agree in writing.

24. Each of the relevant Mortgage Loan Documents relating to the Mortgage Loan which is required to be stamped with stamp duty has been duly stamped.
25. At the time the Seller or the relevant Originator entered into the Mortgage Loan, the Mortgage Loan was originated in the ordinary course of its business.
26. Interest on each Mortgage Loan or its Related Security is charged in accordance with the Loan Terms subject to the Seller's Policy.
27. Once equitably assigned to the Covered Bond Guarantor, the Mortgage Loans and the Related Security will not be subject to any right of rescission, set-off, counterclaim or similar defence.

The **Eligibility Criteria** are as follows:

Each Mortgage Loan:

- (a) is denominated and payable only in Australian Dollars;
- (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 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) is a loan under which the Outstanding Principal Balance owed by the relevant Borrower is not more than \$2,000,000;
- (e) is a loan under which the relevant Borrower is required to repay the Mortgage Loan within 30 years;
- (f) is assignable by the Seller to the Covered Bond Guarantor without prior consent to the assignment being required from the Borrower or any other person;
- (g) has been fully drawn down;
- (h) is not a Delinquent Loan or a Defaulted Loan; and
- (i) the relevant Borrower has made at least one monthly payment or two fortnightly payments in respect of the loan.

*Repurchase of Mortgage Loans and their Related Security on a breach of a Representation and Warranty*

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

- (a) at least 10 Local Business Days has passed since notice in writing of such breach of Representation and Warranty was given by the Seller, the Covered Bond 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 Covered Bond Guarantor (acting at the direction of the Administrative Agent) or, where capable of remedy, is not remedied by the Seller to the reasonable satisfaction of the Administrative Agent (provided the Administrative Agent has delivered a Ratings Notification in respect of such remedy and has determined that such remedy will not have an

Adverse Effect) within the 10 Local Business Day period (or such longer period as the Administrative Agent may direct the Covered Bond Guarantor provided that a Ratings Notification has been delivered in respect of such longer period),

then the Covered Bond Guarantor (acting at the direction of the Administrative Agent and subject to the Administrative Agent providing the Loan Repurchase Notice to the Covered Bond Guarantor) must deliver to the Seller a duly completed Loan Repurchase Notice in respect of the relevant Mortgage Loan and its Related Security (and any Other Secured Liabilities).

The repurchase price payable upon the repurchase of any such Mortgage Loan is an amount equal to the aggregate Outstanding Principal Balance of each Mortgage 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 Mortgage Loan as a result of any breach of the Representations and Warranties (whether by set-off, concession or otherwise), provided that the result is that the Covered Bond Guarantor is in the same financial position in respect of each Mortgage Loan specified in the Loan Repurchase Notice as it would have been if no such breach had occurred.

On receipt of a Loan Repurchase Notice, the Seller must accept the offer contained in the Loan Repurchase Notice by paying to the GI account (or as the Administrative Agent shall direct), the amount described above, on:

- (a) (if the Seller receives the relevant Loan Repurchase Notice on or prior to the day which is five Local Business Days prior to the last day of the then current Calculation Period) the last Local 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 Local Business Days prior to the last day of the then current Calculation Period) the last Local 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 Covered Bond 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 Covered Bond Guarantor's sole remedy in respect of a breach of any of the Representations and Warranties shall be to sell the relevant Mortgage Loan and its Related Security to the Seller and the Covered Bond Guarantor has acknowledged and agreed 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 consequence of the Seller failing to perform its obligations to repurchase the applicable Mortgage Loan (and all Other Secured Liabilities under the relevant Mortgage Account) and its Related Security comprised in the Portfolio where a Representation and Warranty in respect of that Mortgage Loan has been materially untrue.

Prior to the occurrence of any Title Perfection Event, the Covered Bond Guarantor (acting at the direction of the Administrative Agent) will, in respect of any actual or alleged breach of the Representations and Warranties, notify the Seller as soon as reasonably practicable after becoming aware of any claim or threatened claim and will not settle or compromise the claim without written directions of the Seller and will comply with the Seller's reasonable directions, subject to the Seller indemnifying the Covered Bond Guarantor against the consequences of complying with the requirements and directions of the Seller.

### *Repurchase following Repurchase Event*

The Seller, Covered Bond Guarantor, Servicer or Administrative Agent shall promptly notify the parties to the Mortgage Sale Deed if it becomes aware of the occurrence of any of the following, in respect of a Mortgage Loan and its Related Security:

- (a) the Mortgage Loan becomes a Defaulted Loan;
- (b) a Related Security in respect of the Mortgage Loan is discharged other than in relation to a Product Switch;
- (c) the Mortgage Loan has a zero balance;
- (d) the Mortgage Loan has a credit balance;
- (e) the Seller or the Servicer becomes aware that the name of the Borrower or a grantor of Related Security in respect of the Mortgage Loan as recorded on the Seller's loan system is different from the name of the Borrower or grantor (as applicable) on the relevant Mortgage Loan Documents;
- (f) the Seller is required to repurchase any Mortgage Loan and its Related Security under any Law; or
- (g) 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 Mortgage Loan under applicable Law,

(each, a **Repurchase Event**).

If the Covered Bond Guarantor receives notice of a Repurchase Event then the Covered Bond Guarantor (acting at the direction of the Administrative Agent and subject to the Administrative Agent providing the Loan Repurchase Notice to the Covered Bond Guarantor) must deliver to the Seller a duly completed Loan Repurchase Notice in respect of the relevant Mortgage Loan and its Related Security (and any Other Secured Liability in respect of that Related Security). On receipt by the Seller of a Loan Repurchase Notice, the Seller must accept the offer contained in the Loan Repurchase Notice by paying to the GI Account (or as the Administrative Agent directs) on (i) where the Repurchase Event occurs on or prior to the day which is five Local Business Days prior to the last day of the then current Calculation Period, the last Local 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 the Repurchase Event occurs on or prior to the day which is after the day which is five Local Business Days prior to the last day of the then current Calculation Period the last Local 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 Mortgage Loan as of the relevant Cut-Off Date.

### *General ability to repurchase (including Defaulted Loans)*

The Seller may at any time offer to repurchase from the Covered Bond Guarantor any Mortgage 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 delivering to the Covered Bond Guarantor (with a copy to the Administrative Agent) a Loan Repurchase Notice in respect of the relevant Mortgage Loan and its Related Security (and any Other Secured Liabilities in respect of that revoked security). On receipt by the Covered Bond Guarantor of a Loan Repurchase Notice, the Covered Bond Guarantor must if directed by the Administrative Agent accept the offer contained in the Loan Repurchase Notice by paying A\$10 to the Seller.



If the Covered Bond Guarantor accepts the offer in a Loan Repurchase Notice, the Seller must, on or after the date of such acceptance, pay to the GI Account (or as the Administrative Agent directs) an amount equal to the total Outstanding Principal Balance of such Mortgage Loan as of the relevant Cut-Off Date plus the sum of A\$10.

#### *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 Covered Bond 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 Local 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 Local 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 Covered Bond Guarantor, the earlier to occur of the date which is:
  - (i) 10 Local Business Days after receipt by the Covered Bond 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 in respect of the Seller to the Covered Bond Guarantor and Administrative Agent. If the Seller has not accepted an offer from the Covered Bond Guarantor in accordance with the foregoing, the Administrative Agent must direct the Covered Bond Guarantor to offer, and the Covered Bond 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 Mortgage Loans sold by the Seller to the Covered Bond 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 Mortgage 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 7, 8, 9, 12 or 18 under the heading *Representations and Warranties* above are no longer satisfied

in respect of such Mortgage Loan and its Related Security on the date on which the Product Switch or Further Advance (as applicable) is made, then the Seller must deliver to the Covered Bond Guarantor a duly completed Loan Repurchase Notice in respect of the relevant Mortgage Loan and its Related Security (and any Other Secured Liability in respect of the Related Security), then the Covered Bond Guarantor must (if directed by the Administrative Agent) accept the offer by paying A\$10 consideration to the Seller. If the Covered Bond Guarantor accepts the offer, the Seller must pay to the GI Account on:

- (a) (where the Product Switch or Further Advance occurs on or prior to the day which is five Local Business Days prior to the last day of the then current Calculation Period) the last Local 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 Local Business Days prior to the last day of the then current Calculation Period) the last Local 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 Mortgage Loan and its Related Security is an amount equal to the total Outstanding Principal Balance thereof as of the relevant Cut-Off Date for the repurchase of the Mortgage Loan and its Related Security plus the sum of A\$10.

A Loan will be subject to a **Product Switch** if there is a variation in the terms and conditions applicable to the Mortgage 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 Mortgage Loan;
- (b) any variation in the term of the Mortgage 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 Mortgage Loan where that variation or rate is offered to the Borrowers under Mortgage Loans which constitute 10% or more by Outstanding Principal Balance of all Mortgage Loans comprised in the Portfolio in any CBG Payment Period or to all Borrowers of Mortgage Loans comprised in the Portfolio which are Variable Rate Loans or to all Borrowers of Mortgage 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 Mortgage 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 Mortgage Loans and their Related Security (such date, the **Repurchase Completion Date**):

- (a) the Seller must pay to the Covered Bond Guarantor an amount equal to all the Arrears of Interest and Accrued Interest on the Mortgage Loans and their Related Security repurchased from the Covered Bond Guarantor, up to (but excluding) the relevant Repurchase Completion Date; and
- (b) if the Servicer:

- (i) is the same entity as the Seller, the Covered Bond Guarantor must 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 Covered Bond Guarantor) equal to any Principal Receipts received by the Covered Bond Guarantor (or the Servicer on its behalf) in relation to such Mortgage 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 Mortgage 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 Covered Bond Guarantor must pay to the Seller, as an adjustment to the repurchase price, an amount (as notified by the Administrative Agent to the Covered Bond Guarantor) equal to any Principal Receipts received by the Covered Bond Guarantor (or the Servicer on its behalf) in relation to such Mortgage 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 Mortgage Loans or Selected Loans (as the case may be) and their Related Security to (but excluding) the relevant Repurchase Completion Date.

*Trust Back*

Where any Related Security comprised in the Portfolio secures Other Secured Liabilities or where any Other Secured Liabilities are assigned to the Covered Bond Guarantor, then such Trust Back Assets vest in the Covered Bond Guarantor and shall be held by the Covered Bond 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 Covered Bond Guarantor to, and the Covered Bond 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 Mortgage Loan or Related Security comprised in the Portfolio. The Trust Back Assets do not form part of the Security Collateral of the Covered Bond Guarantor and are not available as collateral securing any obligations of the Issuer or the Covered Bond Guarantor in respect of the Covered Bonds.

The Covered Bond Guarantor must act in accordance with any direction given to it by the Seller in respect of any Trust Back Assets, except that the Covered Bond 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 Covered Bond Guarantor's rights and interests in relation to the relevant Mortgage Loan or Related Security, or otherwise be contrary to the terms of the Transaction Documents. The Covered Bond 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 Covered Bond 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 Covered Bond Guarantor has received any proceeds of Trust Back Assets, pay to the Seller any proceeds the Covered Bond Guarantor receives in respect of the Trust Back Assets.

The Administrative Agent must not direct the Covered Bond Guarantor to, and the Covered Bond 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 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 Covered Bond 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 Covered Bond Guarantor agrees to do such acts or things as the Seller may reasonably require the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor under such Related Security and the Mortgage Loan secured by the Related Security;
- (c) third, the Other Secured Liability for all amounts now or in the future owing under that Other Secured Liability or secured by the Related Security that relate to that Other Secured Liability; and
- (d) fourth, as to any excess, to the Borrower in respect of the Related Security comprised in the Portfolio which also secures, or relates to, any 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 Covered Bond Guarantor after the application of the priority of payments set out above shall be applied under any Priorities of Payments. The Covered Bond 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 or about 11 May 2012 between the Seller, the Covered Bond Guarantor, the Servicer, the Administrative Agent, the Cash Manager and the Security Trustee, the Servicer has agreed to service on behalf of the Covered Bond Guarantor the Mortgage Loans and their Related Security comprised in the Portfolio.

The Servicer is required to administer the Mortgage Loans and their Related Security:

- (a) in accordance with the Servicing Deed and having regard to the interests of the Covered Bond Guarantor;
- (b) to the extent not otherwise expressly provided for in the Servicing Deed, in accordance with the Servicing Standards as interpreted and applied by the Servicer in the ordinary course of its business; and
- (c) to the extent not covered by (a) above, by exercising the same level of skill, care and diligence as would a Reasonable, Prudent Mortgage Lender as if the Mortgage Loans and their Related Security had not been sold to the Covered Bond Guarantor but remained with the Seller.

All acts of the Servicer in servicing the Mortgage Loans and their Related Security comprised in the Portfolio in accordance with the Servicing Standards are binding on the Covered Bond Guarantor.

The Servicer has the power to exercise the rights, powers and discretions and to perform the duties of the Covered Bond Guarantor and the Seller (according to their respective estates and interests) in relation to the Mortgage 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 subject to the terms and conditions of the Servicing Deed, the Mortgage Terms, the Mortgage Sale Deed and the Participation Agreement which it reasonably considers necessary, convenient or incidental to the administration of the Mortgage 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, provided that it will nevertheless remain liable at all times for servicing the Mortgage 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.

### *Duties and responsibilities of the Servicer*

Pursuant to the terms of the Servicing Deed, the Servicer's duties and responsibilities (in its capacity as custodian under the Servicing Deed) in relation to those Mortgage Loans and their Related Security that it is servicing, *inter alia*, are to:

- (a) hold as custodian in electronic form or otherwise the Mortgage Loan Documents and Mortgage Loan Files relating to each Mortgage Loan in the Portfolio that it may receive on behalf of the Covered Bond Guarantor (or its agent or nominee) pursuant to a Transaction Document in accordance with its standard safekeeping practices;
- (b) ensure that the Mortgage Loan Documents and Mortgage Loan Files relating to each Mortgage 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 of the Mortgage Loan Documents and Mortgage Loan Files relating to each Mortgage Loan comprised in the Portfolio which are held by it in a physical form from time to time;
- (d) update the Loans Register and provide a copy of the Loans Register (i) to the Covered Bond Guarantor within one month of each assignment of Mortgage Loans to the Covered Bond Guarantor under the Mortgage Sale Deed, (ii) to the Covered Bond Guarantor and the Security Trustee, upon request of the Covered Bond Guarantor or the Security Trustee where the Covered Bond Guarantor or the Security Trustee has a reasonable basis for believing that a Servicer Termination Event has occurred, or following the lapse of any applicable grace period, will occur, (iii) prior to a Title Perfection Event, to give a copy of the Loans Register to the Covered Bond Guarantor and Security Trustee upon request not more than twice every 12 months and (iv) following a Title Perfection Event, to the Covered Bond Guarantor and the Security Trustee within 1 Local Business Day following receipt of such request from the Covered Bond Guarantor or the Security Trustee from time to time;
- (e) do all acts, matters and things which may reasonably be required of the Servicer by the Covered Bond 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 Servicing Standards 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 any of paragraphs 7, 8, 9, 12 or 18 under the heading *Mortgage Sale Deed – Representations and Warranties* above are no longer satisfied then the Seller will repurchase such Mortgage 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 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 Local 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 Covered Bond Guarantor and the Administrative Agent otherwise agree,

calculate the Threshold Rate as at that date and notify the Covered Bond 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 Local Business Days following the date on which the Threshold Rate is notified to it, ensure that the process is commenced by the Servicer to:

- (a) change the interest rate payable on some or all of the Variable Rate Loans comprised in the Portfolio; or
- (b) reduce the rates at which the interest off-set benefits under some or all of the Interest Off-set Accounts linked to the Variable Rate Loans comprised in the Portfolio are calculated; or
- (c) give effect to any combination of (a) and (b),

as permitted by the terms of the relevant Mortgage Loans and by applicable Law, such that either:

- (i) the weighted average interest rate payable on all Variable Rate Loans comprised in the Portfolio, is not less than the Threshold Rate; or
- (ii) the aggregate amount of income on the Mortgage Loans then comprised in the Portfolio will be sufficient to ensure that the Covered Bond Guarantor will have sufficient Available Revenue Receipts (excluding paragraphs (c), (d) and (h) of that definition) to enable it to comply with its obligations under the Transaction Documents as and when they fall due.

The Servicer will promptly notify the Covered Bond Guarantor and the Administrative Agent when that process has been commenced.

#### *Collections of Moneys*

The Servicer shall, on behalf of the Covered Bond Guarantor, collect and receive the amounts due from Borrowers under the Mortgage 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 Covered Bond Guarantor.

In collecting and receiving the amounts due from Borrowers under the Mortgage Loans and Related Security comprised in the Portfolio the Servicer shall:

- (a) act in accordance with the Servicing Standards; 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 Local 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 Local Business Days following receipt and (ii) two Local Business Days following the date upon which the Servicer does not have a Servicer's Remittance Rating (if the Servicer has not undertaken action in that period which otherwise satisfies the criteria of each of the Rating Agencies so as to avoid an Adverse Rating Effect).

Notwithstanding the above, if the GI Account is not maintained with the Servicer or a member of the Suncorp Group, all Principal Receipts and Revenue Receipts must be deposited by the Servicer into the GI Account no later than two Local Business Days following receipt of them by the Servicer.

#### *Remuneration*

The Covered Bond Guarantor shall pay to the Servicer a services fee for its Services. Such services fee will be calculated by the Administrative Agent (and notified to the Covered Bond 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 Covered Bond 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 Covered Bond 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:

- (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 Local Business Days (or such longer period as is agreed between the Servicer and the Covered Bond Guarantor provided a Ratings Notification has been delivered by the Administrative Agent to the Covered Bond 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 Covered Bond 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 Mortgage 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 observance of any of its other covenants and obligations under the Servicing Deed, which failure in the reasonable opinion of the Covered Bond 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 Covered Bond 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 terminate its appointment by giving not less than three months' written notice to the Security Trustee, the Administrative Agent and the Covered Bond Guarantor provided that a suitably qualified substitute servicer has been appointed and enters into a servicing deed with the Covered Bond Guarantor, the Administrative Agent and the Security Trustee substantially on the same terms as the Servicing Deed. The termination of the Servicer is conditional on a Ratings Notification being delivered by the Administrative Agent to the Covered Bond 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, within 30 days of 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 Covered Bond Guarantor confirming no action needs to be taken) use reasonable endeavours to appoint, on behalf of the Covered Bond 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 Covered Bond Guarantor or the Security Trustee, or the Servicer voluntarily terminates with three months' notice, and a suitably qualified substitute servicer has not been appointed by the Covered Bond Guarantor on substantially the same terms as the Servicing Deed on the date of such termination or voluntary termination, the Covered Bond 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 Covered Bond Guarantor on substantially the same terms as the Servicing Deed within 30 days of the relevant downgrade, the Covered Bond Guarantor will act as the New Servicer.

In acting as the New Servicer, the Covered Bond Guarantor will not be liable for any inability to perform, or deficiency in performing, its duties and obligations as Servicer if:

- (a) the Covered Bond 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 (other than the Covered Bond Guarantor or a Related Body Corporate of the Covered Bond Guarantor) or the state of affairs of the previous Servicer, and its books and records; or
- (b) the Covered Bond 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 Covered Bond Guarantor requires and which are reasonably necessary for the Covered Bond Guarantor to perform those duties and obligations.

If the appointment of the Servicer is terminated, the Servicer must deliver the Mortgage Loan Files, Mortgage Loan Documents, all books of account, papers, records, registers, correspondence and documents in its possession or under its control (whether in electronic or physical form) relating to the Mortgage Loans comprised in the Portfolio in its possession to, or at the direction of, the Covered Bond Guarantor and must take such further action as the Covered Bond Guarantor or the Security Trustee may reasonably direct. The Servicing Deed will terminate at such time as the Covered Bond Guarantor has no further interest in any of the Mortgage Loans or their Related Security serviced under the Servicing Deed that have been comprised in the Portfolio.

#### *Servicer's Liability*

To the extent to which the Servicer acts, in accordance with the written directions of the Security Trustee, the Covered Bond Guarantor, the Administrative Agent or the Cash Manager (only in circumstances where the Servicer and the Cash Manager and the Administrative Agent (as the case may be) are not Related Bodies Corporate) it shall not be held liable for the consequences of so acting and shall be indemnified by the Covered Bond Guarantor in accordance with the Priorities of Payments against any loss, cost, liability or expense incurred as a result of so acting provided that such directions are not inconsistent with the terms of the Transaction Documents.

Neither the Bond Trustee, the Security Trustee nor the Covered Bond 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 11 May 2012 between the Asset Monitor, the Covered Bond Guarantor, the Servicer, the Cash Manager, the Administrative Agent, the Issuer, the Seller and the Security Trustee, the Asset Monitor has agreed, if the Calculation Date immediately preceding an anniversary of the date of the First Issue prior to the service of a Notice to Pay on the Covered

Bond Guarantor, then subject to due receipt of the information to be provided by the Cash Manager to the Asset Monitor, the Asset Monitor shall conduct tests in respect of the arithmetical accuracy of the calculations performed by the Cash Manager for the purpose of determining compliance, or non-compliance, with the Asset Coverage Test for such Calculation Date.

If the Calculation Date immediately preceding an anniversary of the date of the First Issue falls after the service of a Notice to Pay but prior to the occurrence of a CBG Event of Default and service of a CBG Acceleration Notice on the Covered Bond Guarantor, then subject to receipt of information to be provided by the Cash Manager to the Asset Monitor, the Asset shall conduct tests in respect of the arithmetical accuracy of the calculations performed by the Cash Manager for the purpose of determining compliance, or non-compliance, with the Amortisation Test for such Calculation Date.

The Asset Monitor shall conduct the tests of the Cash Manager's calculations referred to above in respect of every Calculation Date if and for so long as the long-term unsecured, unguaranteed and unsubordinated debt obligation ratings of the Cash Manager (or if the Cash Manager is not independently rated, the equivalent ratings of the Issuer (if the Cash Manager is an affiliate of the Suncorp Group) or the Cash Manager's holding company (if the Cash Manager is not a member of the Suncorp Group) are below the ratings set out in the Asset Monitor Agreement.

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 reported Adjusted Aggregate Loan Amount or the Amortisation Test Aggregate Loan Amount was misstated by an amount exceeding one per cent. 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 after the date of the Asset Coverage Test and/or Amortisation Test which included the relevant arithmetic errors.

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 and is not required to conduct an audit or other similar examination or otherwise verify such information. The Asset Monitor Report will be delivered to the Cash Manager, the Servicer, the Covered Bond Guarantor, the Issuer and the Security Trustee, which shall include the relevant calculations performed by the Cash Manager and the results of its tests of the accuracy of the Cash Manager's calculations.

The Asset Monitor has also been appointed as the cover pool monitor in respect of the Trust and the Programme for 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 **Audit 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 of an accurate register of the assets in the cover pool of the Covered Bond Guarantor; and
- (b) assess compliance by the Issuer with sections 31 and 31A of the Banking Act (including, without limitation, the Statutory Test).

The Asset Monitor may perform its obligations by sampling in accordance with auditing standards made under the Corporations Act.

The Covered Bond Guarantor will pay to the Asset Monitor a fee for the obligations to be performed by the Asset Monitor under the Asset Monitor Agreement.

The Covered Bond Guarantor (at the direction of the Administrative Agent) may, at any time terminate the appointment of the Asset Monitor by giving at least 40 Local Business Days' prior written notice or such shorter notice as is permitted by the terms of the Asset Monitor Agreement to the Asset Monitor, provided that such termination may not be effected unless and until a replacement asset monitor has been found by the Covered Bond Guarantor (at the direction of the Administrative Agent) in accordance with the replacement terms described below. The Covered Bond Guarantor (at the direction of the Administrative Agent) may at any time (with prior written notice to the Security Trustee) terminate the appointment of the Asset Monitor upon giving immediate written notice if the Asset monitor is not at that time an Eligible Asset Monitor.

The Asset Monitor may, at any time, resign by giving at least 40 Local Business Days' prior written notice to the Issuer, the Servicer, Covered Bond Guarantor, the Cash Manager, the Administrative Agent and the Security Trustee (copied to the Rating Agencies), and may resign by giving immediate notice if the Administrative Agent agrees that the resignation may take effect at an earlier time or if the Asset Monitor is required to resign pursuant to the applicable professional standards to which it is subject at that time, provided that a replace Asset Monitor has been appointed.

Upon the Asset Monitor giving notice of resignation or termination of the Asset Monitor's appointment, the Covered Bond Guarantor (at the direction of the Administrative Agent) shall 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. If a substitute Asset Monitor that is an Eligible Asset Monitor is not appointed by the date which is 20 Local Business Days prior to a Calculation Date in respect of which the Cash Manager's calculations are to be tested in accordance with the terms of the Asset Monitor Agreement, then the Covered Bond Guarantor (at the direction of the Administrative Agent) shall appoint an Eligible Asset Monitor approved by the Security Trustee to carry out the tests on a one-off basis. The Administrative Agent shall promptly notify the Rating Agencies of the appointment of the substitute Asset Monitor.

Neither the Covered Bond Guarantor, 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 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 the Adjusted Aggregate Loan Amount is less than the aggregate AUD Equivalent of the Principal Amount Outstanding of all Covered Bonds (all calculated as of the Calculation Date immediately preceding that Test Date), then the Cash Manager will immediately notify in writing the Covered Bond Guarantor, the Seller, the Issuer, the Rating Agencies, the Bond Trustee and the Security Trustee thereof and the Covered Bond Guarantor (at the direction of the Cash Manager) will use all commercially reasonable endeavours to acquire sufficient further Mortgage 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 aggregate AUD Equivalent of the 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 will immediately notify the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor (which has not been revoked) but prior to the service of a Notice to Pay:

- (a) the Covered Bond 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 Covered Bond 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 Mortgage 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 Mortgage 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 Mortgage Loan, in each case multiplied by M:

- (A) where, for each Mortgage Loan that is not a Defaulted Loan,  $M = 0.80$ , or such other amount determined by the Cash Manager and notified to the Covered Bond Guarantor and the Rating Agencies and in respect of which a Ratings Notification has been delivered by the Cash Manager; and
- (B) where, for each Mortgage Loan that is a Defaulted Loans  $M = 0$ ,

*minus*

the aggregate sum of the following deemed reductions to the aggregate LTV Adjusted Outstanding Principal Balance of the Mortgage 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 Mortgage 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 Mortgage Loan and its Related Security, and in each case the Seller has not repurchased the Mortgage Loan or Mortgage 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 Mortgage 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 Mortgage Loan or Mortgage 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 Mortgage 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 Covered Bond 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 Covered Bond Guarantor by the Seller to indemnify the Covered Bond Guarantor for such financial loss);

AND

- (b) = the sum of the **Asset Percentage Adjusted Outstanding Principal Balance** of each Mortgage 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 Mortgage 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 Mortgage Loan, in each case multiplied by N:
  - (A) where, for all Mortgage Loans that are not Defaulted Loans, N = 1.00; and
  - (B) where, for all Mortgage 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 Mortgage 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 Mortgage Loan or its Related Security, in breach of any of the Mortgage Loan Representations and Warranties contained in the Mortgage Sale Deed or subject to any other obligation of the Seller to repurchase the relevant Mortgage Loan and its Related Security, and in each case the Seller has not repurchased the Mortgage Loan or Mortgage 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 Mortgage 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 Mortgage Loan or Mortgage 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 Mortgage 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 Covered Bond 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 Covered Bond Guarantor by the Seller to indemnify the Covered Bond Guarantor for such financial loss),

the result of *the calculation in this paragraph (b) being multiplied by the Asset Percentage* (as defined below);

**B** = the aggregate amount of any Principal Receipts on the Mortgage 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 Mortgage 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 AUD Equivalent 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 Mortgage 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 Covered Bond 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 Cash Manager acting on its behalf may from time to time determine and which is promptly notified to the Covered Bond Guarantor, 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 or such other amount determined by the Cash Manager and notified to the Covered Bond 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 Covered Bond 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 Covered Bond 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 Local Business Day (including, but not limited to, any Calculation Date) as may be selected from time to time by the Cash Manager, the Cash Manager will send written notice to (i) the Covered Bond 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 Covered Bond 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 Covered Bond 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 Deed 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 5:00 pm on any Local Business Day shall be deemed to be received on the next following Local Business Day.

- (c) Notwithstanding paragraph (b) above, the Covered Bond 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 Covered Bond 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 by Aaa by Moody's.
- (d) On any Local 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, the Cash Manager will send written notice to the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor, the Bond Trustee and the Security Trustee in accordance with the Master Definitions and Construction Deed and to the Rating Agencies by email, which email shall be deemed to be received once sent provided that an email sent after 5:00 pm Brisbane Local time on any Local Business Day shall be deemed to be received on the next following Local Business Day.

Where there is more than one Mortgage 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 Mortgage Loans on a consolidated basis as if all Mortgage Loans in the Portfolio secured on the same Property subject to a Related Security were a single Mortgage Loan.

### ***Amortisation Test***

The Amortisation Test will be satisfied as of a Calculation Date following the service of a Notice to Pay on the Covered Bond Guarantor (but prior to service of a CBG Acceleration Notice), if, on that Calculation Date, the Amortisation Test 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 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 Amortisation Test 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 Covered Bond Guarantor, the Amortisation Test 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 Amortisation Test will be deemed to be breached and a CBG Event of Default will occur and subject to the Terms and Conditions to serve a CBG Acceleration Notice on the Issuer and Covered Bond Guarantor. The Cash Manager will immediately notify the Covered Bond 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 Mortgage Loan in the Portfolio, which balance will be the lower of:
- (a) the actual Outstanding Principal Balance of the relevant Mortgage 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 Mortgage Loan multiplied by M.

Where for all Mortgage Loans that are not Defaulted Loans  $M = 0.80$  or such other amount determined by the Cash Manager and notified to the Covered Bond Guarantor and the Rating Agencies and in respect of which a Ratings Notification has been delivered by the Cash Manager, and for all the Mortgage 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 Principal Amount Outstanding of all Covered Bonds *multiplied by* the Negative Carry Factor.

Where there is more than one Mortgage 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 Mortgage Loans on a consolidated basis as if all Mortgage Loans in the Portfolio secured on the same Property subject to a Related Security were a single Mortgage 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 Covered Bond 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 in most circumstances be required to direct the Covered Bond Guarantor to, and the Covered Bond 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 such failure to pay will constitute an Issuer Event of Default, following which a Notice to Pay may be served

by the Bond Trustee on the Covered Bond Guarantor, following which, 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 Covered Bond 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 Covered Bond Guarantor (which has not been revoked) but prior to service of a Notice to Pay, the Administrative Agent shall, if the Asset Coverage Test is not satisfied as of the next following Calculation Date, direct the Covered Bond 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 Covered Bond Guarantor, but prior to service of a CBG Acceleration Notice in order to meet the Covered Bond Guarantor's obligations, the Administrative Agent may, or to the extent necessary to meet those obligations, shall, direct the Covered Bond Guarantor and the Covered Bond Guarantor as so directed will offer to sell Selected Loans and their Related Security 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 Covered Bond Guarantor on the CBG Payment Date following that Calculation Date (including the Covered Bond 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; and
- 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 aggregate Outstanding Principal Balance of all the Mortgage Loans in the Portfolio;
- D** is the AUD Equivalent of the outstanding balance of the Demand Loan;
- 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 Covered Bond 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 aggregate Outstanding Principal Balance of all the Mortgage 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;
- 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; or

For the purposes hereof:

**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)

The Administrative Agent will use reasonable endeavours to direct and the Covered Bond Guarantor will, as so directed, offer the Selected Loans for sale to Purchasers for the best price reasonably available 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 Covered Bond 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 Covered Bond Guarantor or any premium payments payable to the Covered Bond 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 Covered Bond Guarantor or any premium payments payable to the Covered Bond 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 Advisor) 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 may direct the Covered Bond Guarantor and the Covered Bond Guarantor as so directed will (subject to any additional right of pre-emption in favour of the Seller if (and only if) required by law):

- (A) sell additional Selected Loans and their Related Security; and/or
- (B) offer the Selected Loans and the additional Selected Loans for the best price possible (in accordance with the recommendations of the Sale Advisor) taking into account the market conditions at that time and the terms of this agreement.

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 will direct the Covered Bond Guarantor to, and the Covered Bond Guarantor as so directed will (subject to any additional right of pre-emption in favour of the Seller if (and only if) required by law), offer the Selected Loans for sale at the best price reasonably obtainable notwithstanding that the aggregate proceeds from the sale of such Selected Loans may be less than the amount required by (a) above.

Following service of a Notice to Pay, if the Selected Loans in relation to a sale to meet the Covered Bond 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 (after taking into account any amounts standing to the credit of the Pre-Maturity Liquidity Ledger if the Earliest Maturing Covered Bonds are Hard Bullet Covered Bonds) 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 will direct the Covered Bond Guarantor to, and the Covered Bond Guarantor as so directed will (subject to any additional right of pre-emption in favour of the Seller if (and only if) required by law), offer the Selected Loans for sale to Purchasers for the best price reasonably available notwithstanding that the aggregate proceeds from the sale of such Selected Loans may be less than the Adjusted Required Redemption Amount.

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 Covered Bond Guarantor (at the direction of the Administrative Agent) will either:

- (A) prior to service of a Notice to Pay on the Covered Bond Guarantor the Covered Bond Guarantor (at the direction of the Administrative Agent) will appoint any member of the Suncorp Group; and
- (B) following service of a Notice to Pay on the Covered Bond Guarantor the Covered Bond Guarantor (at the direction of the Administrative Agent) will 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 for the sale of the Selected Loans (if such terms are commercially available in the market),

(in each case, the **Sale Advisor**) 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 Covered Bond Guarantor (at the direction of the Administrative Agent), (subject to the right of pre-emption in favour of the Seller in the Mortgage Sale Deed) is permitted to offer for sale a portfolio of Selected Loans and their Related Security in respect of other Series of Covered Bonds.

The Covered Bond Guarantor (at the direction of the Administrative Agent) 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 and their Related Security (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 Covered Bond Guarantor and the relevant sale and purchase agreement will:

- (a) not include any representations and warranties from the Covered Bond Guarantor or the Seller unless expressly agreed by the Covered Bond 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 completion date of the sale of the Selected Loans.

#### ***Limit on Investing in Substitution Assets and Authorised Investments***

Prior to service on the Covered Bond 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 Covered Bond Guarantor (at the direction of the Cash Manager) 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 Covered Bond 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 Covered Bond Guarantor, all Substitution Assets may be sold by Covered Bond Guarantor (at the direction of the Cash Manager) for the best price possible taking into account market conditions at that time and the nature of the Substitution Assets and the proceeds credited to the GI Account.

The Covered Bond Guarantor (at the direction of the Cash Manager) 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 Covered Bond Guarantor (at the direction of the Cash Manager) may be credited to the GI Account from time to time.

#### ***Other Provisions***

The allocation and distribution of Revenue Receipts, Principal Receipts and all other amounts received by the Covered Bond 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 Covered Bond Guarantor pursuant to the terms of the Cash Management Deed entered into on or about 11 May 2012 between the Covered

Bond Guarantor, SME in its capacities as the Cash Manager and Administrative Agent, Suncorp 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 and directing the Covered Bond Guarantor to operate the GI Account and other bank accounts;
- (c) keeping or directing the Covered Bond Guarantor to keep any records necessary for all Taxation purposes;
- (d) directing the Covered Bond Guarantor to make withdrawals for the GI Account in accordance with the Cash Management Deed;
- (e) paying or directing the Covered Bond Guarantor to pay all the out-of-pocket expenses of the Covered Bond Guarantor;
- (f) opening and maintaining the Ledgers on behalf of the Covered Bond Guarantor;
- (g) procure (so far as the Cash Manager, using its reasonable endeavours, is able so to do) compliance by the Covered Bond Guarantor with applicable legal requirements and the Transaction Documents;
- (h) maintaining records of all Authorised Investments and/or Substitution Assets, as applicable;
- (i) directing the distribution of the Revenue Receipts and the Principal Receipts in accordance with the Priorities of Payments described under *Cashflows* below;
- (j) 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;
- (k) 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;
- (l) on each Local 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;
- (m) providing the Asset Monitor with all necessary information to allow it to comply with its obligations under the Asset Monitor Agreement;
- (n) making the calculations and determinations required by the Intercompany Loan Agreement;
- (o) making the calculations and determinations required under the Subordinated Loan;
- (p) making any calculations or notifications required under the Interest Rate Swap Agreement or any Covered Bond Swap Agreement;
- (q) in connection with an Advance denominated in a currency other than Australian Dollars to be made to the Covered Bond Guarantor by the Intercompany Loan Provider, directing the Covered Bond Guarantor to enter into a Covered Bond Swap;

- (r) if the Interest Rate Swap is terminated where Covered Bond Guarantor is the Defaulting Party, directing the Covered Bond Guarantor to purchase a new hedge or hedges;
- (s) if Covered Bond Swap is terminated, where Covered Bond Guarantor is the Defaulting Party, purchasing a new swap to hedge the interest rate, currency and/or other risks and directing the Covered Bond Guarantor to apply an early termination payment to a Covered Bond Swap Agreement or any premium payments towards any termination payment;
- (t) delivering notice of any Cash Manager Termination Event (or notice of an event likely to cause a Cash Manager Termination Event), Issuer Event of Default or Potential Issuer Event of Default or CBG Event of Default or any Potential CBG Event of Default on the Covered Bond Guarantor, Security Trustee, Bond Trustee and the Rating Agencies as soon as reasonably practicable but within 3 Local Business Days of becoming so aware;
- (u) notifying Covered Bond Guarantor if actually aware the purchase of a New Portfolio on an Assignment Date would cause an Adverse Rating Effect.

In certain circumstances, including (x) the Cash Manager defaulting on a payment under the Cash Management Deed which remains unremedied for 5 Local Business Days after the Cash Manager becoming aware of such default, (y) the Cash Manager defaulting in the performance or observance of any of its other obligations under the Cash Management Deed which failure would in the reasonable opinion of the Covered Bond Guarantor or Security Trustee have an Adverse Rating Effect and such default continues unremedied for a period of thirty (30) days or (z) an Insolvency Event occurring in respect of the Cash Manager, the Covered Bond Guarantor and the Security Trustee will each have the right to terminate the appointment of the Cash Manager and to appoint a substitute. The Covered Bond 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 Covered Bond Guarantor and the Security Trustee) and the rights of the Covered Bond Guarantor under such deed 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 Covered Bond Guarantor is not required to determine if the substitute cash manager has appropriate experience).

The Cash Manager will indemnify the Covered Bond Guarantor on demand for any Costs incurred by the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor, any GST and any VAT, other than to the extent to which such Costs or Taxes are caused by the fraud, negligence or wilful default of the Cash Manager or the Cash Manager's breach of obligations under a Transaction Document.

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 Covered Bond Guarantor or any other person or for any loss howsoever caused to any Covered Bondholder, the Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor.

Each Subordinated Advance (except for Deemed Subordinated Advances) must be used by the Covered Bond 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;
- (iii) to refinance an Advance outstanding under the Intercompany Loan Agreement; or
- (iv) 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 Covered Bond Guarantor (at the direction of the Cash Manager) may request Subordinated Advances in order to enable the Covered Bond 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 Covered Bond 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 Priorities 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 Covered Bond Guarantor, being primarily linked to the rates of interest payable on the Mortgage Loans in the Portfolio

(which may, for instance, include variable rates of interest or fixed rates of interest), and the amounts payable by the Covered Bond Guarantor which are referable to the Bank Bill Rate (primarily, interest amounts payable on (prior to service of a Notice to Pay on the Covered Bond Guarantor) the Intercompany Loan (other than in respect of any Matching Advances) and amounts payable to the relevant Covered Bond Swap Provider (if applicable) and (following the service of a Notice to Pay on the Covered Bond Guarantor) under the Covered Bond Swap Agreements or if a Covered Bond Swap is not in place in respect of Series of Covered Bonds, the relevant Covered Bonds), the Covered Bond Guarantor entered into the Interest Rate Swap Agreement on or about 15 May 2012 with the Interest Rate Swap Provider. Under the terms of the Interest Rate Swap pursuant to the Interest Rate Swap Agreement, the Covered Bond Guarantor and the Interest Rate Swap Provider will agree, with effect from the first Assignment Date, to swap the amount of interest received by the Covered Bond Guarantor in respect of the Mortgage Loans in the Portfolio and interest received by the Covered Bond Guarantor on the GI Account, the Substitution Assets and any Authorised Investments in exchange for an amount referable to the one month Bank Bill Rate plus a margin in order to produce an amount sufficient to pay the amounts referred to above plus, a certain amount for expenses.

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 Mortgage 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 after the applicable grace period (for the avoidance of doubt, no such failure to pay by the Covered Bond 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 Covered Bond Guarantor being insufficient to make the required payment in full);
- (b) at the option of the Covered Bond Guarantor in the event that the ratings of the unsecured and unsubordinated debt obligations of the Interest Rate Swap Provider, or any relevant credit support provider, as applicable, are downgraded by a Rating Agency 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 or in respect of which it has provided a Ratings Notification;
- (c) at the option of the Interest Rate Swap Provider, 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 Covered Bond Guarantor's obligations to the Interest Rate Swap Provider under the Interest Rate Swap Agreement are further contractually subordinated to the Covered Bond Guarantor's obligations to any other Secured Creditor than they were prior to that amendment;
- (d) at the option of the Interest Rate Swap Provider if the Transaction Documents are amended without the Interest Rate Swap Provider's prior written consent, such that the Interest Rate Swap Provider would, immediately after such amendment, be required to pay more or receive less under the Interest Rate Swap Agreement than would otherwise have been the case immediately prior to such amendment or such that the Interest Rate Swap Provider would suffer an adverse consequence as a result of such amendment;

- (e) at the option of the Interest Rate Swap Provider if the Covered Bonds are redeemed in whole in accordance with the Terms and Conditions or are purchased and surrendered in whole or part in accordance with the Terms and Conditions (provided that in the event of a purchase and surrender for cancellation of the Covered Bonds in part, the Transaction or Transactions related to the Covered Bonds will partially terminate in respect of a notional amount equal to a pro rata proportion of the relevant amount of Covered Bonds purchased and surrendered for cancellation); and
- (f) at the option of the Covered Bond 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 or any relevant credit support 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 Covered Bond 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 Mortgage Loans 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 Covered Bond 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 Covered Bond Guarantor, unless a replacement Interest Rate Swap Agreement has already been entered into on behalf of the Covered Bond Guarantor. Any premium received by the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor.

If at any time the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor to the Interest Rate Swap Provider under the Interest Rate Swap Agreement, the Covered Bond Guarantor will not be obliged to gross-up those payments.

Under the Interest Rate Swap Agreement, the Covered Bond Guarantor's obligations are limited in recourse to the Security Collateral. To the extent that the Covered Bond 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 Agreements**

The Covered Bond Guarantor will (at the direction of the Cash Manager), if applicable, enter into one or more Covered Bond Swaps with one or more Covered Bond Swap Providers and the Security Trustee in respect of a Series of Covered Bonds. Each Covered Bond Swap may be either a **Forward Starting Covered Bond Swap** or a **Non-Forward Starting Covered Bond Swap**. Where an advance under the

Intercompany Loan which forms part of the Guarantee Loan will not be a Matching Advance, the Covered Bond Guarantor will enter into a Forward-Starting Covered Bond Swap. Where an advance under the Intercompany Loan which forms part of the Guarantee Loan will be a Matching Advance, the Covered Bond Guarantor will enter into a Non-Forward Starting Swap.

Each Forward Starting Covered Bond Swap will provide a hedge (after service of a Notice to Pay on the Covered Bond Guarantor) against certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and the Interest Rate Swap (if any) and amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of the Covered Bonds.

Each Non-Forward Starting Covered Bond Swap will provide a hedge against certain interest rate, currency and/or other risks in respect of amounts received by the Covered Bond Guarantor under the Mortgage Loans and the Interest Rate Swap and amounts payable by the Covered Bond Guarantor (prior to service of a Notice to Pay on the Covered Bond Guarantor or a CBG Acceleration Notice) under the Intercompany Loan Agreement in respect of any Matching Advances and (following service of a Notice to Pay on the Covered Bond Guarantor or a service of a CBG Acceleration Notice) under the Covered Bond Guarantee in respect of the Covered Bonds.

Where required to hedge such risks, there will be one (or more) Covered Bond Swap Agreement(s) and Covered Bond Swap(s) in relation to each Series or Tranche, as applicable, of Covered Bonds.

A Forward Starting Covered Bond Swap may hedge interest and/or currency risk. Under the Forward Starting Covered Bond Swaps, where the swap is being entered into to hedge a currency risk, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor on each Interest Payment Date, after service of a Notice to Pay on the Covered Bond Guarantor or service of a CBG Acceleration Notice, an amount equal to the relevant portion of the amounts that would be payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider an amount in Australian Dollars calculated by reference to the Bank Bill Rate plus a spread.

Under the Non-Forward Starting Covered Bond Swaps on the relevant Issue Date, the Covered Bond Guarantor will pay to the Covered Bond Swap Provider an amount equal to the relevant portion of the amount received by the Covered Bond Guarantor under the applicable Matching Advance (being the aggregate nominal amount of such Series or Tranche, as applicable, of Covered Bonds) and in return the Covered Bond Swap Provider will pay to the Covered Bond Guarantor the AUD Equivalent of the first-mentioned amount. Thereafter, the Covered Bond Swap Provider will pay to the Covered Bond Guarantor, on each Interest Payment Date, an amount equal to the relevant portion of the amounts that would be payable by the Covered Bond Guarantor under either the applicable Matching Advance in accordance with the terms of the Intercompany Loan Agreement or (following service of a Notice to Pay on the Covered Bond Guarantor or service of a CBG Acceleration Notice) the Covered Bond Guarantee in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the Covered Bond Guarantor will periodically pay to the Covered Bond Swap Provider an amount in Australian Dollars calculated by reference to the Bank Bill Rate plus a spread and, where relevant, the AUD Equivalent of the relevant portion of any principal due to be repaid in respect of the relevant Matching Advance in accordance with the Intercompany Loan Agreement.

In the case of Covered Bond Swap entered into to hedge currency risk, if the Administrative Agent on behalf of the Covered Bond 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 Covered Bond 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 in accordance with the Covered Bond Swap Agreement, then the Covered Bond Swap Provider will prior to the termination thereof pay the Covered Bond Guarantor such

amount and the Covered Bond 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.

A 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 related Tranche or Series of Covered Bonds or, if the Covered Bond Guarantor (or the Cash Manager acting on the Covered Bond 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 Covered Bond 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);
- (b) the date on which the relevant Series of Covered Bonds have been repaid or redeemed in full; and
- (c) where the date upon which the Notice to Pay is served on the Covered Bond 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 Covered Bond Guarantor (as described in (a) above), the Extension Determination Date for such final Tranche or Series of Covered Bonds.

A 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 Covered Bond 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 Covered Bond Guarantor being insufficient to make the required payment in full);  
  
at the option of the Covered Bond 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;
- (b) 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 Covered Bond Guarantor; and
- (c) 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor, unless a replacement Covered Bond Swap Agreement has already been entered into on behalf of the Covered Bond Guarantor. Any premium received by the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor.

If at any time the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor to the Covered Bond Swap Provider under the Covered Bond Swap Agreement, the Covered Bond Guarantor will not be obliged to gross-up those payments.

Under the Covered Bond Swap Agreement, the Covered Bond Guarantor's obligations are limited in recourse to the Security Collateral. To the extent that the Covered Bond 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.

Each Covered Bond Swap Agreement will be governed by English law, except for any Covered Bond Swap Agreement in relation to Australian Domestic Covered Bonds (which will be governed by the laws of New South Wales).

### **Bank Account Agreement**

Pursuant to the terms of the Bank Account Agreement entered into on or about 11 May 2012 between the Covered Bond Guarantor, the Account Bank, the Cash Manager and the Security Trustee, the Covered Bond 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 Covered Bond Guarantor's various creditors and amounts (if any) to be distributed to the Covered Bond 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 or about 10 May 2012 by the Covered Bond Guarantor, the Administrative Agent, the Bond Trustee and the Security Trustee, the payment obligations of the Covered Bond Guarantor to Secured Creditors under or pursuant to the Transaction Documents to which it is a party are secured by security interests in the Security Collateral.

In the event of any sale of Mortgage Loans (including selected Mortgage Loans) and their Related Security comprised in the Portfolio or the transfer of or extinguishment of the Covered Bond Guarantor's interest in Mortgage Loans and their Related Security by or on behalf of the Covered Bond Guarantor pursuant to and in accordance with the Transaction Documents, including the repurchase of a Mortgage Loan and its Related Security by the Seller, such Mortgage Loans and their Related Security will no longer form part of the Portfolio and will be expressly and unconditionally released from the Charge created under the Security Trust Deed.

In the event that the Covered Bond Guarantor is to make a disposal of any Authorised Investment or Substitution Asset that is subject to the Charge, the relevant Authorised Investment or Substitution Asset (as the case may be) will be automatically released and discharged from the Charge if the disposal occurs pursuant to and in accordance with the Transaction Documents and, other than where the disposal is in connection with the repayment of the Demand Loan by repayment in kind with Authorised Investments or Substitution Assets, the proceeds of such disposal are paid directly into the GI Account. In the event that any Swap Collateral Excluded Amounts are required to be returned or delivered to a Swap Provider under the relevant Swap Agreement, the relevant property will be automatically released and discharged from the Charge (and shall take free of the Charge) if, and from such time that, the return or delivery occurs pursuant to and in accordance with the relevant Swap Agreement.

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 the 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) or (b) 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.

### *Enforcement*

If a CBG Acceleration Notice is served on the Covered Bond 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 Covered Bond 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 (i) or (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 Covered Bond Guarantor from a replacement Swap Provider to the extent it is used to make a termination payment due and payable by the Covered Bond 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 Mortgage Loans and payable to parties other than the Covered Bond 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 if the Security Trustee is directed to do so by:

- (c) the Bond Trustee, so long as there are Covered Bonds outstanding; or
- (d) 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:

- (i) exposes the Security Trustee to any Costs against which it has not been indemnified and/or pre-funded to its satisfaction;
- (ii) increases the obligations or duties or decreases the protections of the Security Trustee; or
- (iii) otherwise reduces any fees or other amount due to the Security Trustee

The Security Trustee will be obliged to consent to and to effect any variations to the Transaction Documents that are requested by the Administrative Agent to enable N Covered Bonds to be issued under the Programme, provided that the requested amendments will not have an Adverse Rating Effect and the Security Trustee has received a certificate of two Authorised Officers of the Administrative Agent, certifying



that the requested amendments are to be made solely for the purpose of the issuance of N Covered Bonds; and a Ratings Notification from the Administrative Agent in respect of the requested amendments, except to the extent that the Security Trustee determines that such variation:

- (a) exposes the Security Trustee to any Costs against which it has not been indemnified, and/or pre-funded, to its satisfaction; or
- (b) increases the obligations or duties or decreases the protections of the Security Trustee; or
- (c) otherwise reduces any fees or other amounts due to the Security Trustee.

The Security Trustee may (but is not obliged to) 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;
  - (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 notify the Rating Agencies in advance of any proposed modifications.

Any variations made in accordance with the Security Trust Deed are binding upon Covered Bondholders, the related Receiptholders and/or the Couponholders and each other Secured Creditor (but without prejudice to any requirement for any amendment to any Transaction Document to be agreed by parties to such Transaction Document).

*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 Covered Bond 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,

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) is 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) (for the purposes of this paragraph, 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 dated 10 May 2012, Perpetual Corporate Trust Limited is appointed and agrees to act as the trustee of the Suncorp Covered Bond Trust, being a unit trust, on behalf of the Unitholders of the Suncorp 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 Suncorp Covered Bond Trust are issued to Unitholders from time to time, and how payments are made to the Unitholders.

Perpetual Corporate Trust Limited enters into the Transaction Documents only in its capacity as trustee of the Suncorp 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 Covered Bond Guarantor only to the extent to which it can be satisfied out of the property of the Suncorp Covered Bond Trust out of which the Covered Bond Guarantor is actually indemnified for the liability. This limitation of the Covered Bond Guarantor's liability applies despite any other provision of the Transaction Documents and extends to all liabilities and obligations of the Covered Bond Guarantor in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Trust Deed, each Transaction Document or the Trust.

The parties to the Transaction Documents have agreed that they may not sue the Covered Bond Guarantor in any capacity other than as trustee of the Suncorp Covered Bond Trust, including to seek the appointment of a receiver (except in relation to the Trust Assets), a liquidator, an administrator or any similar person to the Covered Bond Guarantor or to prove in any liquidation, administration or arrangement of or affecting the Covered Bond Guarantor (except in relation to the Trust Assets).

The limited liability of the Covered Bond Guarantor will not apply to any obligation or liability of the Covered Bond 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 Covered Bond Guarantor's indemnification out of the assets of the Suncorp Covered Bond Trust, as a result of the Covered Bond Guarantor's fraud, negligence or wilful default.

It is acknowledged that the parties other than the Covered Bond Guarantor are responsible under the Transaction Documents for performing a variety of obligations relating to the Suncorp Covered Bond Trust. No act or omission of the Covered Bond Guarantor (including any related failure to satisfy its obligations or breach of representation or warranty under the Trust Deed) will be considered fraud, negligence or wilful default of the Covered Bond Guarantor for the purpose of the preceding paragraph to the extent to which the act or omission was caused or contributed to by any failure by the Administrative Agent, the Cash Manager, the Servicer, the Seller or any other person appointed by the Covered Bond Guarantor under any Transaction Document (other than a person whose acts or omissions the Covered Bond Guarantor is liable for in accordance with the Transaction Document) to fulfil its obligations relating to the Suncorp Covered Bond Trust or by any other act or omission of Administrative Agent, the Cash Manager, the Servicer, the Seller or any other such person.

The Trust Deed is governed by the laws of New South Wales, Australia

### **Administration Deed**

Pursuant to the Administration Deed dated on or about 11 May 2012, SME Management Pty Limited acts as administrator of the Covered Bond Guarantor and provides comprehensive administrative services required

by the Covered Bond 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 moneys on the due date for payment to any Covered Bondholder, the Covered Bond Guarantor or any other person or for any loss howsoever caused to any Covered Bondholder, the Covered Bond 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 about 15 May 2012 between the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Principal Paying 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.

## CREDIT STRUCTURE

The Covered Bonds will be direct, unsecured, unconditional obligations of the Issuer. The Covered Bond Guarantor has no obligation to pay the Guaranteed Amounts under the Covered Bond Guarantee until service of a Notice to Pay on the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor's assets in respect of the Covered Bonds outstanding;
- the Amortisation Test is intended to test the asset coverage of the Covered Bond Guarantor's assets in respect of the Covered Bonds following service of a Notice to Pay on the Covered Bond Guarantor;
- 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 Covered Bond Guarantor in the GI Account at the GIA Rate; and
- the establishment of the Reserve Fund upon the downgrade of the Issuer below certain ratings.

Certain of these factors are considered more fully in the remainder of this section.

### Guarantee

The Covered Bond Guarantee provided by the Covered Bond 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 Covered Bond Guarantor's obligations will be to pay only the Guaranteed Amounts as they fall Due for Payment. Should any payments made by the Covered Bond Guarantor under the Covered Bond Guarantee be subject to any withholding or deduction on account of present or future Taxes, the Covered Bond 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 Covered Bond Guarantor to Covered Bondholders and other Secured Creditors following service of a Notice to Pay.

### Pre-Maturity Liquidity

Hard Bullet Covered Bonds are Covered Bonds that 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**).

Hard Bullet Covered Bonds may not be issued by the Issuer until the following conditions have been satisfied:

- (a) the unsecured, unsubordinated short term rating of the Issuer is at least F1+ from Fitch;
- (b) the Administrative Agent has notified the Rating Agencies of the proposed issue of Hard Bullet Covered Bonds;
- (c) the Administrative Agent has delivered a Ratings Notification to the Covered Bond Guarantor, the Security Trustee and the Bond Trustee in respect of the first issue of Hard Bullet Covered Bonds; and
- (d) the Administrative Agent has confirmed in writing to the Security Trustee, the Bond Trustee and the Covered Bond Guarantor that in its opinion such first issuance of Hard Bullet Covered Bonds will not result in an Adverse Effect.

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 Local 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 Covered Bond 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 Covered Bond Guarantor, and the Covered Bond 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 Australian Dollar Equivalent of 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 Covered Bond Guarantor in relation to a Series of Hard Bullet Covered Bonds but prior to the service of a CBG Acceleration Notice, the Covered Bond Guarantor (at the direction of the Cash Manager) must apply the lesser of (i) the amount (in respect of principal) then due and payable on such Series of Hard Bullet Covered Bonds or, as applicable, the amount then due and payable (in respect of principal) under the relevant Covered Bond Swap in respect of such Series of Covered Bonds (in both cases after taking into account any payment made by the Issuer in respect of such principal amounts) and (ii) funds standing to the Pre-Maturity Liquidity Ledger to repay the relevant Series of Hard Bullet Covered Bonds in accordance with the Covered Bond Guarantee (after taking into account any exchange of payments under the relevant Covered Bond Swap) 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Mortgage 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 Mortgage 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 on each Test 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 Test Date, the Covered Bond 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 Mortgage 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 Test Date, the Asset Coverage Test will be breached and the Bond Trustee will serve an Asset Coverage Test Breach Notice on the Covered Bond 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 Covered Bond Guarantor.

### **Amortisation Test**

The Amortisation Test is intended to test whether, following service of a Notice to Pay on the Covered Bond Guarantor (but prior to service on the Covered Bond Guarantor of a CBG Acceleration Notice), the assets of the Covered Bond 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 Covered Bond 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 Mortgage 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.

### **Reserve Fund**

If, on any Local Business Day prior to the service on the Covered Bond 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 Local Business Day, the Covered Bond Guarantor (at the direction of the Cash Manager) will within five Local 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 F1+ by Fitch or P-1 by Moody's, nil or such other amount as the Issuer shall advise the Covered Bond 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 (i) to (vi) (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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor.

This section summarises the Priorities of Payments of the Covered Bond Guarantor, as to the allocation and distribution of amounts standing to the credit of the CBG Accounts and their order of priority:

- (a) prior to service on the Covered Bond 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.

### **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 Covered Bond Guarantor (at the direction of the Cash Manager) 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) Available Principal Receipts 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor (at the direction of the Cash Manager) will apply Available Revenue Receipts standing to the credit of the Payment Ledger on the GI Account as set out in (b)(i) immediately above, to pay or provide for following obligations of the Covered Bond 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 or provided for in full):

- (a) *first*, an amount up to any Accrued Interest Adjustment Amounts required to be paid to the Seller (the Covered Bond 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 any liability of the Covered Bond Guarantor for Taxes;
- (c) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:
  - (i) the Covered Bond Guarantor's fees then due or to become due and payable to the Covered Bond Guarantor under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date; and
  - (ii) the Bond Trustee's fees, any Costs and any other amounts payable to the Bond Trustee by the Covered Bond 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 Covered Bond 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;
- (d) *next*, in or towards payment, if the Servicer is not a member of the Suncorp 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;
- (e) *next*, in or towards payment of all amounts then due and payable by the Covered Bond Guarantor to any person (other than a party to a Transaction Document) and incurred without breach by the Covered Bond 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 Covered Bond Guarantor in the CBG Payment Period commencing on that CBG Payment Date;
- (f) *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 Suncorp 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;
- (g) *next*, in or towards payment of all amounts (other than principal) then due and payable or to become due and payable in respect of the Demand Loan pursuant to the terms of the Intercompany Loan Agreement;
- (h) *next*, in or towards payment of all amounts then due and payable or (to the extent determined by the Cash Manager) to become due and payable in the CBG Payment Period commencing on that CBG Payment Date to the relevant Interest Rate Swap Provider (including any termination payment due and payable by the Covered Bond 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
- (i) *next*, in or towards payment of 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 Covered Bond 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 (including for the avoidance of doubt in connection with any repayment of a Guarantee Loan in accordance with the Intercompany Loan Agreement in connection with the redemption of corresponding Covered Bonds);
- (j) *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;
- (k) *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 Australian Dollar Equivalent of 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,
- after taking into account amounts to be applied to the Pre-Maturity Liquidity Ledger in accordance with the Participation Agreement on that CBG Payment Date;
- (l) *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;

- (m) *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);
- (n) *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 Covered Bond 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;
- (o) *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;
- (p) *next*, if the Cash Manager or the Subordinated Loan Provider so elects, in or towards repayment of the Subordinated Loan; and
- (q) *next*, to the Residual Income Unitholder by way of distribution of the remaining income of the Covered Bond Guarantor.

All amounts, other than Swap Collateral Excluded Amounts, received by the Covered Bond 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 Covered Bond Guarantor from an Interest Rate Swap Provider, to promptly 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.

All amounts other than Swap Collateral Excluded Amounts, received by the Covered Bond Guarantor under a Covered Bond 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 on the relevant CBG Payment Date due to the late receipt of payment by the Covered Bond Guarantor from a Covered Bond Swap Provider, to promptly 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 Covered Bond Guarantor on a CBG Payment Date, such amounts shall be applied by the Covered Bond 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 (o), (p) and (q) shall be set aside and retained in the GI Account by the Covered Bond Guarantor (at the direction of the Cash Manager) 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 Covered Bond 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 Covered Bond Guarantor (at the direction of the Cash Manager) shall promptly thereafter apply the Available Revenue Receipts previously set aside in accordance with this paragraph towards payment of the relevant amounts under paragraphs (o), (p) or (q) (as applicable) in respect of which such amounts were set aside; or
- (b) a Notice to Pay is served on the Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor (at the direction of the Cash Manager) 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 Australian Dollar Equivalent of 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 Covered Bond 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 up to an amount sufficient to ensure that, taking into account the other resources available to the Covered Bond Guarantor, the Covered Bond Guarantor is in compliance with the Asset Coverage Test;
- (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 Covered Bond Guarantor, the Covered Bond Guarantor is in compliance with the Asset Coverage Test (which amounts may be invested by the Covered Bond 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 Demand Loan then due and payable in accordance with the terms of the Intercompany Loan Agreement, to the extent that the Asset Coverage Test would be satisfied after such repayment;
- (f) *next*, in or towards payment 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 Covered Bond 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 (including, for the avoidance of doubt in connection with any repayment of a Guarantee Loan in accordance with the Intercompany Loan Agreement in connection with the redemption of corresponding Covered Bonds); and
- (g) *next*, in or towards repayment of the principal amount then due and payable of the Guarantee Loan in accordance with the terms of the Intercompany Loan Agreement to the extent the Asset Coverage Test would be satisfied after such repayment;
- (h) *next*, in or towards Available Revenue Receipts to the extent amounts have been paid under paragraph (k) of the Pre-Acceleration Revenue Priority of Payments above and not otherwise reimbursed;
- (i) *next*, in or towards the acquisition of New Loans and their Related Security offered to the Covered Bond 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;
- (j) *next*, in or towards repayment of the principal amount of the Subordinated Loan;
- (k) *next*, the remainder:
  - (i) if Covered Bonds are outstanding, as a credit to the GI Account (with a corresponding credit to the Principal Ledger); and
  - (ii) if Covered Bonds are not outstanding, as a distribution to the Residual Income Unitholder.

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 (g) and paragraph (j) above shall be set aside and retained in the GI Account by the Covered Bond Guarantor (at the direction of the Cash Manager) 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 Covered Bond 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 Covered Bond Guarantor (at the direction of the Cash Manager) shall promptly thereafter apply the Available Principal Receipts previously set aside in accordance with this paragraph towards payment of the relevant amounts under paragraph (g) or paragraph (j) above (as applicable) in respect of which such amounts were set aside; or
- (b) a Notice to Pay is served on the Covered Bond 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.

At any time prior to the service on the Covered Bond Guarantor (with a copy to the Administrative Agent) of a Notice to Pay or the service of a CBG Acceleration Notice on the Covered Bond Guarantor and the Issuer (copied to the Administrative Agent and the Security Trustee) or the enforcement of the Charge:

- (a) any amounts (other than Swap Collateral Excluded Amounts) in respect of principal received by or on behalf of the Covered Bond Guarantor under a Covered Bond Swap (if any) on or after the CBG Payment Date but prior to the immediately succeeding CBG Payment Date will be applied, together with any provision for such payments made on any preceding CBG Payment Date, (provided that all principal amounts outstanding under the related Series of Covered Bonds which have fallen due for repayment on such date have been repaid in full by the Issuer), by the Covered Bond Guarantor (at the direction of the Administrative Agent), to make payments in respect of principal due and payable to the Intercompany Loan Provider in respect of the corresponding Advance under the Intercompany Loan Agreement or otherwise to make provision for such payments on such date in the future of such proportion of the relevant payment falling due in the future as the Administrative Agent may reasonably determine;
- (b) any amounts (other than Swap Collateral Excluded Amounts) of principal received under a Covered Bond Swap (if any) on the CBG Payment Date or any date prior to the immediately succeeding CBG Payment Date which are not put towards a payment or provision in accordance with the paragraphs above will be credited by the Cash Manager to the Principal Ledger and deposited into the GI Account and applied as Available Principal Receipts on the CBG Payment Date (if received on that date) or on the immediately succeeding CBG Payment Date (if received after a CBG Payment Date); and
- (c) any amounts (other than Swap Collateral Excluded Amounts) of principal received:
  - (i) from the Seller in respect of a repurchase or extinguishment of Mortgage Loans; and
  - (ii) from the Intercompany Loan Provider in respect of any Advance,

to enable the Covered Bond Guarantor, acting at the direction of the Administrative Agent, to apply such amounts to repay an Advance on the date on which the Covered Bonds corresponding to such Advance mature will not be applied in accordance with the Pre-Acceleration Principal Priority of Payments and will (after being swapped if necessary under the relevant Covered Bond Swap (if any)) be applied by the Covered Bond Guarantor (acting at the direction of the Administrative Agent) or be deemed to have been so applied (in accordance with the Transaction Documents) in repayment of the relevant Advance on the date on which the Covered Bonds corresponding to such Advance mature, subject to the Asset Coverage Test being met on the date of such repayment after giving effect to such repayment.

**Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts following service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked)**

At any time after the service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to the service on the Covered Bond Guarantor of a Notice to Pay or a CBG Acceleration Notice, and for so long as any Covered Bonds remain outstanding, the Covered Bond Guarantor (at the direction of the Cash Manager) will apply:

- (a) Available Revenue Receipts in accordance with Pre-Acceleration Revenue Priority of Payments save that no funds will be applied under paragraphs (g), (o), (p) or (q) 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);

- (b) Available Principal Receipts in accordance with Pre-Acceleration Principal Priority of Payments save that no funds will be applied under paragraphs (g) or (j) 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 Covered Bond Guarantor of a Notice to Pay, but prior to the service on the Covered Bond 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 Covered Bond Guarantor (at the direction of the Cash Manager) will 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, the Covered Bond Swap and the Interest Rate 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 Covered Bond Guarantor, but prior to service on the Covered Bond Guarantor of a CBG Acceleration Notice, the Covered Bond Guarantor (at the direction of the Cash Manager) 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 Covered Bond 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 Amount required to be paid to the Seller (the Covered Bond 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 any repurchase price adjustment payable to the Seller in accordance with the terms of the Mortgage Sale Deed;
- (c) *next*, in or towards payment *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) the Covered Bond Guarantor's fees then due or to become due and payable to the Covered Bond Guarantor under the Transaction Documents in the CBG Payment Period commencing on that CBG Payment Date; and
  - (ii) the Bond Trustee's fees, Costs and any other amounts payable to the Bond Trustee by the Covered Bond 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 Covered Bond 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;
- (d) *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;
- (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 Suncorp 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 Covered Bond 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 Covered Bond 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 Suncorp 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,;
  - (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 Covered Bond 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 Covered Bond 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 sub-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 Covered Bond 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 Covered Bond 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 sub-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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond Guarantor.

Any late amounts, other than Swap Collateral Excluded Amounts, received by the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor from an Interest Rate Swap Provider, to promptly 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 Covered Bond 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 Covered Bond Guarantor, promptly to make the corresponding payment or provision in respect of the relevant Series of Covered Bonds in accordance with, as applicable, paragraphs (i), (j) and/or (k) of the Guarantee Priority of Payments.

If the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor on a CBG Payment Date, such amounts shall be applied by the Covered Bond Guarantor (at the direction of the Cash Manager) 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 Covered Bond 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 Covered Bond Guarantor (at the direction of the Cash Manager) 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 paragraphs (i), (j) and (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 Covered Bond Guarantor as the Covered Bond Guarantor (at the direction of the Cash Manager) shall determine.

**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 Covered Bond Guarantor receives any termination payment from a Swap Provider in respect of a Swap, such termination payment will first be used by the Covered Bond Guarantor to pay a replacement Swap Provider to enter into a replacement Swap with the Covered Bond Guarantor, unless a replacement Swap has already been entered into on behalf of the Covered Bond Guarantor.
- (b) If at any time the Covered Bond Guarantor receives any premium from a replacement Swap Provider in respect of a replacement Swap, such premium will first be used by the Covered Bond Guarantor to make any termination payment due and payable by the Covered Bond Guarantor with respect to the previous Swap (including any Excluded Swap Termination Amount), unless such termination payment has already been made by or on behalf of the Covered Bond Guarantor.

- (c) If at any time the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor of a CBG Acceleration Notice (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 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 Mortgage Loans and payable to parties other than the Covered Bond Guarantor and certain other amounts payable to third parties, premium received by the Covered Bond Guarantor from a replacement Swap Provider to the extent it is used to make a termination payment due and payable by the Covered Bond 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**

Following 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 or the occurrence of an Insolvency Event in respect of the Covered Bond Guarantor), 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), certain other amounts received in respect of the Mortgage Loans and payable to parties other than the Covered Bond 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 *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 Covered Bond 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;

- (c) *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;
- (d) *next*, if the Servicer is not a member of the Suncorp 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:
  - (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 Covered Bond 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 Provider (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 Suncorp 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 Covered Bond 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.

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 Covered Bond Guarantor; and
- (b) the date the Asset Percentage is recalculated following the service of a Notice to Pay or a CBG in accordance with the Intercompany Loan Agreement.

In the Post-Enforcement Priority of Payments, **pro rata** means the proportion that the amount due for payment to a particular Secured Creditor under a particular paragraph of the order of distribution set out above at any time bears to the total of the amount due for payment to all Secured Creditors under that paragraph at that time (proportions being expressed as percentages and rounded to the nearest four decimal places).

The Security Trustee need not pay any interest to the Covered Bond Guarantor on any money remaining after the Secured Money is paid.

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.

Any Tax Credits, Third Party Amounts, Trust Back Assets, Swap Collateral Excluded Amounts, Demand Loan Repayment Assets (certain principal amounts in respect of the Demand Loan Repayment Assets), certain other amounts received in respect of the Mortgage Loans and payable to parties other than the Covered Bond 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.



## THE PORTFOLIO

### General

Each New Portfolio acquired by the Covered Bond Guarantor (the **Portfolio**) consists of Mortgage Loans and their Related Security sold by the Seller to the Covered Bond 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 Mortgage 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 prior to the relevant 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 Mortgage 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 Mortgage 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 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 Mortgage Loan and its Related Security, or any part thereof or affecting the decision of the Seller to make or offer to make any such Mortgage Loan or part thereof.

**Portfolio** means each New Portfolio acquired by the Covered Bond Guarantor (other than any Mortgage 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 Covered Bond Guarantor and for the avoidance of doubt, other than any Trust Back Assets).

### 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 Covered Bond Guarantor, including the ability of the Covered Bond Guarantor to fulfil its obligations in relation to the Covered Bond Guarantee – Maintenance of Portfolio*.

## BOOK-ENTRY CLEARANCE SYSTEMS

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Covered Bond Guarantor, the 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 Covered Bond 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.*

### Book-entry systems

#### DTC

DTC, New York, NY, will be engaged by the Issuer to act as securities depository for any 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](http://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 Participant's 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 affect 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 Participants 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 Covered Bond 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 depository with respect to the DTC Covered Bonds. Under such circumstances, in the event that a successor depository is not obtained, DTC Covered Bonds certificates are required to be printed and delivered.

If the Issuer arranges for DTC to act as securities depository, the Issuer may subsequently decide to discontinue use of the system of book entry only transfers through DTC (or a successor securities depository). In that event, DTC Covered Bonds certificates will be printed and delivered to DTC.

### *Euroclear and Clearstream, Luxembourg*

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

### **The CMU Service**

The CMU Service is a central depository 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 Participants' 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 Participants 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 Covered Bond 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 Participants or Indirect Participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Covered Bonds represented by Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial interests.

## TAXATION

### AUSTRALIAN TAXATION

THE FOLLOWING IS A SUMMARY OF THE AUSTRALIAN TAXATION TREATMENT, AT THE DATE OF THIS PROSPECTUS, OF PAYMENTS OF INTEREST (WHICH FOR THE PURPOSES OF THIS SUMMARY INCLUDES AMOUNTS IN THE NATURE OF, OR IN SUBSTITUTION FOR, INTEREST) ON THE COVERED BONDS AND CERTAIN OTHER MATTERS. IT IS NOT EXHAUSTIVE AND, IN PARTICULAR, DOES NOT DEAL WITH THE POSITION OF CERTAIN CLASSES OF COVERED BONDHOLDERS (SUCH AS DEALERS IN SECURITIES). 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. IN PARTICULAR, IT DOES NOT DEAL WITH THE TREATMENT OF INDEX LINKED INTEREST COVERED BONDS OR DUAL CURRENCY INTEREST COVERED BONDS SHOULD THEY BE ISSUED (IN WHICH EVENT, THEIR AUSTRALIAN TAXATION TREATMENT WILL BE SUMMARISED IN THE RELEVANT FINAL TERMS). 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.

#### Non-resident withholding taxes

##### *Payments of interest by Issuer*

Under Australian law, as currently in effect, a holder of a Covered Bond will not be liable for Australian income tax in respect of principal and interest on the Covered Bond, other than withholding tax on interest, if the Covered Bondholder is not a resident of Australia and does not carry on business in Australia through a permanent establishment to which the holding of such Covered Bond is attributable or effectively connected (within the meaning of applicable Australian tax legislation and double taxation agreements). Under Australian law, as currently in effect, payments of principal on a Covered Bond are not otherwise subject to withholding tax.

Interest on Covered Bonds held by non-Australian residents and Australian residents carrying on business at or through a permanent establishment outside Australia will qualify for exemption from Australian withholding tax under section 128F of the *Income Tax Assessment Act 1936* of the Commonwealth of Australia (the **Tax Act**) where certain conditions are satisfied. For the exemption in section 128F of the Tax Act to be available:

- (a) the issuer must be a resident of Australia or a non-Australian resident carrying on a business at or through a permanent establishment in Australia when it issues Covered Bonds and when interest is paid on those Covered Bonds;
- (b) a public offer test must be satisfied. The public offer test may be satisfied in one of a number of ways. In summary, the ways of satisfying the public offer test are:
  - (i) offers to 10 or more professional financiers, investors or dealers who are not associates (as defined in section 128F of the Tax Act) of each other;
  - (ii) offers to 100 or more potential investors;
  - (iii) offers of listed Covered Bonds;
  - (iv) offers as a result of negotiations being initiated publicly via electronic means or other market sources;

- (v) offers to dealers, managers or underwriters who agree to on-sell the Covered Bonds within 30 days by one of the preceding methods; and
- (vi) the issue of a global bond in a way which complies with one of the five preceding methods.

The exemption under section 128F of the Tax Act will not be available if:

- (a) at the time of issue, the issuer knew, or had reasonable grounds to suspect, that the Covered Bonds or an interest in the Covered Bonds was 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 an Australian registered scheme); or
- (b) the issuer knew or had reasonable grounds to suspect, at the time of payment, that interest in respect of a Covered Bond was to be paid to 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 an Australian registered scheme.

**Offshore associate** means an associate (as defined in section 128F of the Tax Act) of the issuer that is either a non-resident of the Commonwealth of Australia which does not acquire the Covered Bonds in carrying on a business at or through a permanent establishment in Australia or, alternatively, a resident of Australia that acquires the Covered Bonds in carrying on business at or through a permanent establishment outside of Australia.

The Issuer proposes, where practicable, to issue Covered Bonds in a manner which will satisfy the public offer test and which otherwise meets the requirements of section 128F of the Tax Act.

If the Issuer is at any time compelled by law to deduct or withhold an amount in respect of any withholding taxes, 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 net amounts received by the Covered Bondholders after such deduction or withholding equal the respective amounts which would have been receivable 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 gross-up interest payments on account of Taxes which are payable by reason of the Covered Bondholder being an associate of the Issuer for the purposes of section 128F(6) of the Tax Act.

### **Payments by Covered Bond Guarantor**

Under the Covered Bond Guarantee, the Covered Bond Guarantor may become required to pay amounts to Covered Bondholders in respect of interest payable by the Issuer on the Covered Bonds. The Commissioner for Taxation of the Commonwealth of Australia has publicly stated that the exemption from Australian interest withholding tax under section 128F of the Tax Act will extend to payments made by a guarantor on behalf of an issuer, provided that the relevant instruments have been issued in a manner that satisfies the public offer test and which otherwise meets the requirements of section 128F of the Tax Act.

### ***Foreign resident withholding tax***

The rules are intended to improve the current tax collection provisions relating to the taxation of Australian sourced income derived by non-residents and as such it is not expected that these rules will operate to tax amounts paid to non-residents which are not already subject to tax in Australia. Also, having regard to the types of payments that the Government has so far made regulations in respect of, it is not expected that payments made in respect of the Covered Bonds, by either the Issuer or the Covered Bond Guarantor, will be covered by regulations of this kind.



Under the *Taxation Administration Act 1953*, regulations may be made that require amounts to be withheld on account of tax liabilities from certain payments that are made by an Australian entity to foreign 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.

### ***Income tax***

Assuming the requirements of section 128F of the Tax Act are satisfied with respect to the Covered Bonds, payments of principal and interest to a Covered Bondholder, who is a non-resident of Australia and who, during the taxable year, has not held any Covered Bonds in the course of carrying on trade or business through a permanent establishment in Australia will not be subject to Australian income taxes.

A Covered Bondholder who is a non-resident of Australia and who has never held those Covered Bonds as part of a business carried on by it through a permanent establishment in Australia will not be subject to Australian income tax on gains realised on the sale or redemption of those Covered Bonds, provided such gains do not have an Australian source. A gain arising on the sale of a Covered Bond by a non-Australian resident Holder to another non-Australian resident where the Covered Bond is sold outside Australia and all negotiations are conducted and documentation executed outside Australia would not generally be regarded as having an Australian source.

### **Bearer Covered Bonds**

Section 126 of the Tax Act imposes a type of withholding tax, at the rate of 45%, on the payment of interest on bearer bonds (other than certain zero coupon promissory notes) if the issuer fails to disclose the names and addresses of the holders to the Australian Taxation Office.

Section 126 does not apply to the payment of interest on Covered Bonds held by non-residents who do not carry on business at or through a permanent establishment in Australia where the issue of the Covered Bonds satisfied the requirements of section 128F of the Tax Act or interest withholding tax is payable. However, the operation of section 126 in relation to Covered Bonds held in some circumstances is unclear.

Section 126 will not apply if the name and address of a Covered Bondholder is disclosed to the Australian Taxation Office.

In Taxation Determination TD 2001/19, the Commissioner of Taxation of Australia accepted that where interests in instruments are held by persons through the Euroclear, Clearstream, Luxembourg or CMU Service systems, the operators of those systems may be treated as the holders of the relevant instruments.

Condition 8 (***Taxation***) provides that the Issuer will not be obliged to gross-up interest payments on account of taxes on Covered Bonds which are presented for payment by 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, if, and to the extent that, section 126 of the Tax Act (or any equivalent provision) requires the Issuer to pay income tax in respect of interest payable on such Covered Bonds and the income tax would not be payable were the holder not a "resident of Australia" or a "non-resident" so engaged in carrying on business.

### **TFN/ABN withholding tax**

#### ***Issuer***

The Issuer is required to deduct withholding tax from payments of interest (at a rate that is currently 46.5%) on a Covered Bond unless a tax file number (**TFN**) or an Australian business number (**ABN**) has been quoted by a Covered Bondholder, or the Covered Bondholder has supplied the Issuer with proof of some other relevant exemption.

Assuming that the requirements of section 128F of the Tax Act are satisfied with respect to the Covered Bonds, the TFN/ABN withholding rules will not apply to payments to Covered Bondholders who are not residents of Australia and not holding the Covered Bonds in the course of carrying on business at or through a permanent establishment in Australia.

Payments to other classes of Covered Bondholders may be subject to a withholding where the Covered Bondholder does not quote a TFN, ABN or provide proof of an appropriate exemption.

Condition 8 (**Taxation**) provides that the Issuer will not be obliged to gross-up interest payments on account of taxes on Covered Bonds presented for payment by a Covered Bondholder who could lawfully avoid (but has not so avoided) such deduction or withholding by providing the holder's TFN and/or ABN or evidence that the holder is not required to provide a TFN and/or ABN to the Issuer.

### ***Covered Bond Guarantor***

The Covered Bond Guarantor, will not be an 'investment body' as defined for the purposes of the TFN/ABN withholding rules. Therefore, in the event that the Covered Bond Guarantor is required to make payments to the Covered Bondholders, the Covered Bond Guarantor will not be required to comply with the TFN/ABN withholding rules.

### **Supply withholding tax**

Payments in respect of the Covered Bonds can be made free and clear of the 'supply withholding tax' imposed under section 12-190 of the *Tax Administration Act 1953*.

### **Taxation of financial arrangements (TOFA) rules**

The Australian Government has enacted a new regime for the taxation of financial arrangements which can affect the tax timing of the recognition of gains and losses from financial instruments such as the Covered Bonds.

The TOFA rules do not apply to certain taxpayers. They should not, for example, generally apply to Covered Bondholders that are individuals and certain other entities (e.g. certain superannuation entities and managed investment schemes) which are under various turnover or asset thresholds, unless those entities make a relevant election that the new rules apply to all of their 'financial arrangements'.

In any case, the TOFA regime does not contain any measures that would override the exemption from Australian interest withholding tax available under section 128F of the Tax Act in respect of interest payable on the Covered Bonds. Nor will the TOFA regime apply to a Covered Bondholder who is a non-resident of Australia and who has not held their Covered Bonds in the course of carrying on a trade or business through a permanent establishment in Australia and where any gains, other than interest payable on the Covered Bonds, realised by that Covered Bondholder in respect of those Covered Bonds do not otherwise have an Australian source.

### **Garnishee directions**

The Commissioner of Taxation of the Commonwealth of Australia may give a direction under section 255 of the Tax Act or section 260-5 of the Taxation Administration Act 1953 or any similar provision requiring the Issuer, or the Covered Bond Guarantor if applicable, to deduct from any payment to any other party (including any Covered Bondholder) any amount in respect of tax payable by that other party.

### **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-Australian resident Covered Bondholder) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer or amounts payable by the Covered Bond Guarantor, nor the disposal or redemption of the Covered Bonds, would give rise to any GST liability in Australia.

### **Indirect taxes and stamp 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.

No *ad valorem*, stamp, issue, registration or similar taxes are payable in Australia on the issue of any Covered Bonds or the transfer of any Covered Bonds outside Australia.

## **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 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 absolute beneficial owners of Covered Bonds. Prospective Covered Bondholders should be aware that the particular terms of issue of any Series of Covered Bonds, as specified in the applicable Final Terms, may affect the Tax treatment of that and other Series 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), since the following comments relate only to certain United Kingdom Tax aspects of payments in respect of Covered Bonds. 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.*

### **United Kingdom withholding tax on non-United Kingdom source interest**

Payments of interest on the Covered Bonds will generally not be treated as having a United Kingdom source. Payments of non-United Kingdom source interest should be able to be made without withholding or deduction for or on account of United Kingdom Tax.

### **Payments by Covered Bond Guarantor**

If the Covered Bond 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.

### **Provision of information**

Covered Bondholders should note that, where any interest on Covered Bonds is paid to them (or to any person acting on their behalf) by any person in the United Kingdom (a **paying agent**), or is received by any person in the United Kingdom acting on behalf of the relevant Covered Bondholder (other than solely by clearing or arranging the clearing of a cheque) (a **collecting agent**), then the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HM Revenue and Customs (**HMRC**) details of the payment and certain details relating to the Covered Bondholder (including the Covered Bondholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom Tax and whether or not the Covered Bondholder is resident in the United Kingdom for United Kingdom Tax purposes. Where the

Covered Bondholder is not so resident, the details provided to HMRC may, in certain cases, be passed by HMRC to the Tax authorities of the jurisdiction in which the Covered Bondholder is resident for Tax purposes. The provisions referred to above may also apply, in certain circumstances, to payments made on redemption of any Covered Bonds where the amount payable on redemption is such that those Covered Bonds are "deeply discounted securities" for the purposes of section 430 of the Income Tax (Trading and Other Income) Act 2005.

The references to "interest" above (including in – *United Kingdom withholding tax on non-United Kingdom source interest*, – *Payments by Covered Bond Guarantor* and – *Provision of information* 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.

## **SAVINGS DIRECTIVE**

Under the Savings Directive, each Member State is required to provide to the Tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period which commenced on 1 July 2005 and the end of which is dependent upon the conclusion of certain other agreements relating to information exchange with certain non-EU countries, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. A number of non-EU countries and territories, including Switzerland, adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Savings Directive, which if implemented, may amend or broaden the scope of the requirements described above.

## **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 U.S. Internal Revenue Code of 1986, as amended (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 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, 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 U.S. 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) Index Linked Interest Covered Bonds, (iii) Credit Linked Interest Covered Bonds, (iv) Equity Linked Interest Covered Bonds, (v) Partly-Paid Covered Bonds, (vi) Dual Currency Interest Covered Bonds, (vii) Covered Bonds with a maturity later than 30 years from the date of issuance, (viii) Covered Bonds that do not

unconditionally require payments at least equal in the aggregate to their issue price (as determined below), (ix) "contingent payment debt instruments" (under applicable U.S. Treasury Regulations), (x) Australian Domestic Covered Bonds, or (xi) certain variable rate debt instruments (under applicable U.S. Treasury Regulations), and a general discussion of any materially different federal income tax considerations relating to any such Covered Bonds will be included in the applicable Final Terms 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 August 19, 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 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.

ANY DISCUSSION OF U.S. FEDERAL INCOME TAX ISSUES SET FORTH IN THIS PROSPECTUS WAS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER U.S. FEDERAL TAX LAW. SUCH DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION AND MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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 is 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 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, 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 the 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 will be described in the applicable Final Terms.

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 paragraph (i) or (ii), as applicable. 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 Final Terms.

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 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. 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 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. Special rules applicable to contingent payment debt instruments will be described in the applicable Final Terms.

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 a U.S. 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 debt instrument, 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 U.S. 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 minimizes the yield on the Covered Bond and (ii) in the case of an option or options of the U.S. Holder, the U.S. Holder will be deemed to exercise or not exercise an option or combination of options in the manner that maximizes 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 amortizable 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 amortize 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 amortization 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 maximizes the U.S. Holder's yield. It is unclear how premium amortization is calculated when the redemption date or the amount of any redemption premium is uncertain. The election to amortize 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 recognized 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 realized. U.S. Holders who report income for U.S. federal income tax purposes under the accrual method of accounting and certain other 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 amortized 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 recognize gain or loss equal to the difference between the amount realized 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 tax basis in such Covered Bond. Subject to the rules described below under – *Foreign Currency Covered Bonds*, such gain or loss generally will be long-term capital gain or loss if such U.S. Holder will have held such Covered Bond for more than one year at the time of 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.

### **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 currency other than the U.S. dollar (**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 foreign 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 exchange rate 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 an



accrual period that spans two taxable years, at the spot rate in effect on the last day of the taxable year). 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 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 recognize, as ordinary income or loss, foreign currency exchange 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 exchange rate used to determine the accrued interest income or OID for the relevant accrual period and the exchange rate 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 foreign currency. Amortization deductions attributable to a period will reduce interest payments in respect of that period, and therefore are translated into U.S. dollars at the rate used for those interest payments. Foreign currency exchange gain or loss will be realized with respect to amortized premium on a Foreign Currency Covered Bond based on the difference between the exchange rate at which the amortisation deductions were translated into U.S. dollars and the exchange rate 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, determined on the date of disposition of such Foreign Currency Covered Bond (using the spot rate 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 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 recognized 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 less realised on such disposition in respect of accrued interest or OID, will be recognised only to the extent of the total gain or loss realized 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 realized 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 recognize 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 recognize an amount of 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 Final Terms.

### **Aggregation rules**

The U.S. 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 (a) such Covered Bonds as in place prior to such substitution or (b) 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.

### **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. Any amounts withheld under the backup withholding rules will 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 to the IRS.

### **Disclosure requirements for certain U.S. Holders recognizing significant losses**

A U.S. Holder that claims significant losses in respect of a Covered Bond for U.S. federal income tax purposes (generally (i) U.S.\$10 million or more in a taxable year or U.S.\$20 million or more in any combination of taxable years for corporations or partnerships all of whose partners are corporations, (ii) U.S.\$2 million or more in a taxable year or U.S.\$4 million or more in any combination of taxable years for all other taxpayers, or (iii) U.S.\$50,000 or more in a taxable year for individuals or trusts with respect to a foreign currency transaction) may be subject to certain disclosure requirements for "reportable transactions". U.S. Holders should consult their own tax advisors concerning any possible disclosure obligation with respect to the Covered Bonds.

### **Disclosure requirements**

U.S. Treasury Regulations meant to require the reporting of certain tax shelter transactions (**Reportable Transactions**) could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the U.S. Treasury Regulations, certain transactions with respect to the Covered Bonds may be characterized as Reportable Transactions including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Foreign Currency Covered Bond. Persons considering the purchase of such Covered Bonds should consult with their tax advisers to determine the tax return obligations, if any, with respect to an investment in such Covered Bonds, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

## SUBSCRIPTION AND SALE AND TRANSFER AND SELLING RESTRICTIONS

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**) to be entered into prior to the first Issue Date, agreed with the Issuer and the Covered Bond Guarantor a basis upon which such Dealers or any of them may from time to time agree to 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 Bank PLC, Deutsche Bank Aktiengesellschaft and Suncorp-Metway 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 (other than Australian Domestic Covered Bonds), certain persons participating in the offering of the Tranche may engage in transactions outside Australia and on markets operated outside Australia 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.

### **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 and the Covered Bond Guarantee have not been and will not be registered under the Securities Act or any other applicable securities law and, accordingly, neither the Covered Bonds nor the Covered Bond Guarantee may be offered, sold, transferred, pledged, encumbered or otherwise disposed of unless in a transaction exempt from registration under 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 Covered Bond Guarantor has any obligation to register the Covered Bonds or the Covered Bond Guarantee under the Securities Act;
- (d) that, unless it holds an interest in a Regulation S Global Covered Bond and either is a person located outside the United States or is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Covered Bonds or any beneficial interests in the Covered Bonds, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Covered Bonds, only (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 U.S. State securities laws;
- (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 any 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 any 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 UNITED 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 A 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 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 REALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO REALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY 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 is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Covered Bonds prior to the expiration of the distribution compliance period (defined as 40 days after the later of 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 and Definitive Regulation S Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"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 1297(A) OF THE INTERNAL REVENUE CODE.

"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 REGULATIONS 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 REGULATIONS 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, or a plan subject to Section 4975 of the Code, it is not purchasing the Covered Bonds on behalf of or with "plan assets" of any such plan, and it is not a governmental or church or other plan (**non-ERISA arrangement**) subject to provisions under applicable federal, state, local or foreign law that are similar to the requirements of ERISA or Section 4975 of the Code (**similar law**) or (B) its purchase and holding of such Covered Bonds is eligible for exemptive relief under U.S. Department of Labor Prohibited Transaction Class Exemption 96-23,95-60,91-38,90-1,84-14 or another applicable exemption or, in the case of a non-ERISA arrangement, its purchase and holding of such Covered Bonds will not constitute or result in a non-exempt violation of the provisions 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.\$250,000 (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.\$250,000 (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.\$250,000 (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, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act. Accordingly, each Dealer has represented and agreed that the Covered Bonds will only be offered (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 Regulations S.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and U.S. Treasury regulations thereunder.

In connection with any Covered Bond which is offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under 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 their 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 accordance with an available exemption from registration under the Securities Act.

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.\$250,000 (or the approximate equivalent thereof in any other currency). To permit compliance with Rule 144A in connection with any resales or other transfers of Covered Bonds that are "restricted securities" within the meaning of the Securities Act, each of the Issuer and the Covered Bond Guarantor has undertaken in the Trust Deed to furnish, upon the request of a holder of such Covered Bonds or any beneficial interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, any of the Covered Bonds remain outstanding as "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and each of the Issuer and the Covered Bond Guarantor is neither a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder. 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.

Each issuance of Variable Interest Covered Bonds shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer(s) may agree as a term of the issuance and purchase of such Covered Bonds, which additional selling restrictions shall be set out in the applicable Final Terms.

#### *European Economic Area*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this prospectus as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of any Covered Bonds referred to in paragraphs (a) to (c) (inclusive) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplemental prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **offer of Covered Bonds to the public** in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

#### *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) 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 Issuer or Covered Bond Guarantor; and
- (b) 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 2001 of Australia (**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**). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it:

- (a) has not (directly or indirectly) offered, and will not offer or sale and has not invited, and will not invite, application for issue, or offers to purchase, the Covered Bonds in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, the Prospectus or any other offering material or advertisement relating to any Covered Bonds in Australia,

unless:

- (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an 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.

## *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 Special Administrative Region of the People's Republic of China (**Hong Kong**), by means of any document, any Covered Bonds (except for Covered Bonds which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong 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 Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; 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 Securities and Futures Ordinance (Cap. 571) of Hong Kong 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 Control 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, 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 and D.411-1 to D.411-3 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 be:

- (i) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No.16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No.385 of 1 September 1993, as amended (the **Italian Banking Act**);
- (ii) in compliance with Article 129 of the Italian Banking Act, as amended, and the implementing guidelines of the Bank of Italy (as amended from time to time), pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

- (iii) in compliance with any other applicable laws and regulations including those imposed by CONSOB or other Italian authority.

#### *The Netherlands*

The Covered Bonds may not be offered or sold as part of any initial distribution or at any time thereafter to any person other than to qualified investors as defined in article 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the **DFSA**) unless such an offer is made in accordance with the DFSA.

In accordance with Article 1:1 of the DFSA a **Qualified Investor** is:

- (a) a legal entity or a company that holds a license or is otherwise regulated to be active in the financial markets;
- (b) a legal entity or company that does not hold a license or is not otherwise regulated to be active in the financial markets and of whose only purpose is investing in securities;
- (c) a national or regional government body, central bank, international or supranational financial organizations or other similar international institutions;
- (d) a legal entity or a company that, according to its last annual or consolidated accounts, meets at least two of the following three criteria:
  - (A) an average number of employees during the financial year of at least 250;
  - (B) a total balance sheet of more than EUR 43,000,000 (or equivalent thereof in another currency);
  - (C) an annual net turnover of more than EUR 50,000,000 (or equivalent thereof in another currency).
- (e) a legal entity or a company with its statutory seat in the Netherlands, other than a legal entity or a company than referred to under (d) above, which, at its own request, has been registered with the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*, the **AFM**) or another EEA Member State as a qualified investor;
- (f) a natural person residing in the Netherlands who, at his own request, has been registered with the AFM or another EEA Member State as a qualified investor and who meets at least two of the following three criteria:
  - (i) the natural person has carried out transactions of a significant size on securities markets with an average frequency of, at least, ten per quarter over the previous four quarters;
  - (ii) the size of the securities portfolio is at least EUR 500,000 (or equivalent thereof in another currency);
  - (iii) the natural person works or has worked for at least one year in the financial sector in a professional position which requires knowledge of securities investment.

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 transfer and acceptance of Zero

Coupon Covered Bonds in definitive form between individuals not acting in the conduct of a business or profession, or (ii) 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 Bonds 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.

In the event that the Dutch Savings Certificate Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Covered Bonds have to be complied with and, in addition thereto, if such Zero Coupon Covered Bonds in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 February 1987, attached to the Royal Decree of 11 March 1987, (Staatscourant 129) (as amended), each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Covered Bonds.

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.

#### *New Zealand*

The Issuer does not intend that the Covered Bonds should be offered for sale or subscription to the public in New Zealand in terms of the Securities Act 1978.

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) Each Dealer shall:
  - (i) observe all applicable laws and regulations in any jurisdiction in which it may subscribe, offer, sell or deliver Covered Bonds; and
  - (ii) not subscribe, offer, sell or deliver Covered Bonds or distribute the Prospectus or any other offering material relating to the Covered Bonds in any jurisdiction except under circumstances that will result in compliance with all applicable laws and regulations.
- (b) Without limiting paragraph (a):
  - (i) each Dealer represents that it is a person whose principal business is the investment of money or who, in the course of and for the purpose of its business, habitually invests money; and
  - (ii) no Dealer may offer, sell or deliver Covered Bonds or distribute any advertisement or offering material relating to the Covered Bonds, in New Zealand, unless the minimum subscription price payable by each offeree for Covered Bonds is at least NZ\$500,000 (disregarding any amount lent by the offeror, the relevant Issuer or any associated person of the offeror or relevant Issuer) and the minimum holding of Covered Bonds is at least NZ\$500,000, or that offer, sale or delivery is in other circumstances where there is no contravention of the Securities Act 1978 of New Zealand.

#### *Singapore*

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore (the **Securities and Futures Act**).

Accordingly, the Covered Bonds may not be offered or sold or made the subject of an invitation for subscription or purchase nor may the Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Covered Bonds be circulated or distributed, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act;
- (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Covered Bonds, namely a person who 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 is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the Covered Bonds pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined Section 275(2) of the Securities and Futures Act 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; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act.

## **General**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes 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, the Suncorp Group, the Covered Bond Guarantor nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, Suncorp, the Covered Bond 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.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The establishment of the Programme was authorised pursuant to a resolution of the Issuer's Directors passed on 27 April 2012 and an approval given on 27 April 2012. The Issuer and the Covered Bond 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, 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 or which will be admitted to such listing authority and/or trading on such Stock Exchange as the Issuer and the relevant Dealer(s) may agree.

### 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 registered office of the Issuer and from the specified offices of the Principal Paying Agent 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 Covered Bond Guarantor;
- (b) the audited financial statements of the Issuer for the financial years ended 30 June 2010 and 30 June 2011;
- (c) when published, the audited financial statements of the Suncorp Covered Bond Trust (the first set of audited financial statements will be published in respect of the period from the date of establishment of the Suncorp Covered Bond Trust to 30 June 2012, and annually thereafter);
- (d) the Transaction Documents, including the Bond Trust Deed (which contains the forms of Global Covered Bonds, Covered Bonds in definitive form, Receipts, Coupons and Talons), the Australian Covered Bond Deed Poll and the Guarantee Deed Poll;
- (e) this Prospectus;
- (f) any future information memoranda, offering circulars, prospectuses and supplements to this Prospectus and any other documents incorporated herein or therein by reference;
- (g) 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).

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](http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html).

### **Clearing systems**

The 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 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, 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 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 the audited financial statements for the financial year ended 30 June 2011, the date of the Issuer's latest audited financial statements, there has been no material adverse change in the prospects of the Issuer and its controlled entities (being the entities referred to on page 237 of this Prospectus) taken as a whole.

Since the unaudited financial statements for the six months ended 31 December 2011, the date of the Issuer's latest unaudited financial statements, there has been no significant change in the financial or trading position of the Issuer and its controlled entities (being the entities referred to on page 237 of this Prospectus) taken as a whole.

Since the date of the establishment of the Suncorp Covered Bond Trust, there has been no material adverse change in the prospects of the Covered Bond Guarantor or the Suncorp Covered Bond Trust.

Since the date of the establishment of the Suncorp Covered Bond Trust, there has been no significant change in the financial or trading position of the Covered Bond Guarantor or the Suncorp 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) involving the Issuer or the Issuer and its controlled entities taken as a whole, which may have, or have had in the 12 months before the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer or the Issuer and its controlled entities, taken as a whole.

There are no, nor since the date on which the Suncorp Covered Bond Trust was established have there been any, legal, arbitration or governmental proceedings (including any such proceedings which are pending or threatened of which the Covered Bond Guarantor is aware) involving the Covered Bond Guarantor or the Suncorp Covered Bond Trust, which may have, or have had since the date on which the Suncorp Covered



Bond Trust was established, a significant effect on the financial position or profitability of the Covered Bond Guarantor or the Suncorp Covered Bond Trust.

### **Independent auditors**

KPMG, Chartered Accountants, audited the Issuer's financial statements for the years ended 30 June 2010 and 30 June 2011.

KPMG will act as auditors of the Suncorp Covered Bond Trust. Since the date of its establishment, no accounts or financial statements have been prepared in respect of the Suncorp Covered Bond Trust.

KPMG's liability in relation to the services under the Asset Monitor Agreement is limited under an Institute of Chartered Accountants in Australia Scheme approved under the relevant Australian States and Territories professional standards legislation, including, where applicable, the Treasury Legislation Amendment (Professional Standards) Act 2004 (Cwlth).

### **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 "Covered Bonds" section on the "Treasury Funding" page on the Issuer's Investor Centre website [www.suncorp.com.au](http://www.suncorp.com.au).

### **Contracts (Rights of Third Parties) Act 1999**

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 U.K. Listing Authority and trading by the London Stock Exchange, delisting the Covered Bonds from the Official List of the UK Listing Authority 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.\$, U.S. Dollars or USD** 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 25th March, 1957, as amended by, *inter alia*, the Single European Act of 1986 and the Treaty of European Union of 7th February 1992 and the Treaty of Amsterdam of 2nd October 1997, establishing the European Community;

**2010 PD Amending Directive** means Directive 2010/73/EC;

**30/360, 360/360 or Bond Basis** has the meaning given to it in Condition 1.2;

**30E/360 or Eurobond Basis** has the meaning given to it in Condition 1.2;

**30E/360 (ISDA)** has the meaning given to it in Condition 1.2;

**A\$, Australian Dollars, Australian \$ or AUD** means the lawful currency for the time being of Australia;

**ABN** has the meaning given on page 167;

**ACCC** means the Australian Competition and Consumer Commission;

**Account Bank** means initially, Suncorp-Metway Limited, 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 97;

**Accrual Feature** has the meaning given on page 129;

**Accrual Yield** has the meaning given to it in Condition 1.2;

**Accrued Interest** means, in relation to a Mortgage Loan as at any date, all interest and fees (other than Third Party Amounts) accrued but not yet due and payable on the Mortgage 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 Mortgage 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 Mortgage Loans and their Related Security applied by the Servicer or the Seller to payment of interest and fees under those Mortgage Loans and their Related Security for the period from (but excluding) the Cut-Off Date for those Mortgage 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 76;

**ACT** means Australian Capital Territory;

**Actual/360** has the meaning given to it in Condition 1.2;

**Actual/365** has the meaning given to it in Condition 1.2;

**Actual/365 (Fixed)** has the meaning given to it in Condition 1.2;

**Actual/Actual (ICMA)** has the meaning given to it in Condition 1.2

**Actual/Actual (ISDA)** has the meaning given to it in Condition 1.2;

**ADI** has the meaning given on page 7;

**Additional Business Centre(s)** has the meaning given to it in Condition 1.2;

**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 302;

**Adjusted Required Redemption Amount** has the meaning given to it on page 311;

**Administration Deed** means the administration deed dated on or about 11 May 2012 and made between the Covered Bond Guarantor, the Security Trustee and the Administrative Agent;

**Administrative Agent** means, initially, SME 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 Covered Bond 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, any Calculated Agency Agreement and/or the Australian Agency Agreement, as the context so requires;

**Agents** means the Paying Agents, each Registrar, the Exchange Agent, the Transfer Agents and any Calculation Agent each of whom is an **Agent**;

**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 Act** has the meaning given on page 89;

**Amortisation Test** has the meaning given to it on page 307;

**Amortisation Test Aggregate Loan Amount** has the meaning given to it on page 307;

**Amortisation Test Outstanding Principal Balance** has the meaning given to it on page 307;

**applicable Final Terms** has the meaning given on page 127;

**APRA** means the Australian Prudential Regulation Authority;

**Arrangers** means Barclays Bank PLC and Deutsche Bank Aktiengesellschaft;

**in Arrears** or **in arrears** means, in respect of a Mortgage Account or a Mortgage Loan (as the case may be), the relevant Borrower fails to pay any amount in respect of that Mortgage Account or such Mortgage 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 Mortgage 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;

**Arrears of Interest** means, in relation to a Mortgage 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 301;

**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 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 KPMG, 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 before the first Issue Date between the Asset Monitor, the Covered Bond Guarantor, the Cash Manager, the Issuer, the Servicer and the Security Trustee;

**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 (other than the Statutory Test) conducted by the Asset Monitor in accordance with the Asset Monitor Agreement to be delivered to the Cash Manager, the Covered Bond Guarantor, the Issuer and the Security Trustee;

**Asset Percentage** has the meaning given to it on page 305;

**Asset Percentage Adjusted Outstanding Principal Balance** has the meaning given to it on page 304;

**Asset Registers** has the meaning given to it on page 160

**Assignment Date** means each date on which a New Portfolio is assigned to the Covered Bond Guarantor in accordance with the terms of the Mortgage Sale Deed subject to the terms of the relevant New Portfolio Notice;

**AUD Equivalent** or **Australian Dollar Equivalent** means:

- (a) 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):
  - (i) 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; and
  - (ii) 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 has been entered into, the relevant amount in Australian Dollars calculated at the prevailing spot rate; and
  - (iii) where the Covered Bond is denominated in Australian Dollars, the relevant amount in Australian Dollars; and
- (b) in relation to the calculation of any amount in relation to an Advance under the Intercompany Loan Agreement (including, without limitation, any interest amount):
  - (i) where the Advance 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 Advance (or in the case of an Advance to be made, the Covered Bond Swap Rate that would apply to that Advance); and
  - (ii) where the Advance is denominated in Australian Dollars, the relevant amount in Australian Dollars;

**Audit Date** has the meaning given to that term on page 160

**Austraclear** means Austraclear Ltd (ABN 94 002 060 773);

**Austraclear 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;

**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;

**Australian Agency Agreement** means the agency agreement dated on or about 14 May 2012 and made between, amongst others, the Issuer and the Australian Registrar;

**Australian Agent** means Austraclear Services Limited (ABN 28 003 284 419);

**Australian Bond Basis** has the meaning given on page 201;

**Australian Covered Bond Deed Poll** means the deed poll dated on or about the first Issue Date made by Suncorp-Metway Limited or such other deed poll made by Suncorp-Metway Limited in respect of Australian Domestic Covered Bonds and acknowledged by Suncorp-Metway Limited to be a deed poll for these purposes;

**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 an Australian law and issued in uncertificated registered form under the Australian Covered Bond Deed Poll and in accordance with the Bond Trust Deed;

**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 Australian Registrar in accordance with the Australian Agency Agreement;

**Australian Registrar** means Austraclear Services Limited (ABN 28 003 284 419);

**Australian Tax Act** has the meaning given on page 167;

**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*) as amended, supplemented, varied or novated from time to time, in relation to a particular Series or Tranche as Australian Domestic Covered Bonds, by the applicable Final Terms Document;

**Australian Tranche** has the meaning given in the International Conditions;

**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 Local 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,

provided the aggregate amount of such bills and certificates of deposit held by the Covered Bond 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,

- (e) in each case and in the sole discretion of the Cash Manager is not classified as a "securitisation exposure" or a "resecuritisation exposure" in accordance with the Draft Prudential Standard APS 120 dated May 2011 or any applicable prudential standard; and
- (f) in the case of paragraph (c) above, such bond, note, debenture or other instrument will have certain minimum long-term or short-term ratings, which will be at least:
  - (i) so long as Moody's is rating the Covered Bonds: at least a long term rating of A2 or a short term rating of 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+;

**Authorised Officer** means, in respect of a party to a Transaction Document:

- (a) if the party is a company, a director or company secretary of that company, or an officer or employee of that company whose title contains the word "director", "chief", "head", "president", "manager", "executive", "treasury" or "counsel" or a person performing the functions of any of them;
- (b) any person from time to time nominated as an authorised officer by an authorised attorney or by two directors or a director and secretary of that party by notice to the other parties to that Transaction Document together with the title or position and specimen signature of that person as set out in the notice;

**Automatic Redemption Date** has the meaning given to it in Condition 1.2;

**Automatic Redemption Option** has the meaning given to it in Condition 1.2;

**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 Covered Bond 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 Mortgage 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 clause 4.3(c) (“Allocation and Distribution of Available Principal Receipts prior to service on the Covered Bond 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”) of the Participation Agreement; and
- (h) following repayment of any Hard Bullet Covered Bonds by the Issuer or the Covered Bond 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 to the extent the Covered Bond Guarantor is required to retain such amounts on the Pre-Maturity Liquidity Ledger under the Transaction Documents) as provided in Clause 3.3(f) (The Pre-Maturity Test) of the Participation Agreement;

*Less or excluding (as applicable and without double counting) any:*

- (i) Swap Collateral;
- (ii) amounts received under the Covered Bond Swap Agreements;
- (iii) Trust Back Assets;
- (iv) Third Party Amounts;
- (v) Tax Credits; and
- (vi) 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 Covered Bond Guarantor or the Servicer on its behalf or otherwise) during the immediately preceding Calculation Period;
- (b) other net income of the Covered Bond Guarantor received during the immediately preceding Calculation Period including:
  - (i) all interest received by the Covered Bond Guarantor on the CBG Accounts (other than the Swap Collateral Accounts, but including Swap Collateral Available Amounts);
  - (ii) all amounts received by the Covered Bond Guarantor representing income on any Substitution Assets and Authorised Investments in the preceding Calculation Period;
  - (iii) the proceeds received from any sale of Mortgage 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 Covered Bond 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 clause 4.2(e) (Allocation and Distribution of Available Revenue Receipts prior to service on the Covered Bond 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) of 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 Covered Bond Guarantor from a new Swap Provider as consideration for the entry by the Covered Bond 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) Swap Collateral;
- (l) Trust Back Assets;
- (m) amounts received by the Covered Bond Guarantor under each Covered Bond Swap Agreement other than premiums or termination payments referred to above; and
- (n) amounts received and listed in part 5 (Other Payments) of schedule 2 to the Cash Management Deed;

**Back to Basics Loan** has the meaning given on page 252;

**Bank Account Agreement** means the bank account agreement between the Covered Bond Guarantor, the Account Bank, the Security Trustee and the Cash Manager dated on or about 11 May 2012;

**Banking Act** means the Banking Act 1959 (Cwlth);

**Bank Bill Rate:**

- (a) in the case of an Australian Domestic Covered Bond, has the meaning given in the Terms and Conditions; and
- (b) in all other cases, means, in respect of any day and any period: the average mid rate for Bills having a tenor closest to the duration of that period, expressed as a percentage per annum:
  - (i) as displayed on the "BBSW" page (or any replacement page) of the Reuters Monitor System at or about 10.10 a.m. (Sydney time) on the first day of that period; or
  - (ii) if the average mid rate is not displayed by 10.30 a.m. (Sydney time) on that day, or if it is displayed but the Administrative Agent determines that there is an obvious error in that rate, as determined in good faith by the Administrative Agent at approximately 10.30 a.m. (Sydney time) on that day, having regard, to the extent possible, to the rates otherwise bid and offered for bank accepted Bills of that tenor at or around that time (including any displayed on the "BBSY" or "BBSW" page of the Reuters Monitor System),

provided that, if a period is a period of more than 30 days, the Bank Bill Rate for that period will be calculated by the Administrative Agent to be a linear interpolated rate for the relevant period;

**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;

**BCBS** has the meaning given on page 253;

**Bearer Covered Bonds** means Covered Bonds in bearer form;

**Bearer Definitive Covered Bond** has the meaning given on page 126;

**Bearer Global Covered Bonds** has the meaning given on page 92 ;

**Beneficial Owner** means each actual purchaser of each DTC Covered Bond;

**Bill** has the meaning given in the Bills of Exchange Act 1909 (Cwlth) and a reference to the acceptance of a Bill is to be interpreted in accordance with that Act;

**Binding Provision** means any provision of the Code of Banking Practice, as amended from time to time, and any other code or arrangement binding on the Seller or the Servicer and any laws applicable to lenders in the business of making residential loans, but only to the extent to which it is applicable;

**Bond Trust Deed** means the deed entered into prior to the first Issue Date between the Issuer, the Covered Bond Guarantor, the Administrative Agent and the Bond Trustee which sets out the terms and conditions on which the Bond Trustee has agreed to act as bond trustee (and includes any trust deed or other document executed by the Issuer, the Covered Bond Guarantor, the Administrative Agent 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 Deutsche Trustee Company 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 Mortgage 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 Mortgage Loan or any part of it;

**BoT** has the meaning given on page 256;

**Broken Amount** has the meaning given to it in Condition 1.2;

**Business Day** has the meaning given to it in Condition 1.2;

**Business Day Convention** has the meaning given to it in Condition 1.2;

**Calculation Agent** has the meaning given to it in Condition 1.2;

**Calculation Agency Agreement** in relation to any Series of Covered Bonds means an agreement in, or substantially in the form of, schedule 1 to the Offshore Agency Agreement;

**Calculation Date** means the first day after the end of the immediately preceding Calculation Period;

**Calculation of Interest Amount** has the meaning given on page 153;

**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 a Mortgage Loan at any date the principal balance of that Mortgage Loan to which the Servicer applies the relevant interest rate at which interest on that Mortgage Loan accrues;

**Capitalised Interest** means unpaid interest in respect of a Mortgage Loan that has been capitalised and added to the Outstanding Principal Balance in respect of the Mortgage Loan;

**Capital Requirements Directive** means Directive 2006/49/EC of the European Parliament and the Council of the European Union of 14 June 2006 on the capital adequacy of investment firms and credit institutions;

**Cash Management Deed** means the cash management deed dated on or about 11 May 2012 between the Covered Bond Guarantor, the Cash Manager, the Seller, the Servicer, and the Security Trustee;

**Cash Manager** means SME 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;

**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 Covered Bond 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 Covered Bond Guarantor, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest, and all amounts payable by the Covered Bond 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 Security shall become enforceable;

**CBG Accounts** means the GI Account and any additional or replacement accounts opened in the name of the Covered Bond Guarantor, including each Swap Collateral Account;

**CBG Assets** means the following property, assets and rights of the Covered Bond Guarantor:

- (a) the Covered Bond Guarantor's interest in the Mortgage Loans and their Related Security and other related rights comprised in the Portfolio;
- (b) all of the Covered Bond 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 Covered Bond Guarantor in the CBG Accounts (including the amounts credited to the CBG Accounts in respect of Excess Proceeds) and any other account of the Covered Bond Guarantor and all amounts standing to the credit of the CBG Accounts and such other accounts;
- (d) the rights and benefits of the Covered Bond Guarantor in respect of all Authorised Investments and Substitution Assets held by or on behalf of the Covered Bond Guarantor from time to time;
- (e) all other assets and undertaking of the Covered Bond 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 Condition 9.2;

**CBG Payment Date** means the 15th day of each Month or if not a Local Business Day the next following Local Business Day, unless such next following Local Business Day falls in the following Month, in which case the date will be the preceding day that is a Local 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 first day of each Month to (but excluding) the first day of the immediately following Month, with the first CBG Payment Period commencing on the first Assignment Date;

**CBS Swap Collateral Account Bank** means such Person for the time being acting as the covered bond swap collateral account bank in accordance with the Covered Bond Swap Collateral Bank Account Agreement;

**Change in Circumstances** has the meaning given on page 366;

**Charge** means the security interest created pursuant to the Security Trust Deed;

**Circular 230** has the meaning given on page 9;

**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 354;

**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 Safekeeper** means Clearstream, Luxembourg or any entity so determined pursuant to Clause 2.3 (Common Safekeeper) of the Offshore Agency Agreement;

**Commonwealth** means the Commonwealth of Australia;

**Competent Authority** means a court, tribunal, authority, ombudsman or other entity whose decisions, findings, orders, judgment or determinations (howsoever reached) are binding on the Seller, the Servicer or the Covered Bond Guarantor;

**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 or 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 National Consumer Credit Protection Act 2009 (Cth) including the National Credit Code contained in Schedule 1 of the Act;

**Contractual Currency** has the meaning given on page 188;

**Controller** has the meaning it has in the Corporations Act;

**Corporations Act** means the Corporations Act 2001 (Cwlth);

**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** has the meaning given to it in the Terms and Conditions;

**Coupon Sheet** has the meaning given to it in Condition 1.2;

**Coupon Switch Option** has the meaning given to it in Condition 1.2;

**Coupon Switch Option Date** has the meaning given to it in Condition 1.2;

**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 and which is or is to be constituted under the Bond Trust Deed or in the case of Australian Domestic Covered Bonds, the Australian Domestic Covered Bond Deed Poll, and which covered bond may be represented by a Global Covered Bond or any Definitive Covered Bond 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 Covered Bond 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 Guarantor** means Perpetual Corporate Trust Limited (ABN 99 000 341 533) in its capacity as trustee of the Suncorp Covered Bond Trust;

**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 the CMU Service, or its nominee is the registered holder of a Registered Global Covered Bond, 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 the CMU Service, 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 the CMU Service, 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 Covered Bond 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 the CMU Service, or its nominee shall be deemed to be the holder of such principal amount of such Covered Bonds in accordance with and subject to their 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;

**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 Bond Swap Agreement** means each agreement between the Covered Bond Guarantor, a Covered Bond Swap Provider, the Security Trustee 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 Covered Bond Guarantor under the Mortgage Loans in the Portfolio and any relevant Interest Rate Swap and amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of Covered Bonds (after service of a Notice to Pay) and/or under the Intercompany Loan Agreement in respect of Advances not denominated in Australian Dollars, in each case 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 Collateral Bank Account Agreement** means any covered bond swap collateral bank account agreement entered into between (inter alia) the Covered Bond Guarantor and the CBS Swap Collateral Account Bank (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;

**CRA Regulation** has the meaning given on page 2, 72;

**Credit Legislation** has the meaning given to that term in the NCCP;

**Credit Linked Interest Covered Bonds** means Covered Bonds in respect of which payments of interest will be calculated by reference to the creditworthiness of, performance of obligations by or some other factor relating to one or more Reference Entities, as set out in the applicable Final Terms Document;

**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;

**Cut-Off Date** means:

- (a) in relation to the Mortgage 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 Mortgage 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 Mortgage 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 Covered Bond

Guarantor offers, or is deemed to have offered, to sell the relevant Mortgage Loans and their Related Security to the Seller; and

- (d) in relation to the repurchase of any Mortgage 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<sub>1</sub>** has the meaning given on page 132;

**D<sub>2</sub>** has the meaning given on page 132;

**Day Count Fraction** has the meaning given to it in Condition 1.2;

**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 on page 277;

**Deemed Subordinated Advances** has the meaning given to it on page 316;

**Defaulted Loan** means any Mortgage Loan comprised in the Portfolio which is more than 90 days in Arrears;

**Defaulting Party** has the meaning given to it in the relevant Swap Agreement;

**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 Mortgage 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 as described on page 275;

**Demand Loan Repayment Assets** means the Mortgage Loans, Related Securities, Authorised Investments or Substitution Assets (or any combination of these) specified in a Demand Loan Repayment Notice;

**Demand Loan Repayment Asset Amount** has the meaning given on page 279;

**Demand Loan Repayment Date** has the meaning given to it on page 278;

**Demand Loan Repayment Event** has the meaning given to it on page 280;

**Demand Loan Repayment Notice** has the meaning given on page 279;



**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 Covered Bond Guarantor (as the case may be);

**directive** has the meaning given on page 138;

**disqualified persons** has the meaning given on page 370;

**Distribution Agreement** means any agreement contemplating the distribution of Covered Bonds in the United States of America between the Issuer, the Covered Bond Guarantor, the Administrative Agent and the relevant placement agents or dealers;

**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 Covered Bond Guarantor as specified in the Request relating to that Advance;

**DTC** means The Depository Trust Company;

**DTC Covered Bonds** has the meaning given to it on page 352;

**DTC Rules** means the rules, regulations and procedures creating and affecting DTC and its operations;

**DTCC** means The Depository Trust & Clearing Corporation;

**Dual Currency Interest Covered Bond** means a Covered Bond in respect of which payments of interest will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree, such currencies and rates of exchange to be specified in the applicable Final Terms Document;

an amount is Due for Payment when,:

- (a) following service of a Notice to Pay but prior to service of a CBG Acceleration Notice:
  - (i) (except where paragraph (ii) below applies) the Scheduled Payment Date in respect of such Guaranteed Amount occurs, and, if the applicable Final Terms Document specified that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, Interest Payment Date(s) occurs that would have applied if the Maturity Date 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 Document occurs (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 of a Series of Covered Bonds for which an Extended Due for Payment Date is specified in the applicable Final Terms Document, the Extended Due for Payment Date occurs, but only to the extent that the Covered Bond 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 Covered Bond Guarantor or, if later, the Maturity Date (in each case after the expiry of the grace period set out in Condition 9.1(a) (*Issuer Events of Default*), 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, the CBG Acceleration Notice is served on the Issuer and the Covered Bond Guarantor;

**Earliest Maturing Covered Bonds** means, at any time, the Series of the Covered Bonds (other than any Series which is fully collateralised by amounts standing to the credit of the 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 Condition 1.2;

**Early Redemption Amount (Automatic)** has the meaning given to it in Condition 1.2;

**Early Redemption Amount (Tax)** has the meaning given to it in Condition 1.2;

**Early Redemption Automatic Trigger** has the meaning given to it in Condition 1.2;

**Early Repayment Fee** means any fee which a Borrower is required to pay in the event that their Mortgage Loan becomes repayable for default or for any other mandatory reason or they repay all or any part of the relevant Mortgage Loan before a specified date;

**ECOFIN** means the Economic and Financial Affairs Council of the European Union;

**EEA Member State** 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 as described on page 269;

**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 license 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 Document;

**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 institution appointed as exchange agent (which expression shall include any successor exchange agent) pursuant to the terms of the Offshore Agency Agreement;

**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 Condition 2.6 (*Exchange of Permanent Global Covered Bonds for Definitive Covered Bonds or Registered Covered Bonds*) or Condition 2.10 (*Exchange Event for Registered Global Covered Bonds*) (as applicable);

**Excluded Property** means, until the day after the first anniversary of the date of the Security Trust Deed, land or interests in land (other than interests held by way of security) located or having a situs, or taken to be located or to have a situs, in New South Wales;

**Excluded Scheduled Interest Amounts** means, in relation to any Scheduled Interest, any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums, default interest or interest upon interest payable by the Issuer in respect of the Covered Bonds in accordance with the 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, in relation to any Scheduled Principal, 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 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 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 Condition 1.2;

**Extension Determination Date** has the meaning given to it in Condition 1.2;

**Extraordinary Resolution;**

- (a) in relation to Covered Bondholders, has the meaning given in Condition 1.2;

(b) in relation to Secured Creditors, has the meaning given in the Security Trust Deed;

**FATCA** means the Foreign Account Taxation Compliance Act provisions, sections 1471 through to 1474 of the Code and any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto;

**FCS** has the meaning given on page 255;

**FFIs** has the meaning given on page 256;

**FIEA** has the meaning given on page 379;

**Final Redemption Amount** has the meaning given to it in Condition 1.2;

**Final Terms Document** or **Final Terms** means 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;

**Financial Services Act** means Legislative Decree No. 58 of 24 February 1998 of the Republic of Italy, as amended;

**First Issue** means the issuance by the Issuer of a Series of Covered Bonds for the first time pursuant to the Programme;

**Fitch** means Fitch Australia Pty Ltd or any of its affiliates;

**Fixed Coupon Amount** has the meaning given to it in Condition 1.2;

**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 Mortgage Loans where the interest rate payable by the Borrower does not vary and is fixed for a certain period of time by the Seller;

**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 Condition 1.2;

**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 Document;

**Floating Rate Option** has the meaning given to it in the ISDA Definitions;

**Following Business Day Convention** has the meaning given to it in Condition 1.2;

**Foreign Currency Covered Bonds** has the meaning given on page 367;

**Forfeiture Date** has the meaning given on page 144;

**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, Receipts, Coupons and Talons) to the Bond Trust Deed;

**Former Residence** has the meaning given on page 185;

**Forward Starting Covered Bond Swap** means each transaction between the Covered Bond Guarantor, the relevant Covered Bond Swap Provider and the Security Trustee 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 Covered Bond Guarantor under the Mortgage Loans in the Portfolio and any relevant Interest Rate Swap and amounts payable by the Covered Bond Guarantor under the Covered Bond Guarantee in respect of Covered Bonds (after service of a Notice to Pay);

**FSA** means the U.K. Financial Services Authority;

**FSB** has the meaning given on page 254;

**FSMA** means the Financial Services and Markets Act 2000 (UK), as amended;

**Further Advance** means, in relation to a Mortgage 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 Covered Bond 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 the Bank Bill Rate (as determined by the Cash Manager, and, in the case of the period from Signing Date to the end of the month immediately following the Signing Date, the Bank Bill 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 (Cwlth);

**GST Amount** has the meaning given on page 348;

**Guarantee** means the Covered Bond Guarantee;

**Guarantee Deed Poll** means the deed poll dated prior to the first Issue Date made by the Covered Bond Guarantor;

**Guarantee Loan** has the meaning given to it on page 275;

**Guarantee Priority of Payments** has the meaning given to it on page 340;

**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 as a result of any gross-up under Condition 8 (*Taxation*) of the Terms and Conditions), including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts otherwise payable by the Covered Bond Guarantor under the Bond Trust Deed;

**Guaranteed Amounts Due Date** has the meaning given to it in Condition 9.2(a);

**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;

**Henry Review** has the meaning given on page 256;

**HKMA** has the meaning given on page 92;

**HMRC** means Her Majesty's Revenue and Customs;

**ICMA** means The International Capital Markets Association;

**Including, for example** or **such as** has the meaning given on page 139;

**Index Linked Interest Covered Bonds** means Covered Bonds in respect of which payments of interest will be calculated by reference to such index and/or formula or to changes in the prices of such securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree;

**Indexed Valuation** in relation to any Loan secured over Property at any date in relation to that 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 per cent. of the difference between the Reference Indexed Valuation and the 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 Mortgage Loan, the original principal amount advanced by the Seller or any other Originator but excluding any Third Party Amounts in respect of such Mortgage Loan;

**Insolvency Event** means:

- (a) in respect of a person other than a member of the Suncorp 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 Covered Bond 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 Suncorp Group:
- (i) it:
    - (A) becomes insolvent, is unable to pay its debts as they fall due or fails to comply with a statutory demand (which is still in effect) under Section 459F of the Corporations Act; or
    - (B) stops or suspends or threatens to stop or suspend payment of all or a material part of its debts, or appoints an administrator under Section 436A of the Corporations Act; or



- (C) begins negotiations or takes any proceeding or other steps with a view to re-adjustment, rescheduling or deferral of all its indebtedness (or any part of its indebtedness which it will or might otherwise be unable to pay when due) or proposes or makes a general assignment or an arrangement or composition with or for the benefit of its creditors, or a moratorium is agreed or declared in respect of or affecting the indebtedness of it (except for the purposes of a solvent reconstruction or amalgamation);
- (ii) an order is made or an effective resolution is passed for the winding-up of it (except in any such case for the purposes of a solvent reconstruction or amalgamation) or an administrator is appointed to it by a provisional liquidator of it under section 436B of the Corporations Act;
- (iii) an event occurs which, under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events mentioned in sub-paragraphs (i) to (ii) above;;

**Instalment Amounts** has the meaning given on page 156;

**Instalment Covered Bonds** means Covered Bonds which will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms Documents;

**Instalment Dates** means in respect of Instalment Covered Bonds, each date specified as such in the applicable Final Terms;

**Intercompany Loan** means all Advances made by the Issuer to the Covered Bond Guarantor under the Intercompany Loan Agreement;

**Intercompany Loan Agreement** means the loan agreement dated on or about 11 May 2012 between the Issuer, the Covered Bond Guarantor, the Cash Manager and the Security Trustee;

**Intercompany Loan Facility Amount** means A\$4.2 billion or such other amount as the Issuer and the Covered Bond 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** 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** means Suncorp-Metway Limited with ABN 66 010 831 722;

**Interest** has the meaning given on page 139;

**Interest Accrual Period** has the meaning given to it in Condition 1.2;

**Interest Amount** has the meaning given to it in Condition 1.2;

**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 Condition 1.2;

**Interest Determination Date** has the meaning given to it in Condition 1.2;

**Interest Off-Set Account** means at any time a deposit account (if any) then maintained by a Borrower in respect of a Mortgage Loan in the Portfolio with the Seller under which interest that would otherwise be

earned in respect of that account is off-set (to the extent thereof) against interest that would otherwise be payable on a Mortgage Loan then forming part of the Trust Assets, in accordance with the relevant Loan Terms;

**Interest Payment Date** has the meaning given to it in Condition 1.2;

**Interest Period** has the meaning given to it in Condition 1.2;

**Interest Period End Date** has the meaning given to it in Condition 1.2;

**Interest Rate Swap** means the interest rate swap entered into by the Covered Bond 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 Covered Bond 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 Covered Bond Guarantor, the Interest Rate Swap Provider, the Security Trustee and the Cash Manager dated on or about 15 May 2012 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 Covered Bond 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 Suncorp-Metway Limited 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;

**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) (as set out in **Schedule 1** to the Bond Trust Deed) as amended, supplemented, varied or novated from time to time, in relation to a particular Series or Tranche of Covered Bonds, by the applicable Final Terms Document;

**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 Covered Bond Guarantor;

**Investor's Currency** has the meaning given on page 89;

**Investor Report** means the monthly report to be prepared and made available by the Cash Manager pursuant to 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 based on certain criteria; 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 Covered Bond 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 Condition 1.2;

**ISDA Determination** has the meaning given on page 153;

**ISDA Master Agreement** means the 2002 ISDA Master Agreement (Multicurrency – Cross Border), as published by ISDA;

**ISDA Rate** has the meaning given to it in Condition 5.3;

**ISIN** means the International Securities Identification Number;

**Issue Date** has the meaning given to it in Condition 1.2;

**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 Suncorp-Metway Limited (ABN 66 010 831 722);

**Issuer Acceleration Notice** has the meaning given to it in Condition 9.1;

**Issuer's 2009/2010 Annual Report** has the meaning given on page 15;

**Issuer's 2010/2011 Annual Report** has the meaning given on page 15;

**Issuer Event of Default** means any of the conditions, events or acts provided in Condition 9.1;

**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;

**LCR** has the meaning given on page 84;

**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;

**Linear Interpolation** has the meaning given on page 154;

**Linked Accounts** means:

- (a) any Interest Off-Set Account; and
- (b) any other deposit account with the Seller, the establishment of which was a condition precedent to the provision by the Seller of a Mortgage Loan forming part of the Trust Assets;

**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, a New Seller or any other Originator (as the case may be), 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 Mortgage Loan;

**Loan Repurchase Notice** means a notice in substantially the form set out in schedule 4 to the Mortgage Sale Deed served either by the Covered Bond Guarantor on the Seller or by the Seller on the Covered Bond Guarantor in relation to the repurchase of Mortgage Loans in the Portfolio by the Seller in accordance with the terms of the Mortgage Sale Deed;

**Loan Terms** means, in respect of a Mortgage 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 Mortgage Loan or Related Security;

**Loans Register** means a register of Mortgage Loans comprised in the Portfolio maintained in electronic form by the Servicer. 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 Condition 1.2;

**Local 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 and Brisbane;

**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 302;

**Luxembourg Registrar** means Deutsche Bank Luxembourg S.A., in its capacity as Luxembourg registrar (and any successor Luxembourg registrar);

**LVR** means, at any time in relation to a Mortgage Loan (and any other Mortgage Loans under the same Mortgage Account) and their Related Security, the Outstanding Principal Balance of such Mortgage Loan(s) at that time, plus any other amount secured by any Mortgage for such Mortgage 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 Mortgage Loan(s), expressed as a percentage;

**M<sub>1</sub>** has the meaning given on page 132;

**M<sub>2</sub>** has the meaning given on page 132;

**Margin** has the meaning given to it in Condition 1.2;

**Master Definitions and Construction Deed** means the master definitions and construction deed made between, among others, the Issuer, the Covered Bond Guarantor, the Administrative Agent, the Bond Trustee and the Security Trustee;

**Matching Advance** has the meaning given to it on page 21;

**Matching Series of Covered Bonds** has the meaning given to it on page 21;

**Maturity Date** has the meaning given to it in Condition 1.2;

**Maximum Rate of Interest** has the meaning given to it in Condition 1.2;

**Maximum Redemption Amount** has the meaning given to it in Condition 1.2;

**Member State** means, at any time, a state that has joined the European Union at that time;

**Minimum Rate of Interest** has the meaning given to it in Condition 1.2;

**Minimum Redemption Amount** has the meaning given to it in Condition 1.2;

**Modified Following Business Day Convention** has the meaning given to it in Condition 1.2;

**Month** means calendar month;

**Moody's** means Moody's Investors Service Pty Limited or any of its affiliates;

**Mortgage** means in relation to a Mortgage 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 moneys in respect of the Mortgage Loan or any guarantee given in respect of the Mortgage Loan notwithstanding that by its terms the mortgage may secure other liabilities;

**Mortgage Account** means the mortgage account into which all Mortgage Loans secured on the same Property are incorporated;

**Mortgage Insurance Policy** means a policy of insurance under which a Mortgage Insurer insures the Covered Bond Guarantor against loss under a Mortgage Loan;

**Mortgage Insurer** means:

- (a) Genworth Financial Mortgage Insurance Pty Limited;
- (b) QBE Lenders Mortgage Insurance Limited;
- (c) Housing Loans Insurance Corporation; or
- (d) or any other mortgage insurer in respect of a Mortgage Loan as notified by the Seller or the Servicer to the Administrative Agent, the Covered Bond Guarantor, the Security Trustee and the Rating Agencies from time to time;

**Mortgage Loan** means a Loan secured by a Mortgage;

**Mortgage Loan Documents** means, with respect to a Mortgage Loan:

- (a) the Mortgage Terms;
- (b) the mortgage document in relation to each Mortgage for that Mortgage Loan;
- (c) the certificate or other indicia of title (if any) in respect of the Property in relation to the Mortgage for that Mortgage 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 Covered Bond Guarantor (as the case may be) in connection with that Mortgage Loan after the relevant Assignment Date;
- (e) the original or duplicate of any Related Security documents;
- (f) any valuation report obtained in connection with the Mortgage or any Related Security;
- (g) any deed of priority or similar document entered into in connection with the Mortgage Loan or Related Security;
- (h) the relevant Loan Terms; and
- (i) all other documents required to evidence the interest of the lender of record in the relevant Property and Related Security,

but does not include any document or agreement which relates only to an Other Secured Liability;

**Mortgage Loan Files** means the file or files (in electronic form or otherwise) that contains all material information in relation to each Mortgage Loan and its Related Security, including, amongst other things, the mortgage documentation applicable to the Mortgage Loan;

**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 Mortgage 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 Mortgage 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 Mortgage Loans comprised in the Portfolio owned from time to time by the Covered Bond Guarantor;

**Mortgage Sale Deed** means the mortgage sale deed entered into on or about 11 May 2012 and made between the Seller, the Covered Bond Guarantor and the Administrative Agent;

**Mortgage Terms** means all the terms and conditions applicable to a Mortgage Loan and each Mortgage that services that Mortgage Loan;

**N Covered Bonds** means registered covered bonds in the form of German law governed *Namenschuldverschreibungen*;

**National Credit Code** or **NCC** means:

- (a) the NCCP;
- (b) the National Consumer Credit Protection (Fees) Act 2009 (Cwlth);
- (c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 (Cwlth) (**Transitional Act**);
- (d) regulations made under any of them; and
- (e) Division 2 of Part 2 of the Australian Securities and Investment Commission Act 2001 (Cwlth), so far as it relates to obligations in respect of an Australian Credit Licence issued under the NCCP or registration as a registered person under the Transitional Act;

**NCCP** means the National Consumer Credit Protection Act 2009 (Cwlth);

**New Residence** has the meaning given on page 185;

**Negative Carry Factor** has the meaning given to it on page 305;

**New Company** has the meaning given to it on page 184;

**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 Covered Bond Guarantor, which shall be substantially in the same for 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 Seller** means any member of the Suncorp Group that accedes to the relevant Transaction Documents and sells Loans and their Related Security to the Covered Bond Guarantor in the future pursuant to a New Mortgage Sale Deed;

**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 Receipts, 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 Receipts, 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 Condition 1.2;

**NOHC Restructure** has the meaning given to it on page 250;

**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 page 371;



**Non-Forward Starting Covered Bond Swap** means each transaction between the Covered Bond Guarantor, the relevant Covered Bond Swap Provider and the Security Trustee 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 Covered Bond Guarantor under the Mortgage Loans in the Portfolio and any relevant Interest Rate Swap and amounts payable by the Covered Bond Guarantor under the Intercompany Loan Agreement in respect of any Matching Advances (prior to service of a Notice to Pay or service of a CBG Acceleration Notice) and under the Covered Bond Guarantee in respect of Covered Bonds (after service of a Notice to Pay or service of a CBG Acceleration Notice);

**Not Applicable** has the meaning given on page 139;

**notice** means, in respect of notice to be given to Covered Bondholders, a notice validly given pursuant to Condition 14 (*Notices*);

**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 Condition 9.1 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 84;

**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;

**NT** means Northern Territory, a federal territory;

**Official List** means the official list of the UK Listing Authority;

**Offshore Agency Agreement** means the agency agreement dated on or about the first Issue Date and made between (inter alios) the Issuer, the Covered Bond Guarantor, the Bond Trustee, the Principal Paying Agent, the Luxembourg Registrar and the Transfer Agent;

**Offshore associate** has the meaning given on page 364;

**OID** has the meaning given on page 364;

**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 Condition 1.2;

**Optional Redemption Amount (Call)** has the meaning given to it in Condition 1.2;

**Optional Redemption Amount (Put)** has the meaning given to it in the applicable Final Terms;

**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 Condition 1.2;

**Optional Redemption Date (Put)** has the meaning given to it in Condition 1.2;

**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 Suncorp-Metway Limited and any of its Related Bodies Corporate that have, from time to time, existed;

**OTC** has the meaning given on page 254;

**Other Liabilities Register** has the meaning given on page 277;

**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 Mortgage 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 Bond Trust Deed or the 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 Terms and Conditions has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent in the manner provided in the Offshore Agency Agreement (and where appropriate notice to that effect has been given to the relative Covered Bondholders in accordance with Condition 14 (*Notices*)) and remain available for payment against presentation (unless the relevant Covered Bonds are in NGCB form) of the relevant Covered Bonds and/or Receipts and/or Coupons;
- (c) those Covered Bonds which have been purchased and cancelled in accordance with Conditions 6.9 (*Purchase*) and 6.10 (*Cancellation*);
- (d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case under Condition 10 (*Prescription*);
- (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*);
- (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*); 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) to the Bond Trust Deed;
- (ii) the determination of how many and which Covered Bonds of any Series are for the time being outstanding for the purposes of the Bond Trust Deed and the 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,

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 Covered Bond Guarantor as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

**Outstanding Principal Balance** means, in relation to a Mortgage 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 Mortgage Loan less any prepayment, repayment or payment of the foregoing made on or prior to such date;

**Partial Portfolio** means part of any portfolio of Selected Loans;

**Participation Agreement** means the Participation Agreement between the Covered Bond Guarantor, the Seller, the Servicer, the Subordinated Loan Provider, the Account Bank, the Security Trustee, the Issuer, Cash Manager and the Administrative Agent;

**Partly-Paid Covered Bonds** means Covered Bonds which are only partly paid up on issue, in respect of which interest will accrue in accordance with Condition 5.3(g) (*Interest on Partly-Paid Covered Bonds*) on the paid-up amount of such Covered Bonds or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) and indicated in the applicable Final Terms;

**Partly-Paid Instalments** has the meaning given on page 144;

**Paying Agents** means the Principal Paying Agent and any other paying agent appointed pursuant to the terms of the Offshore Agency Agreement;

**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 Receipts, Coupons 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);

**Personal Purpose Mortgage Loans** has the meaning given on page 266

**Portfolio** means each New Portfolio acquired by the Covered Bond Guarantor (other than any Mortgage 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 Covered Bond Guarantor and for the avoidance of doubt, other than any Trust Back Assets);

**Post-Enforcement Priority of Payments** has the meaning given on page 346;

**Potential CBG Event of Default** has the meaning given to it in Condition 1.2;

**Potential Issuer Event of Default** has the meaning given to it in Condition 1.2;

**PPSA** means the Personal Property Securities Act 2009 (Cwlth);

**PPSA Start Date** has the meaning given on page 58;

**Pre-Acceleration Principal Priority of Payments** has the meaning given to it on page 337;

**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 334;

**Preceding Business Day Convention** has the meaning given to it in Condition 1.2;

**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 moneys 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 on page 270;

**Pre-Maturity Test Date** has the meaning given to it in **Schedule 5** (Pre-Maturity Test) of the Participation Agreement;

**Principal** has the meaning given on page 139;

**Principal Amount Outstanding** has the meaning given to it in Condition 1.2 of the Terms and Conditions;

**Principal Financial Centre** has the meaning given to it in Condition 1.2 of the Terms and 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, Deutsche Bank AG, London Branch 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 Mortgage Loan comprised in the Portfolio whether as all or part of a Mortgage Payment in respect of such Mortgage Loan, on redemption (including partial redemption) of such Mortgage Loan, on enforcement of such Mortgage 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 as set out in the section entitled *Cashflows*;

**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;

**Privacy Act** means the Privacy Act 1988 (Cwlth);

**Product Switch** means a variation to the terms and conditions applicable to a Mortgage 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 Mortgage Loan;
- (b) any variation in the term of such Mortgage 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 Mortgage Loan where that variation or rate is offered to:
  - (i) Borrowers under Mortgage Loans comprised in the Portfolio which constitute 10 per cent. or more by Outstanding Principal Balance of all Mortgage Loans comprised in the Portfolio in any CBG Payment Period; or
  - (ii) to all Borrowers of Mortgage 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 Mortgage Loan is charged;

**Programme** means the Suncorp Global Covered Bond Programme established by the Issuer on the Programme Date;

**Programme Agreement** means the programme agreement entered into prior to the first Issue Date between the Issuer, the Covered Bond Guarantor, the Administrative Agent, 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 any Series of Covered Bonds;

**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 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 Terms and Conditions or any other Extraordinary Resolution which, under the express provisions of any Transaction Document or the 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 (New South Wales) or the Community Land Development Act 1989 (New South Wales) 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 Covered Bond 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 Documents 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** means Directive 2003/71/EC;

**Prospectus Regulation** means Regulation EC 809/2004;

**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 on page 149;

**Purchase Price** means the purchase price to be paid by the Covered Bond Guarantor to the Seller in consideration of the Seller's sale of the relevant New Portfolio to the Covered Bond Guarantor;

**Purchaser** means any third party or the Seller or a New Seller to whom the Covered Bond Guarantor offers to sell Selected Loans in accordance with the Mortgage Sale Deed or the Participation Agreement;

**Put Option Notice** has the meaning given to it in Condition 1.2;

**Put Option Receipt** has the meaning given to it in Condition 1.2;

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

**QLD** means the state of Queensland;

**Random Basis** means any process which selects Loans and their Related Security on a basis that is not designed to favour the selection of any identifiable class or type or quantity of Mortgage Loans and their Related Security over all the Mortgage Loans and their Related Security in the Portfolio;

**Rate of Exchange** has the meaning given to it in Condition 5.5;

**Rate of Interest** has the meaning given to it in Condition 1.2;

**Rating Agencies** means each of Moody's and Fitch, and each is a **Rating Agency**;

**Rating Agency Confirmation** has the meaning given on page 192;

**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 Covered Bond 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 201;

**Reasonable, Prudent Mortgage Lender** means a reasonable prudent lender in the business of making residential home loans in Australia;

**Receipt** means a receipt for the payment of instalments of principal (other than the final instalment) attached on issue to Bearer Definitive Covered Bonds repayable in instalments, such receipt being substantially in the form set out in **Part 4** (Form of Receipt) of **Schedule 2** (Forms of Global and Definitive Covered Bonds Receipts, Coupons and Talons) to the Bond Trust Deed or in such other form 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 includes any replacements for Receipts issued pursuant to **Condition 12** (*Replacement of Covered Bonds*);

**Receiptholders** means the holders of the Receipts;

**Receiver** means any person or persons appointed (and any additional person or persons appointed or substituted) by the Security Trustee as a receiver, receiver, manager, or receiver and manager of the property charged or secured under the Security Trust Deed;

**Reconstruction Documents** has the meaning given on page 188;

**Record Date** has the meaning given to it in International Condition 7.2(b);

**Redeemed Covered Bonds** has the meaning given on page 159;

**Redemption Amount** has the meaning given to it in Condition 1.2;

**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 Condition 1.2;

**Reference Index** means any index of house prices in Australia that a Reasonable, Prudent Mortgage Lender would use for valuation purposes, as disclosed in each Investor Report;

**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 Condition 1.2;

**Register** means the register of holders of the Registered Covered Bonds maintained by the Registrar;

**Registered Covered Bond** means a Covered Bond in registered form and includes each Australian Domestic 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 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 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;

**Regular Date** has the meaning given on page 137;

**Regular Period** has the meaning given to it in Condition 1.2;

**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 it has in the Corporations Act;

**Related Entity** has the meaning it has in the Corporations Act;

**Related Security** means, in relation to a Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage, any guarantee and all other matters applicable thereto, including the related Mortgage Loan Documents 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 147;

**Relevant Covered Bond Guarantor Information** has the meaning given on page 4;

**Relevant Date** has the meaning given to it in Condition 1.2;

**Relevant Factor** has the meaning given on page 83;

**Relevant Financial Centre** has the meaning given to it in Condition 1.2;

**Relevant Implementation Date** has the meaning given to it on page 377;

**Relevant Member State** has the meaning given to it on page 7;

**Relevant Screen Page** has the meaning given to it in Condition 1.2;

**relevant Series of Covered Bonds** has the meaning given on page 71;

**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 Local 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 177;

**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 292;

**Repurchase Event** has the meaning given to it on page 289;

**Request** means a written request on behalf of the Covered Bond 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 by clause 3.5(b) (Sale of Selected Loans following Asset Coverage Test Breach) of the Participation Agreement, clause 3.6(b) (Sale of Selected Loans following Notice to Pay) of the Participation Agreement or clause 3.7(c) (Sale of Selected Loans following Pre-Maturity Test Breach) of the Participation Agreement, as applicable;

**Required Payments** means the payments referred to in:

- (a) paragraphs (a) to (k) inclusive of the Pre-Acceleration Revenue Priority of Payments (disregarding the application of wording under the heading *Cashflows – Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts following Service on the Covered Bond Guarantor of an Asset Coverage Test Breach Notice*); and
- (b) paragraphs (a) to (i) inclusive of the Guarantee Priority of Payments,  
as the case may be;

**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  $\times$  (1+ Negative Carry Factor)  $\times$  (days to maturity of the relevant Series of Covered Bonds/365)

**Reserve Bank Act** has the meaning given on page 7;

**Reserve Fund** means the reserve fund that the Covered Bond 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 Covered Bond Guarantor by the Issuer, up to an amount equal to the Reserve Fund Required Amount;
- (b) any Advances made to the Covered Bond Guarantor by the Issuer which the Issuer directs the Covered Bond Guarantor to credit thereto; and
- (c) any Subordinated Advances made to the Covered Bond Guarantor by the Issuer which the Issuer directs the Covered Bond Guarantor to credit thereto;

**Reserve Fund Required Amount** means:

- (a) if the Issuer's short-term, unsecured, unsubordinated debt obligations are rated at F1+ by Fitch or P-1 by Moody's, nil or such other amount as the Issuer shall direct the Covered Bond 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 (i) to (vi) (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;

**Residual Capital Unit** has the meaning given to it in the Trust Deed;

**Residual Capital Unitholder** means the person or persons identified as such in the Trust Deed;

**Residual Income Unit** has the meaning given to it in the Trust Deed;

**Residual Income Unitholder** means the person or persons identified as such in the Trust Deed;

**Restricted Period**, with respect to any Registered Covered Bond offered and sold in reliance on Regulation S, means 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 148;

**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 Mortgage Loan comprised in the Portfolio, including any payment received from the Seller in respect of interest amounts on a Mortgage Loan comprised in the Portfolio (otherwise than in respect of a Mortgage 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 Mortgage Loan, on redemption (including partial redemption) of such Mortgage Loan, on enforcement of such Mortgage Loan (including the proceeds of sale of the relevant Property) or on the disposal of such Mortgage Loan or otherwise, which in any such case is not a Principal Receipt in respect of such Mortgage 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, 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);

**S&P** means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. or any of its affiliates;

**SA** means the state of South Australia;

**Sale Advisor** has the meaning given on page 312;

**Savings Directive** means EC Council Directive 2003/48/EC on the taxation of savings income;

**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 **Condition 5 (Interest)** of the Terms and Conditions (but excluding any Excluded Scheduled Interest Amounts payable by the Issuer following service of an Issuer Acceleration Notice but including such amounts after service of a CBG 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 by the Issuer; and
- (b) (if the applicable Final Terms Document specifies that an Extended Due for Payment Date is applicable to the relevant Covered Bonds and the Maturity Date of the relevant Series of Covered Bonds is so extended) as if the Maturity Date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date),

less, in each case, any additional amounts the Issuer would be obliged to pay as a result of any gross-up under **Condition 8 (Taxation)**;

**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 and, if different, the Maturity Date and any other date in respect of which any principal or interest is payable by the Issuer in accordance with the Terms and Conditions (other than pursuant to **Condition 9.2 (CBG Events of Default)** of the Terms and 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 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 any other date in respect of which any principal is payable by the Issuer (as the case may be) as specified in **Condition 6.1 (Scheduled redemption)** of the Terms and Conditions (but excluding any Excluded Scheduled Principal Amounts payable by the Issuer following service of an Issuer Acceleration Notice but including such amounts after service of a CBG 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 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 of the relevant Series of Covered Bonds is so extended) as if the Maturity Date 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 **Condition 5.3(c)**;

**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, the Receiptholders 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 Covered Bond Guarantor (in its personal capacity); and
- (p) any other person which the Covered Bond 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 Covered Bond Guarantor to any Secured Creditor; or
- (b) any Secured Creditor has advanced or paid on the Covered Bond Guarantor's behalf or at the Covered Bond Guarantor's express or implied request; or
- (c) any Secured Creditor is liable to pay by reason of any act or omission on the Covered Bond Guarantor's part, or that any Secured Creditor has paid or advanced in protecting or maintaining the Security Collateral or the Charge following an act or omission on the Covered Bond Guarantor's part; or
- (d) the Covered Bond Guarantor would have been liable to pay to any Secured Creditor but the amount remains unpaid by reason of an Insolvency Event in respect of the Covered Bond Guarantor;

**Securities Act** means the U.S. Securities Act of 1933, as amended;

**Securities and Futures Act** has the meaning given on page 382;

**Security Collateral** means all Trust Assets (other than Excluded Property) which the Covered Bond Guarantor acquires or to which the Covered Bond Guarantor becomes entitled after the date of the Security Trust Deed;

**Security Trust** means the trust created under the Security Trust Deed;

**Security Trust Deed** means the Security Trust Deed entered into on or about 10 May 2012 between (inter alia) the Covered Bond Guarantor, the Bond Trustee and the Security Trustee;

**Security Trustee** means P.T. Limited (ABN 67 004 454 666);

**Selected Loan Offer Notice** means a notice substantially 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 Loans** means Mortgage Loans and their Related Security comprised in the Portfolio to be sold by the Covered Bond 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 page 159 and on page 220;

**Seller** means the Suncorp in its capacity as Seller under the Mortgage Sale Deed;

**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 of 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;

**Senate** means the Australian Senate, one of the two houses of the Australian Federal Parliament;

**Series** means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing 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 Suncorp-Metway Limited 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 on page 298;

**Servicer's Remittance Rating** means, in respect of the Seller, the Seller has a short term rating of at least F1 and a long-term rating of at least A from Fitch and a short-term rating of at least P-1 from Moody's;

**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 Covered Bond Guarantor, the Servicer, the Seller, and the Security Trustee;

**Servicing Standards** 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 Suncorp Group is the Servicer; or
  - (ii) if sub-paragraph (i) does not apply, such policies or standards 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;

**Short-Term Covered Bonds** has the meaning given on page 366;

**Signing Date** means 10 May 2012, being the date on which the Master Definitions and Construction Deed was signed;

**SME** means SME Management Pty Limited (ABN 21 084 490 166);

**Specified Currency** has the meaning given to it in Condition 1.2;

**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 Document;

**Specified Interest Payment Date**, in respect of Floating Rate Covered Bonds or Variable Interest Covered Bonds, has the meaning (if any) given to it in the applicable Final Terms Document;

**Specified Period** has the meaning given to it in Condition 1.2;

**Stabilising Managers** has the meaning given on page 7;

**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 set out in Schedule 3 (Statutory Test) 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 Covered Bond 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 or about 11 May 2012 between the Covered Bond Guarantor, the Issuer, the Cash Manager and the Security Trustee;

**Subordinated Loan Interest Amount** means, in respect of a Subordinated Advance, the amount determined in accordance with clause 6.2(c) (“Interest Amount”) of the Subordinated Loan Agreement;

**Subordinated Loan Facility** means the facility made available by the Subordinated Loan Provider to the Covered Bond 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 Suncorp 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 Covered Bond 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 2 Local 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 Reserve Bank of Australia; and
  - (ii) was not issued by the Issuer,provided the aggregate amount of such bills and certificates of deposit held by the Covered Bond 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 Draft Prudential Standard APS 120 dated May 2011 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 per cent. 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 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds;

**Substitution Documents** has the meaning given on page 185;

**sub-unit** has the meaning given to it in Condition 5.2(d) (*Calculation of interest amount*);

**Suncorp** means Suncorp-Metway Limited (ABN 66 010 831 722);

**Suncorp Group** means Suncorp-Metway Limited and each of its Subsidiaries;

**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 Covered Bond 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 Covered Bond 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 Covered Bond 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 Covered Bond

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**;

**Talon** has the meaning given to it on page 127;

**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 Condition 1.2;

**TAS** means the state of Tasmania;

**Tax Act** has the meaning given on page 357;

**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 **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,

as the context may require;

**Test Date** means the fifth Local Business Day following each Calculation Date;

**TFN** has the meaning given on page 167;

**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 Covered Bond 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 Mortgage 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 Mortgage Loans and the Related Security comprised in the Portfolio), when aggregated with the income produced by the rate of interest on all other Mortgage Loans comprised in the Portfolio and other Authorised Investments and Substitution Assets of the Trust, to ensure that the Covered Bond Guarantor will have sufficient Available Revenue Receipts(excluding paragraphs (c), (d) and (h)) of that definition) to enable it to make the Required Payments on the following CBG Payment Date (disregarding for purposes of this determination the Covered Bond Guarantor's limitation of liability in Clause 16 (Indemnity and limitation of liability) of the Trust Deed);

**Title Perfection Event** has the meaning given to it on page 283;

**TOFA** has the meaning given on page 360;

**Tranche** means an issue of 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 Security Trust Deed (and each document entered into pursuant to the Security Trust Deed);
- (m) the Trust Deed;
- (n) the Bond Trust Deed;
- (o) each Agency Agreement;
- (p) the Programme Agreement;
- (q) each Distribution Agreement;
- (r) the Master Definitions and Construction Deed;
- (s) the Australian Covered Bond Deed Poll;
- (t) the Guarantee Deed Poll;
- (u) each of the Final Terms Documents (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 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;
- (w) each Interest Rate Swap Collateral Bank Account Agreement entered into from time to time;
- (x) each Covered Bond Swap Collateral Bank Account Agreement entered into from time to time; and
- (y) each other document which is agreed to be a Transaction Document by the Security Trustee, the Covered Bond Guarantor and the Administrative Agent from time to time;

**Transfer Agent** means, in relation to all or any Series of Registered Covered Bonds, Deutsche Bank Luxembourg S.A., in its capacity as transfer agent or, if applicable, any successor or additional transfer agent in relation to all or any Series of the Covered Bonds;

**Transfer Date** has the meaning given on page 147;

**Trust** means the trust known as the "Suncorp Covered Bond Trust" constituted under the Trust Deed;

**Trust Assets** means, in relation to the Trust, all the Covered Bond 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** (Constitution and entitlement of the Trust Back) of the Mortgage Sale Deed and described on page 293;

**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 Covered Bond 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 10 May 2012 between the Covered Bond Guarantor and the Administrative Agent;

**Trust Expenses** means all Costs incurred by the Trustee in connection with the Trust under the Transaction Documents and any other amounts payable by the Trustee under the Transaction Documents, in respect of which the Trustee is entitled to be reimbursed or indemnified out of the Trust Assets, and includes any Costs to be paid or reimbursed to Trustee 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 the Pre-Acceleration Revenue Priority of Payments);

**U.S. Holder** has the meaning given on page 363;

**U.S. person** or **U.S. persons** has the meaning given in the Securities Act;

**U.K. Listing Authority** means the FSA in its capacity as competent authority under the FSMA;

**Unitholder** means, in respect of the Trust, either a Residual Capital Unitholder or a Residual Income Unitholder;

**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, the latest 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 Mortgage Loan in respect of the relevant Property was originated or subsequently;

**Variable Interest Covered Bonds** means Index Linked Interest Covered Bonds, Credit Linked Interest Covered Bonds, Equity Linked Interest Covered Bonds, Dual Currency Interest Covered Bonds and other Covered Bonds (excluding Floating Rate Covered Bonds) where the rate of interest is variable;

**Variable Rate Loans** means those Mortgage 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 Mortgage 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;

**VIC** means the state of Victoria;

**WA** means the state of Western Australia;

**Winding-Up** means, in respect of any member of the Suncorp 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;

**Y<sub>1</sub>** has the meaning given on page 132;

**Y<sub>2</sub>** has the meaning given on page 132; and

**Zero Coupon Covered Bond** has the meaning given to it in Condition 1.2.

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